financial statements in accordance with international accounting standards (ias) / international financial reporting standards (ifrs) for the commerzbank group as of december 31, 2005

Notes

Notes

income statement

	Notes	1.1.–31.12.2005 € m	1.1.–31.12.2004[1] € m	Change in %
Interest received		12,527	11,374	10.1
Interest paid		9,355	8,361	11.9
Net interest income	(29)	3,172	3,013	5.3
Provision for possible loan losses	(11, 30, 47)	–566	–836	–32.3
Net interest income after provisioning		2,606	2,177	19.7
Commissions received		2,817	2,587	8.9
Commissions paid		402	337	19.3
Net commission income	(31)	2,415	2,250	7.3
Net result on hedge accounting	(32)	–22	6	·
Trading profit	(33)	707	539	31.2
Net result on investments and securities portfolio (available for sale)	(34)	647	339	90.9
Other result	(35)	26	193	–86.5
Operating expenses	(36)	4,662	4,493	3.8
Operating profit		**1,717**	**1,011**	**69.8**
Regular amortization of goodwill		–	83	·
Restructuring expenses	(37)	37	132	–72.0
Profit from ordinary activities/ Pre-tax profit		**1,680**	**796**	·
Taxes on income	(38)	409	353	15.9
After-tax profit		**1,271**	**443**	·
Profit/loss attributable to minority interests		–106	–81	30.9
Consolidated surplus	(39)	**1,165**	**362**	·

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

Appropriation of profit	Notes	2005 € m	2004 [1)] € m	Change in %
Consolidated surplus	(39)	1,165	362	·
Allocation to retained earnings		–837	–212	·
Consolidated profit		**328**	**150**	·

The consolidated profit represents the distributable profit of Commerzbank Aktiengesellschaft. The proposal will be made to the AGM that a dividend of €0.50 per share be paid from the net profit of Commerzbank Aktiengesellschaft. With 656,812,557 shares issued, this translates into an overall payout of €328m. Last year, a dividend payment of €0.25 per share was made.

Basic earnings per share	Notes	2005 €	2004 [1)] €	Change in %
Earnings per share	(39)	1.93	0.61	·

The calculation of the earnings per share according to IAS/IFRS is based on the consolidated surplus, with minority interests not taken into consideration. There were no diluted earnings per share, since – as in the previous year – no conversion or option rights were outstanding.

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

balance sheet

Assets	Notes	31.12.2005 € m	31.12.2004[1)] € m	Change in %
Cash reserve	(9, 42)	8,628	4,888	76.5
Claims on banks	(10, 43, 45, 46)	86,203	86,719	–0.6
Claims on customers	(10, 43, 44, 46)	153,674	150,277	2.3
Provision for possible loan losses	(11, 47)	–5,181	–5,305	–2.3
Positive fair values from derivative hedging instruments	(13, 48)	4,734	3,920	20.8
Assets held for dealing purposes	(14, 49)	100,321	102,081	–1.7
Investments and securities portfolio	(15, 50, 53)	86,241	72,193	19.5
Intangible assets	(16, 51, 53)	973	801	21.5
Fixed assets	(17, 18, 52, 53)	1,525	1,766	–13.6
Tax assets	(24, 54)	5,538	5,811	–4.7
Other assets	(55)	2,205	1,726	27.8
Total		**444,861**	**424,877**	**4.7**

Liabilities and equity	Notes	31.12.2005 € m	31.12.2004[1)] € m	Change in %
Liabilities to banks	(19, 45, 56)	129,900	115,430	12.5
Liabilities to customers	(19, 45, 57)	102,846	105,064	–2.1
Securitized liabilities	(19, 58)	96,920	87,250	11.1
Negative fair values from derivative hedging instruments	(20, 59)	9,839	8,653	13.7
Liabilities from dealing activities	(21, 60)	74,999	80,006	–6.3
Provisions	(22, 23, 61)	3,521	3,402	3.5
Tax liabilities	(24, 62)	3,706	3,893	–4.8
Other liabilities	(63)	1,337	1,280	4.5
Subordinated capital	(25, 64)	8,143	8,876	–8.3
Equity	(27, 66, 67, 68)	13,650	11,023	23.8
Subscribed capital	(66)	1,705	1,546	10.3
Capital reserve	(66)	5,686	4,481	26.9
Retained earnings	(66)	4,165	3,383	23.1
Revaluation reserve	(15, 66)	1,995	1,600	24.7
Measurement of cash flow hedges	(6, 66)	–1,069	–1,214	–11.9
Reserve from currency translation	(7, 66)	–107	–192	–44.3
Consolidated profit		328	150	·
Total before minority interests		12,703	9,754	30.2
Minority interests		947	1,269	–25.4
Total		**444,861**	**424,877**	**4.7**

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

statement of changes in equity

€ m	Sub-scribed capital	Capital reserve	Retained earnings	Revalu-ation reserve	Measure-ment of cash flow hedges	Reserve from currency trans-lation	Consoli-dated profit	Total before minority interests	Minority interests	Equity
Equity as of 31.12.2003	**1,545**	**4,475**	**3,286**	**1,240**	**–1,236**	**–219**	**–**	**9,091**	**1,213**	**10,304**
Changes due to new accounting rules		1	–19	–4				–22	–1	–23
Equity as of 1.1.2004	**1,545**	**4,476**	**3,267**	**1,236**	**–1,236**	**–219**	**–**	**9,069**	**1,212**	**10,281**
Consolidated profit							150	150		150
Allocation to retained earnings			212					212		212
Profits/losses								–	81	81
Changes in revaluation reserve				364				364	53	417
Changes arising from cash flow hedges					22			22	–74	–52
Changes in currency reserve						27		27		27
Comprehensive income 2004			**212**	**364**	**22**	**27**	**150**	**775**	**60**	**835**
Capital increases								–	72	72
Issue of shares to employees	2	8						10		10
Profits/losses in previous year								–	–85	–85
Changes in companies included in consolidation and Other changes*)	–1	–3	–96					–100	10	–90
Equity as of 31.12.2004	**1,546**	**4,481**	**3,383**	**1,600**	**–1,214**	**–192**	**150**	**9,754**	**1,269**	**11,023**
Consolidated profit							328	328		328
Allocation to retained earnings			837					837		837
Profits/losses								–	106	106
Changes in revaluation reserve				395				395	–73	322
Changes arising from cash flow hedges					145			145	–64	81
Changes in currency reserve						85		85		85
Comprehensive income 2005			**837**	**395**	**145**	**85**	**328**	**1,790**	**–31**	**1,759**
Capital increases	150	1,177						1,327	23	1,350
Issue of shares to employees	1	8						9		9
Profits/losses in previous year								–	–81	–81
Dividend							–150	–150		–150
Changes in companies included in consolidation and Other changes*)	8	20	–55					–27	–233	–260
Equity as of 31.12.2005	**1,705**	**5,686**	**4,165**	**1,995**	**–1,069**	**–107**	**328**	**12,703**	**947**	**13,650**

*) including changes in treasury shares

As of December 31, 2005, the subscribed capital of Commerzbank Aktiengesellschaft pursuant to the Bank's articles of association stood at €1,708m; it was divided into 656,812,557 no-par-value shares (accounting par value per share: €2.60). After the 1,113,296 treasury shares held by the Bank on December 31, 2005, are deducted, its subscribed capital amounts to €1,705m.

The Bank made use of the authorization resolved by the Annual General Meeting of May 20, 2005 to purchase its own shares for the purpose of securities trading, pursuant to Art. 71, (1), no. 7, German Stock Corporation Act – AktG. Gains and losses from trading in the Bank's own shares have no effect on the net profit.

No use was made in the 2005 financial year of the resolution of the Annual General Meeting of May 20, 2005, authorizing the Bank to repurchase its own shares pursuant to Art. 71, (1), no. 8, AktG, for purposes other than securities trading.

Other changes in retained earnings, the revaluation reserve and the measurement of cash flow hedges relate to changes in equity at associated companies which, in accordance with IAS 28, have to be shown on a pro-rata basis with no effect on the net profit.

cash flow statement

	2005	2004[1]
	€ m	€ m
Consolidated surplus	**1,165**	**362**
Non-cash positions in net profit and adjustments to reconcile net profit with net cash provided by operating activities:		
Write-downs, depreciation, adjustments, write-ups to fixed and other assets, changes in provisions and net changes due to hedge accounting	1,288	1,551
Change in other non-cash positions	–2,280	2,997
Profit from the sale of assets	–647	–339
Profit from the sale of fixed assets	7	–15
Other adjustments (net interest income)	–3,172	–3,330
Sub-total	**–3,639**	**1,226**
Change in assets and liabilities from operating activities after correction for non-cash components:		
Claims on banks	516	–27,702
Claims on customers	–3,397	2,813
Securities held for dealing purposes	–370	–2,931
Other assets from operating activities	–1,082	208
Liabilities to banks	14,470	20,181
Liabilities to customers	–2,218	5,064
Securitized liabilities	9,670	3,258
Other liabilities from operating activities	–114	–338
Interest and dividends received (see Note 29)	12,527	11,374
Interest paid	–9,355	–8,361
Income tax paid	–241	–483
Net cash provided by operating activities	**16,767**	**4,309**
Proceeds from the sale of:		
Investments and securities portfolio	44,045	39,720
Fixed assets	66	285
Payments for the acquisition of:		
Investments and securities portfolio	–57,560	–45,806
Fixed assets	–429	–505
Effects of changes in the group of companies included in the consolidation		
Payments from the acquisition of subsidiaries	333	–3
Net cash used by investing activities	**–13,545**	**–6,309**
Proceeds from capital increases	1,364	1
Dividends paid	–150	–
Other financing activities (subordinated capital)	–733	–529
Net cash provided by financing activities	**481**	**–528**
Cash and cash equivalents at end of previous period	**4,888**	**7,429**
Net cash provided by operating activities	16,767	4,309
Net cash used by investing activities	–13,545	–6,309
Net cash provided by financing activities	481	–528
Effects of exchange-rate changes on cash and cash equivalents	37	–13
Cash and cash equivalents at end of period	**8,628**	**4,888**

Cash and cash equivalents includes changes in the group of companies included in the consolidation in an amount of €333m.

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

The cash flow statement shows the structure of and changes in cash and cash equivalents during the financial year. It is broken down into operating activities, investing activities and financing activities.

Under net cash provided by operating activities, payments (inflows and outflows) from claims on banks and customers and also securities from the trading portfolio and other assets are shown. Additions to and disposals from liabilities to banks and customers, securitized liabilities and other liabilities also belong to operating activities. The interest and dividend payments resulting from operating activities are similarly reflected in the net cash provided by operating activities.

The net cash used by investing activities shows payments for the investments and securities portfolio as well as for fixed assets and payments for the acquisition of subsidiaries. The effects of changes in the list of consolidated companies are also recognized under this item.

The net cash provided by financing activities covers the proceeds from capital increases as well as payments received and made with regard to subordinated capital. Distributed dividends are also shown here.

We consider cash and cash equivalents to be the Cash reserve (see Note 42), consisting of cash on hand, balances held at central banks and also debt issued by public-sector borrowers and bills of exchange eligible for rediscounting at central banks. Claims on banks which are due on demand are not included.

As far as banks are concerned, the cash flow statement can be considered not very informative. For us, the cash flow statement replaces neither liquidity planning nor financial planning, nor do we look upon it as a steering instrument.

notes

Consolidated accounting principles

Our consolidated financial statements as of December 31, 2005 were prepared in accordance with Regulation (EC) No. 1606/2002 (IAS Regulation) of the European Parliament and of the Council of 19 July, 2002, together with other regulations for adopting certain international accounting standards on the basis of the International Accounting Standards (IAS) – and the International Financial Reporting Standards (IFRS) – approved and published by the International Accounting Standards Board (IASB) and with their interpretation by the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretation Committee (IFRIC). These financial statements are based on the IAS/IFRS rules, as they are to be applied in the EU. With the exception of IAS 39, all the standards have been recognized. Certain hedge accounting rules of IAS 39 have been ignored. A summary of the regulations that have been applied can be found on pages 108-109.

In addition to the consolidated balance sheet and the consolidated income statement, the consolidated financial statements also include a statement of changes in equity, a cash flow statement and the notes. Segment reporting appears in the notes on pages 128-136.

The consolidated management report, including a separate report on the opportunities and risks related to future developments (Risk report) pursuant to Art. 315, German Commercial Code – HGB, appears on pages 56-93 of our annual report.

Unless otherwise indicated, all the amounts are shown in millions of euros.

Accounting policies

(1) Basic principles

The consolidated financial statements are based on the going concern principle. Income and expenses are recognized on a pro-rata temporis basis; they are shown for the period to which they may be assigned in economic terms.

We have applied IAS 39, together with the different classification and measurement principles prescribed by this standard, in our accounting. Hedge accounting rules are applied in the case of derivative hedging instruments (further details may be found in note 6).

Throughout the Commerzbank Group, uniform accounting policies are used in preparing the financial statements. All fully consolidated companies prepared their financial statements as of December 31, 2005.

If estimates or assessments are necessary for accounting and measuring under IAS/IFRS rules, we have made these in accordance with the respective standards. They are based on past experience and other factors, such as planning and – from the present standpoint – likely expectations or forecasts of future events.

(2) Adjustment of the accounting policies (IAS Improvement Project)

Basically, we have employed the same accounting policies as for the consolidated financial statements as of December 31, 2004. Due to the reformulation or amendment of individual IAS/IFRSs, however, both retrospective and prospective adjustments were necessary, which are outlined below.

1. Claims on banks and customers

Up to now, we have distinguished in our accounting between claims originated by the Bank and those acquired in the secondary market:

- Claims originated by the Bank appeared as Claims on banks or Claims on customers at amortized cost. Disposal gains or losses were recognized under Net interest income.
- Claims acquired in the secondary market (above all promissory notes) were shown at their fair value in the Investments and securities portfolio. Disposal gains or losses were recognized under Net result on investments and securities portfolio (available for sale).

Under the new rules of IAS 39, the accounting of claims from now on will reflect whether they are listed in an active market or not. Accordingly,

- claims not quoted in an active market will appear at amortized cost as Claims on banks or Claims on customers, with disposal gains or losses recognized under Net interest income;
- claims quoted in an active market will appear at their fair value, with disposal gains or losses recognized under Net result on investments and securities portfolio (available for sale).

In order to make comparisons easier, we have adjusted the year-ago levels and the figures in the income statement. This has had no effect on the consolidated surplus.

2. Amortization of goodwill
Up to now, goodwill has been amortized over 15 years, using the straight-line method. In accordance with the reformulated rule of IFRS 3, no regular amortization of goodwill will be made after January 1, 2005. However, as previously, goodwill will be subjected to an impairment test at least once a year. As this change has to be applied prospectively, we have not adjusted the year-ago figures.

3. Minority interests
Minority interests in the Bank's equity were previously shown separately from equity under Minority interests. In accordance with the reformulated IAS 1, minority interests have appeared within equity since January 1, 2005.

4. Staff remuneration plans
Up to now, provisions have been formed and charged to operating expenses for staff remuneration plans which seem likely to be used. IFRS 2, which has had to be applied since January 1, 2005, also provides for the fair value of staff remuneration plans to be recognized under expenses – spread across the lifetime of the plans. Recognition of the plans in the balance sheet distinguishes between payments to the employee settled in cash and those settled in the form of equities:

- Cash-settled plans appear in the balance sheet as a provision.
- Equity-settled plans appear in the balance sheet under equity.
- Plans offering a choice of payment option have to be split between provisions and equity according to the likelihood of the option being chosen.

This amendment has had to be applied retrospectively. As a result, we have adjusted the year-ago figures for personnel expenses, provisions and equity. The consolidated surplus shown in the previous year was reduced by €31m.

5. Fair value option
In the version of IAS 39 valid as from January 1, 2005, the fair value option was introduced as an additional measurement option. It enables companies preparing their accounts to apply the fair value principle voluntarily on initial recognition when measuring financial instruments which do not have to be measured according to this principle. Changes on remeasurement are recognized in the income statement under Trading profit and are explained individually in Note 33. In June 2005, the IASB presented a revised version of the fair value option, which was recognized by the EU in November 2005. The changes primarily related to the conditions under which the fair value option may be applied.

This regulation also had to be applied retrospectively. As a result, the year-ago figure for the consolidated surplus rose by €0.4m.

(3) IAS/IFRS, SIC and GASB rules applied

As a matter of principle, we apply all the valid standards in our accounting and measurement. For this reason, we have not taken into consideration standards and interpretations to be applied only as from January 1, 2006, or later (IFRS 6 and 7, IFRIC 4, 5, 6 and 7). We do not expect the IAS/IFRS rules to be applied for the first time in 2006 to have any material consequences.

The 2005 consolidated financial statements are based on the IASB framework and the following relevant IAS/IFRSs:

IAS 1	Presentation of financial statements
IAS 7	Cash flow statements
IAS 8	Accounting policies, changes in accounting estimates and errors
IAS 10	Events after the balance-sheet date
IAS 12	Income taxes
IAS 14	Segment reporting
IAS 16	Property, plant and equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee benefits
IAS 21	The effects of changes in foreign-exchange rates
IAS 23	Borrowing costs
IAS 24	Related party disclosures
IAS 27	Consolidated and separate financial statements
IAS 28	Investments in associates
IAS 30	Disclosures in the financial statements of banks and similar financial institutions
IAS 31	Interests in joint ventures
IAS 32	Financial instruments: disclosure and presentation
IAS 33	Earnings per share
IAS 36	Impairment of assets
IAS 37	Provisions, contingent liabilities and contingent assets
IAS 38	Intangible assets
IAS 39*)	Financial instruments: recognition and measurement
IAS 40	Investment property
IFRS 2	Share-based payment
IFRS 3	Business combinations
IFRS 5	Non-current assets held for sale and discontinued operations

*) In the version taken over by the EU Commission

We have not taken IFRSs 1, 4 and IASs 2, 11, 20, 26, 29, 34 and 41 into consideration, as we did not have to apply them.

In addition to the standards mentioned, we have also taken into consideration in our consolidated financial statements the following interpretations of SIC or IFRIC that are relevant for us:

No.	Title	relates to
SIC-7	Introduction of the euro	IAS 10, 21
SIC-12	Consolidation – special-purpose entities	IFRS 2, IAS 8, 19, 27, 32
SIC-15	Operating leases – incentives	IAS 17
SIC-21	Income taxes – recovery of revalued non-depreciable assets	IAS 12, 16
SIC-25	Income taxes – changes in the tax status of an enterprise or its shareholders	IAS 12
SIC-27	Evaluating the substance of transactions in the legal form of a lease	IAS 1, 17, 18
SIC-32	Intangible assets – web site costs	IAS 38

IFRICs 1, 2 and SIC-10, 13, 29 and 31 did not have to be taken into consideration.

With the approval of GAAS 1 by the German Accounting Standards Board (GASB) and its publication in the Federal Gazette (*Bundesanzeiger*) on August 31, 2005, the German Accounting Standards (GAS) were altered such that they basically no longer have to be applied if the consolidated financial statements are prepared according to international accounting standards as defined in Art. 315a, HGB. Exempted from this regulation are GAS 15 Management Reporting and the supplementary GAS 5 and 5-10 Risk Reporting, which we have taken into consideration in our consolidated financial statements.

(4) Consolidated companies

Besides the Parent Bank, the consolidated financial statements include 115 subsidiaries (2004: 98) in which Commerzbank Aktiengesellschaft holds more than 50% of the capital directly or indirectly or exerts control over them. Of these, 53 have their legal seat in Germany (2004: 46) and 62 (2004: 52) elsewhere.

154 subsidiaries and associated companies (2004: 162) of minor significance for the Group's asset and financial position and earnings performance have not been included; instead, they have been shown under Investments and securities portfolio as holdings in subsidiaries or investments. These companies account for less than 0.2% (2004: 0.3%) of the Group's overall balance-sheet total.

In the year under review, 18 subsidiaries were included in the consolidation for the first time.

In addition to the 115 (2004: 98) subsidiaries, we included in the 2005 financial year 28 (2004: four) special-purpose entities and 21 (2004: 14) non-publicly-offered funds in our consolidated financial statements in accordance with IAS 27 and SIC-12. 35 special-purpose entities and non-publicly-offered funds have been included in the consolidation for the first time.

No longer included in the list of consolidated companies are:

- von der Heydt-Kersten & Söhne, Wuppertal

Non-publicly-offered funds/special-purpose entities

- ABN AMRO-Credit Spread-Fonds, Frankfurt am Main
- Comas Strategy Fund I Limited, Grand Cayman
- HIE-COFONDS III, Frankfurt am Main
- HIE-COFONDS IV, Frankfurt am Main

Ten major associated companies (2004: nine) – six of them based in Germany (2004: five) – are measured using the equity method. As a major associated company, Eurohypo Aktiengesellschaft, Eschborn, is included in the consolidated financial statements reflecting the interest we hold in it, as it was in previous years. Two associated companies have been included for the first time.

The following company has been removed from the list of associated companies:

- KEB Commerz Investment Trust Management Company Ltd., Seoul

A complete list of the subsidiaries, associated companies and special-purpose entities and non-publicly-offered funds included in our consolidated financial statements can be found on pages 188-193.

(5) Principles of consolidation

For the consolidation of the capital accounts, we measure the assets and liabilities of subsidiaries completely afresh, regardless of the percentage share of the equity which we held at the time of acquisition. With deferred taxes taken into consideration, the remeasured assets and liabilities are included in the consolidated balance sheet; the realized hidden reserves and built-in losses which have been identified are treated in accordance with the standards which have to be applied in subsequent reporting periods. If a positive difference remains after remeasurement, this is shown as goodwill.

Claims and liabilities deriving from business relations between Group companies, as well as expenses and income, are eliminated as part of the consolidation of earnings; intra-Group book gains or losses registered during the financial year are deducted, unless they are of minor importance.

Associated companies are measured according to the equity method and are shown as investments in associated companies under Investments and securities portfolio. The purchase cost of these investments and the goodwill are determined at the time of their first inclusion in the consolidated financial statements, applying the same rules as for subsidiaries. For major associated companies, the equity book value which is carried and appears either in profit or loss or in the revaluation reserve is based on the auxiliary calculations of the associated companies, prepared and audited in accordance with our instructions, with IAS/IFRS rules applied.

Holdings in subsidiaries not consolidated because of their minor significance and investments are shown at their fair value, or if this cannot be reliably established, at cost under Investments and securities portfolio.

(6) Financial instruments: recognition and measurement (IAS 39)

In accordance with IAS 39, all financial assets and liabilities – which also include derivative financial instruments – have to be recognized in the balance sheet and measured in accordance with their assigned category. A financial instrument is a contract which automatically produces a financial asset for the one company and a financial liability or equity instrument for the other.

The following remarks present an overview of how the rules of IAS 39, in the version to be employed as from 2005, have been applied within our Group:

a) Categorization of financial assets and liabilities and their measurement

- Loans and claims:
  Non-derivative financial instruments with fixed or determinable payment claims for which no active market exists are assigned to this category. This holds true regardless of whether they were originated by the Bank or acquired in the secondary market. An active market exists if quoted prices are regularly made available, for example, by a stock exchange or broker, and these prices are representative for current transactions between remote third parties. Measurement is made at amortized cost. Premiums and discounts appear under Net interest income over the entire lifetime.

- Held-to-maturity financial assets:
  Non-derivative financial assets with fixed or determinable payments and also a fixed maturity may be included in this category if an active market exists for them and both the intent and the ability exist to hold them to final maturity. They are measured at amortized cost, with premiums and discounts being recognized under Net interest income over the entire lifetime to maturity. The Commerzbank Group has not used the Held-to-maturity financial assets category with respect to the 2005 financial year either.

- Assets held for dealing purposes and Liabilities from dealing activities:
  All financial assets which are held for dealing purposes are assigned to this class. These include original financial instruments (especially interest-bearing securities, equities and promissory notes), precious metals and also derivative financial instruments with a positive fair value. Accordingly, all financial liabilities from dealing activities are assigned to this class. These include above all derivative financial instruments with a negative fair value as well as delivery obligations arising from short sales of securities.

  Derivative financial instruments used as hedging instruments are only recognized as assets held for dealing purposes or liabilities from dealing activities insofar as they do not meet the conditions for the application of hedge accounting rules (see below in this note). Otherwise, they are shown as Fair values attributable to hedging instruments.

  Assets held for dealing purposes and liabilities from dealing activities are measured at their fair value on each balance-sheet date. The results of such measurement appear under Trading profit in the income statement.

  Spot transactions are recognized immediately upon conclusion of the transaction; we make a balance-sheet entry when the contract is performed.

- Available-for-sale financial assets:
  All non-derivative financial assets not assignable to one of the above categories have to be counted as available-for-sale financial assets. Primarily, these are interest-bearing securities, equities, promissory notes and investments. They are initially measured at cost and subsequently at their fair value. After deferred taxes have been taken into consideration, measured gains and losses are recognized with no effect on the income statement in a separate equity item (revaluation reserve). If the financial asset is sold, the cumulative valuation previously recognized in the revaluation reserve is released and appears in the income statement. Should the asset's value be permanently impaired, the revaluation reserve has to be adjusted for the impairment, and the amount has to be reflected in the income statement. If the fair value cannot be reliably ascertained, measurement is made at amortized cost. Premiums and discounts are recognized under Net interest income over the entire lifetime.

- Other financial liabilities:
  This category includes liabilities to banks and customers and also securitized liabilities. Measurement is made at amortized cost. Premiums and discounts are recognized under Net interest income over the entire lifetime.

- Fair value option:
  The fair value option, introduced in IAS 39, makes it possible voluntarily to measure each financial instrument at fair value and to reflect the net result of such measurement in the income statement. The decision whether to use the fair value option or not has to be made at the inception of the financial instrument.

  The fair value option may be applied for a financial instrument provided that

  – an accounting mismatch is avoided or substantially reduced, or
  – a portfolio of financial instruments is managed, and its performance is measured on a fair value basis, or
  – the financial instrument has one or several embedded derivatives.

  Financial instruments for which a fair value option is employed are shown at their fair value in the appropriate balance-sheet item for their respective category. The results of measurement appear under Trading profit. Further details on how and to what extent the fair value option is used can be found in Note 78.

b) Embedded derivatives

IAS 39 also regulates the treatment of derivatives embedded in original financial instruments (embedded derivatives). Such financial instruments are also referred to as hybrid financial instruments. These include, for example, reverse convertible bonds (bonds with a right to repayment in the form of equities) or bonds with indexed interest payments. In accordance with IAS 39, under certain conditions the embedded derivative should be shown separately from the original host contract as a stand-alone derivative.

Such separation has to be made if the characteristics and risks of the embedded derivative are not closely related to those of the original host contract. In this case, the embedded derivative has to be regarded as part of the trading portfolio and recognized at its fair value. Changes on remeasurement have to be shown in profit and loss. The host contract is accounted for and measured applying the rules of the category to which the financial instrument is assigned.

However, if the characteristics and risks of the embedded derivative are closely linked to those of the original host contract, the embedded derivative is not shown separately and the hybrid financial instrument is measured as a whole in accordance with the general provisions of the category to which the financial instrument is assigned.

c) Hedge accounting

IAS 39 contains extensive hedge accounting regulations, i.e. accounting for hedging instruments – especially derivatives – and the underlying hedged transactions.

In line with general regulations, derivatives are classified as trading transactions (assets held for dealing purposes or liabilities from dealing activities) and are measured at their fair value. The result of such measurement is shown under Trading profit. If it can be demonstrated that derivatives are used to hedge risks from non-trading transactions, IAS 39 permits, under certain conditions, the application of hedge accounting rules. For the most part, two forms of hedge accounting are distinguished:

- Fair value hedge accounting:
  IAS 39 prescribes the use of hedge accounting for derivatives which serve to hedge the fair value of recognized assets or liabilities. Above all, the Group's issuing and lending business and the securities portfolio of liquidity management, insofar as these are fixed-income securities, are subject to such a fair value risk. Primarily, interest-rate and interest-rate/currency swaps are used to hedge these risks.

In line with the regulations for fair value hedge accounting, the derivative financial instruments used for hedging purposes are shown at fair value as Fair values attributable to derivative hedging instruments. Changes upon remeasurement appear as profit or loss in the income statement under Net result on hedge accounting. Any changes in the fair value of the hedged asset or hedged liability resulting from the hedged risk have to be recognized and similarly shown in the income statement under Net result on hedge accounting. Given a perfect hedge, the changes upon remeasurement recognized in the income statement for the hedge and the hedged transaction will balance one another.

- Cash flow hedge accounting:
  IAS 39 prescribes the use of cash flow hedge accounting for derivatives which serve to hedge the risk of a change in future cash flows. A cash-flow risk exists in particular for floating-rate loans, securities and liabilities as well as forecast transactions (for example, forecast fund-raising or financial investments). Within the Commerzbank Group, the interest-rate risks in asset/liability management are largely covered by means of cash flow hedges. Primarily, interest-rate and interest-rate/currency swaps are used for hedging purposes.

  Derivative financial instruments used in cash flow hedge accounting are carried at fair value as Fair values attributable to derivative hedging instruments. Reporting of the gain or loss has to be divided into an effective and an ineffective part. The effective result measured is that part of the hedging derivative's change in fair value which represents an effective hedge of the cash flow risk arising from the underlying hedged transaction and is recognized, after deferred taxes have been taken into consideration, in a separate item under equity (Measurement of cash flow hedges). By contrast, the ineffective portion is shown in the income statement. There is no change in the general accounting rules described above for the transactions underlying cash flow hedges.

The application of hedge accounting rules is tied to a number of conditions. These relate above all to the documentation of the hedge and also to its effectiveness.

The hedge has to be documented at the time of its conclusion. Documentation extends above all to an identification of the hedging instrument and the underlying hedged transaction and also details of the hedged risk and the method employed to determine the effectiveness of the hedge. Documentation for an underlying transaction hedged with a derivative may relate either to an individual asset, liability, pending business or forecast transaction or to a portfolio of such items (microhedge) which are given similar accounting treatment. It is not sufficient, however, to document a net risk position to be hedged.

In addition to documentation, IAS 39 calls for evidence of an effective hedge in order for hedge accounting rules to be applied. Effectiveness in this connection means the relationship between the change in fair value or the cash flow resulting from the hedged underlying transaction and the change in fair value or the cash flow resulting from the hedge. If these changes almost entirely balance one another, a high degree of effectiveness exists. Proof of effectiveness requires, on the one hand, that a high degree of effectiveness can be expected from a hedge in the future (prospective effectiveness). On the other hand, when a hedge exists, it must be regularly demonstrated that this was highly effective during the period under review (retrospective effectiveness). A high degree of retrospective effectiveness exists if the ratio of changes in the fair value or the cash flow lies between 0.8 and 1.25. Here, the methods used for determining effectiveness have to be disclosed.

(7) Currency translation

Assets and liabilities denominated in foreign currencies, as well as immatured spot foreign-exchange transactions, are translated at the spot rates, and foreign-exchange forward contracts at the forward rate on the balance-sheet date. Expenses and income are translated at market rates. Currency translation for investments and holdings in subsidiaries that are denominated in foreign currencies is effected at historical cost. Translation gains and losses from the consolidation of the capital accounts appear in the balance sheet under Equity.

As a result of their economically independent business activity, the financial statements of our units abroad that are prepared in foreign currencies are translated at the spot rates of the balance-sheet date.

The expenses and income generated by the translation of balance-sheet items are recognized in the income statement. Hedged expenses and income are translated at the hedging rate.

The following translation rates apply for the currencies that are most important to the Commerzbank Group (amount per €1 in the respective currency):

	2005	2004
USD	1.1797	1.3621
GBP	0.6853	0.70505
CHF	1.5551	1.5429
PLN	3.8600	4.0845

(8) Offsetting

We set liabilities off against claims if these relate to the same counterparty, are due at call, and agreement has been reached with the contractual partner that interest and commissions be calculated as if only a single account existed.

(9) Cash reserve

With the exception of debt issued by public-sector borrowers, which is shown at its fair value, all the items appear at their nominal value.

(10) Claims

The Commerzbank Group's claims on banks and customers which are not held for trading and are not quoted on an active market are shown at either their nominal value or at amortized cost. Premiums and discounts appear under Net interest income over the entire lifetime. The book values of claims which qualify for hedge accounting are adjusted for the gain or loss attributable to the hedged risk. Claims recognized under the fair value option appear at their fair value.

(11) Provision for possible loan losses

We fully provide for the special risks associated with banking business by forming specific valuation allowances and portfolio valuation allowances.

In order to cover the lending risks represented by claims on customers and banks, we have formed specific valuation allowances according to uniform Group standards. Valuation allowances have to be formed for a loan if it is probable that not all the interest payments and repayments of principal can be made according to the agreement. The size of the valuation allowance corresponds to the difference between the book value of the loan after valuable security has been taken into consideration and the cash value of the expected future cash flow, discounted by the original effective interest rate.

In addition, we cover credit risk by means of portfolio valuation allowances. Actual loan losses serve as a yardstick for the scale on which portfolio valuation allowances have to be formed, differentiated according to sub-portfolios as shown in the balance sheet.

Insofar as it relates to claims in the balance sheet, the aggregate amount of provision for possible loan losses is shown separately from Claims on banks and Claims on customers. However, provision for risks in off-balance-sheet business – guarantees, endorsement liabilities, lending commitments – is shown as a provision for lending risks.

Unrecoverable accounts for which no specific valuation allowance has been formed are written down immediately. Amounts received on written-down claims appear in the income statement.

(12) Genuine repurchase agreements and securities-lending transactions

Repo transactions combine the spot purchase or sale of securities with their forward sale or repurchase, the counterparty being identical in either case. The securities sold under repurchase agreements (spot sale) still appear, and are measured, in the consolidated balance sheet as part of the securities portfolio. According to counterparty, the inflow of liquidity from the repo transaction is shown in the balance sheet as a liability to either banks or customers. The agreed interest payments are booked as interest paid, reflecting the respective maturities.

The outflows of liquidity caused by reverse repos appear as claims on banks or customers and are measured accordingly. The securities bought under repurchase agreements and on which the financial transaction is based (spot purchase) are not carried in the balance sheet, nor are they measured. The agreed interest from reverse repos is counted as interest income, reflecting the respective maturities. Claims arising from reverse repos are not netted against liabilities from repos involving the same counterparty.

We show securities-lending transactions in a similar manner to securities in genuine repurchase agreements. Lent securities remain in our securities portfolio and are measured according to the rules of IAS 39. Borrowed securities do not appear in our balance sheet, nor are they measured. We show cash security which we have furnished for securities-lending transactions as a claim and received security as a liability.

(13) Positive fair values from derivative hedging instruments

Derivative financial instruments used for hedging which qualify for hedge accounting and have a positive value appear under this item. The instruments are measured at fair value.

Listed instruments are measured at market prices; for non-listed products, internal price models (net present-value or option-price models) are used. The hedge accounting results for fair value hedges appear in the income statement under Net result on hedge accounting. By contrast, effective portions of the gains and losses on cash flow hedges are recognized under Measurement of cash flow hedges in Equity.

(14) Assets held for dealing purposes

Securities held for dealing purposes, promissory notes and precious metals appear in the balance sheet at their fair value on the balance-sheet date. Also shown at fair value are all derivative financial instruments which are not used as hedging instruments in hedge accounting and have a positive fair value. For listed products, market prices are used; non-listed products are measured on the basis of the net present-value method or other suitable measurement models (for instance, option-price models). All the realized gains and losses and also the net changes which are not realized appear as part of the Trading profit in the income statement. Under this item, interest and dividend income from trading portfolios are also shown, less the expenses required to finance them.

(15) Investments and securities portfolio (available for sale)

Our Investments and securities portfolio comprises all the bonds, notes and other fixed-income securities, shares and other variable-yield securities and all the investments and investments in associated companies, as well as holdings in non-consolidated subsidiaries which are not held for dealing purposes. In addition, we include here claims quoted in an active market and recognize any disposal proceeds under Net result on investments and securities portfolio (available for sale).

These portfolios are recognized and measured at fair value, or according to the equity method in the case of investments in associated companies. If the fair value cannot be reliably calculated, the item is shown at amortized cost; this primarily holds true for non-listed assets. Net changes are shown – after deferred taxes have been taken into consideration – under the Revaluation reserve in Equity. Realized gains and losses only affect the income statement when the holdings are sold. Premiums and discounts are recognized in Net interest income over the lifetime of the investment or security. If, however, an effective hedge with a derivative financial instrument exists for investments or securities, that part of the change in fair value attributable to the hedged risk is shown under the Net result on hedge accounting in the income statement. In the case of permanent impairment, the required write-down is charged to the income statement.

The objective indicators for determining impaired value were extended in the 2005 financial year, above all for equity instruments of the available-for-sale portfolio. Value is impaired, for instance, if the fair value falls either significantly or for a longer period below acquisition cost. No write-ups may be made affecting profit or loss for available-for-sale equity instruments. Changes in the fair value of listed equity instruments during subsequent reporting periods are shown in the revaluation reserve. This means that the net profit and loss is affected only in the case of impaired value and disposals. Write-ups of non-listed equity instruments whose value cannot be regularly determined may be recognized neither in the income statement nor in the revaluation reserve. If the reasons for a value impairment of debt instruments cease to exist, a write-up has to be made, equal at most to the amortized cost, and reflected in profit or loss. The amount in excess of the amortized cost has to be reflected in the revaluation reserve.

(16) Intangible assets

Under Intangible assets, we mainly recognize software and acquired goodwill. Measurement is made at amortized cost. On each balance-sheet date, all goodwill is examined with a view to its future economic utility on the basis of cash-generating units. If it appears that the expected utility will not materialize, an extraordinary depreciation is made. We depreciate software over a period of two to five years.

(17) Fixed assets

The land and buildings, and also office furniture and equipment, shown under this item are capitalized at cost, less regular depreciation. Extraordinary depreciation and write-offs are made in the case of permanently impaired value.

In determining the useful life, the likely physical wear and tear, technical obsolescence and also legal and contractual restrictions are taken into consideration. All fixed assets are depreciated or written off over the following periods, using the straight-line method:

	Probable useful life in years
Buildings	30 – 50
Office furniture and equipment	2 – 10
Purchased IT equipment	2 – 8

In line with the materiality principle, purchases of low-value fixed assets in the past financial year are recognized immediately as operating expenses. Profits realized on the disposal of fixed assets appear under Other income, with losses being shown under Other expenses.

(18) Leasing

In accordance with IAS 17, a lease is classified as an operating lease if it does not substantially transfer to the lessee all the risks and rewards that are incident to ownership. By contrast, finance leases are considered to be those agreements which substantially transfer all the risks and rewards to the lessee.

– The Group as lessor –

Insofar as the leasing companies within the Commerzbank Group are involved in operating lease business, economic ownership of the object of the agreement remains with the Group company. Leased objects appear in the consolidated balance sheet under Fixed assets, shown at cost or production cost, less regular depreciation over their useful economic lives or less extraordinary depreciation which is required if their value is permanently impaired. Unless a different distribution suggests itself in individual cases, the proceeds from leasing transactions are recognized on a straight-line basis over the lifetime of the agreement and are shown under Net interest income.

If virtually all the risks and rewards relating to the leased property are transferred to the lessee (finance leases), the Commerzbank Group recognizes a claim on the lessee. The claim is shown at its net investment value at the inception of the agreement. Leasing payments received are divided into an interest portion, which appears as interest income, and a repayment portion. The income is recognized as interest income for the respective period.

– The Group as lessee –

The payments made under operating lease agreements are included under Operating expenses. The costs are computed like a rental payment on a regular basis corresponding to the useful life of the leased object. No contractual obligations existed in the 2005 financial year which have to be classified as finance leases.

(19) Liabilities to banks and customers and also Securitized liabilities

Financial liabilities are recognized at amortized cost. The derivatives embedded in liabilities (embedded derivatives) have been separated from their host debt instrument, measured at fair value and shown under either Assets held for dealing purposes or Liabilities from dealing activities. In hedge accounting, hedged liabilities were adjusted for the fair value attributable to the hedged risk.

(20) Negative fair values from derivative hedging instruments

Under this item, we show derivative hedging instruments with a negative fair value which do not serve trading purposes. The financial instruments are measured at fair value, with market prices used as a basis for measuring listed instruments; internal price models (net present-value or option-price models) are applied in the case of non-listed products. The net results from hedge accounting for instruments classified as fair value hedges appear in the income statement. We show the effective portions of the gains or losses on cash flow hedges under Measurement of cash flow hedges in Equity.

(21) Liabilities from dealing activities

Derivative financial instruments which have a negative fair value, and delivery obligations from short sales of securities, are shown as Liabilities from dealing activities. Such liabilities are measured at their fair value.

(22) Provisions for pensions and similar commitments

Virtually all employees of Commerzbank Aktiengesellschaft as well as staff at some subsidiaries in Germany acquire rights to a company pension under various systems of company provision for old age.

Some employees are given an indirect – contribution-based – commitment (defined-contribution plan), for which the Group, with employees also making contributions, pays a fixed amount for old-age provision to external providers, including Versicherungsverein des Bankgewerbes a.G. (BVV), Berlin, and Versorgungskasse des Bankgewerbes e.V., Berlin.

The size of future pension benefits is determined here by the amounts paid in and – for the non-guaranteed portion of the benefits – by the accrued income on the assets. The classification of this provision as an indirect commitment means that the contributions to BVV and Versorgungskasse are recognized as current expenses, eliminating the need to form provisions.

Other employees are given a direct commitment, under which the size of the benefit is established, being determined by such factors as age, salary and length of service (defined-benefit plan).

In order to cover the promised pension benefits, we accumulate the assets required to meet the pension obligation for the most part internally and show the corresponding provision under Liabilities. A small part of these assets is invested in a trust to provide additional protection against insolvency. The trustee of these assets held in trust is Commerzbank Pension-Trust e.V.

The pension expenses for direct commitments, which have to appear in the income statement, consist of several components. First and foremost, the service cost has to be considered. In addition, there is the interest cost on the cash value of the obligation, as the time at which it must be met has moved one period closer. The net income forecast for the separate plan assets (assets held in trust) is deducted from expenses. If the 10% "corridor" or fluctuation-band rule gives rise to amortization amounts for actuarial gains and losses, the expenses for the period rise or fall accordingly.

The size of the provisions formed is initially determined by the cash value of the obligation to be met. The portion which is covered by the separate assets held in trust has to be set off against the obligation. The "corridor" rule determines the amount of provision to be formed each year as follows:

Cash value of obligation for direct commitments
less separate pension assets
less/plus not recognized actuarial losses or gains
= size of provision for pensions

The pension obligation is calculated annually by an independent actuary, using the projected-unit-credit method. This calculation is based not only on biometric assumptions but above all on a current market interest rate for prime-quality long-dated bonds as well as the rates of increase for salaries and pensions to be expected in the future. We only recognize higher or lower obligations as a result of actuarial calculations if they lie outside a 10% "corridor" of the actuarial value of the obligation. In the past financial year, adjustment to a lower calculatory interest rate led to the 10% corridor being exceeded. Our internal accounting methods indicate that – as permitted by the rules – we will recognize the excess in our income statement more quickly than IAS 19 prescribes. Pursuant to IAS 19, the amount that falls outside the corridor has to be charged as an expense over the average expected remaining working lives of the employees. The assumptions used in actuarial calculations are:

	31.12.2005	31.12.2004
Calculatory interest rate	4.25%	5.00%
Change in salaries	2.50%	2.50%
Adjustment to pensions	1.40%	1.40%

The former internal agreements on the granting of direct pension benefits were replaced with effect from January 1, 2005, by the Commerzbank modular plan for company pension benefits (CBA). Staff entitled to benefits will receive benefits under CBA, which will be made up of an initial module for the period up to December 31, 2004, and benefit modules – possibly augmented by a dynamic module – for each contributory year from 2005 onwards. Staff joining the Bank after January 1, 2005, will be given a commitment under the Commerzbank capital plan for company retirement pensions (CKA).

The obligations similar to those for pensions include obligations under early-retirement schemes and under part-time work schemes for older staff, which have been computed with the aid of actuarial rules.

(23) Other provisions

We form Other provisions on the scale deemed necessary for liabilities of uncertain amount towards third parties and for anticipated losses related to immatured contracts. We are not permitted by IAS/IFRS rules to form provisions for expenses not related to an external commitment.

(24) Taxes on income

Current tax assets and liabilities were calculated by applying the currently valid tax rates at which a refund from, or a payment to, the relevant fiscal authorities is made.

Deferred tax assets and liabilities derive from differences between the value of an asset or liability as shown in the balance sheet and its assigned value in tax terms. In the future, these will probably either increase or reduce taxes on income (temporary differences). They were measured at the specific income-tax rates which apply in the country where the company in question has its seat and which can be expected to apply for the period in which they are realized. Deferred taxes on as yet unused losses carried forward are shown in the balance sheet if taxable profits are likely to occur at the same unit. No discounting of tax assets and liabilities is practised. Deferred tax assets and liabilities are formed and carried such that – depending on the treatment of the underlying item – they are recognized either under Taxes on income in the income statement or under the respective equity item with no effect on profit or loss.

Income-tax expenses or income are shown under Taxes on income in the consolidated income statement and divided in the notes into current and deferred tax claims and liabilities in the financial year. Other taxes which are not dependent on earnings appear under Other result. Current and deferred tax assets and tax liabilities appear as separate asset or liability items in the balance sheet.

(25) Subordinated capital

Under Subordinated capital, we carry issues of profit-sharing certificates as well as securitized and non-securitized subordinated liabilities. After their initial recognition at cost, they are shown at amortized cost. Premiums and discounts are recognized under Net interest income over the entire lifetime.

(26) Trust business

Trust business involving the management or placing of assets for the account of others is not shown in the balance sheet. Commissions received from such business are included under Net commission income in the income statement.

(27) Treasury shares

Treasury shares held by Commerzbank Aktiengesellschaft in its portfolio on the balance-sheet date are deducted directly from Equity. Gains and losses resulting from the Bank's own shares are set off against one another, with no effect on profit or loss.

(28) Staff remuneration plans

For its executives and selected other members of staff, the Group has approved five "long-term performance plans" (LTP). These plans (LTP 2001-2005) permit a remuneration geared to the performance of the share price or a stock index; in view of their conditions, they may be considered as "virtual" stock option plans. The programmes entail a payment commitment if the Commerzbank share outperforms the Dow Jones Euro Stoxx® Banks index and/or the absolute performance of the Commerzbank share is at least 25%. People at Commerzbank Aktiengesellschaft, various subsidiaries in Germany and at selected operational units outside Germany are entitled to participate.

In order to participate in the LTPs, those eligible have to invest in Commerzbank shares. The scale of such an investment for staff who are not members of the Board of Managing Directors depends on their function group (possible investment: between 100 and 1,200 shares). Payments under these plans will be determined by two criteria:

For 50% of the shares:

- the Commerzbank share outperforms the Dow Jones Euro Stoxx® Banks index (payment guaranteed by outperformance of at least 1 percentage point to a maximum of 10 percentage points).

For 50% of the shares:

- an absolute rise in the price of the Commerzbank share (payment guaranteed by a rise of at least 25% to a maximum of 52%).

Provided that the two criteria are achieved, eligible participants will receive a maximum of €100 per share of their own participation, whereby Commerzbank shares will be delivered to the participant's custody account for 50% of this gross amount.

Payment and the delivery of shares are dependent upon Commerzbank Aktiengesellschaft paying a dividend for the financial year.

The first comparison of the base prices of the first quarter of 2001 (LTP 2001), the first quarter of 2002 (LTP 2002), the first quarter of 2003 (LTP 2003), the first quarter of 2004 (LTP 2004), and the first quarter of 2005 (LTP 2005) with the data for the comparable period will be made after three years in each case, or as soon as a first hurdle to exercising is reached or exceeded. Should none of the exercising criteria have been met after this time has elapsed, comparison will be made with the base data at annual intervals. If none of the performance targets have been achieved after five years, the plans will be terminated. The first and second comparisons for LTP 2001 with the prices for the first quarter of 2004 and 2005, respectively, and the first comparison for LTP 2002 with the prices for the first quarter of 2005 revealed that none of the exercise criteria had been fulfilled.

Within the Jupiter International Group plc (JIG), three staff remuneration/stock-option plans existed as of December 31, 2005.

The so-called C shares or Growth Shares Plan gives those eligible – a group of senior staff – the right to subscribe to shares of Commerz Asset Management (UK) plc, which are also subject to an obligation to purchase on the part of Commerzbank Aktiengesellschaft. The value of these shares is oriented to the typified change in value of the JIG Group. Those eligible do not receive a guaranteed payment, as the reference figure may change. Limits have been established for the payment of minimum amounts (corresponding to the costs to employees when awards are granted; i.e. personal income tax and social security charges) and maximum amounts. Employees have the right to tender delivery of shares annually, within certain limits, but they also have the possibility of disposing of their entire portfolio after four years. In addition, certain rights also exist in connection with a change-of-control clause. The reference base for this plan was altered in 2003, with the adjusted profit for 2000 being replaced by that for 2002. No more new awards have been granted under this plan since 2003. In the 2005 financial year, Commerzbank Aktiengesellschaft purchased shares under this plan to an overall value of £15.1m.

At the same time, an ongoing "options programme" was launched in 2003 in favour of the employees of JIG, which entails cash compensation based on the performance of JIG and can be considered to be a virtual stock option plan. Internally, this plan is known as the "D options plan" and entitles all those to participate who had joined Jupiter by December 31, 2003, most of whom were already entitled under the C Shares Plan. Under this plan, a payment falls due if the adjusted profit in the year prior to the exercising of the option is higher than the level of the base year. By way of exception, the 2003 adjusted profit was established as the reference figure for the options granted in 2003. A third of the options may be exercised three years after they are granted and a further third after four years, while all options must be exercised five years after they are granted, otherwise they expire. In addition, certain rights also exist in connection with a change-of-control clause. In 2005, further adjusted option rights were assigned to these in the described manner, as were rights under the parallel E Options Plan, which differs only in terms of the rights conferred by the change-of-control clause and extends entitlement to staff who joined after December 31, 2003. No rights were exercised under these two plans during the 2005 financial year.

In addition, it is possible at other subsidiaries, including in Asset Management, for selected employees to participate through private equity models in the performance of the respective company. Payment in such cases depends on the extent to which fixed performance targets are attained. These models include direct investment in shares of the respective company. Frequently, these are offered at reduced prices and/or in combination with call or put options. In addition, warrants and share subscription rights are issued. Premiums are also granted which may similarly be used to subscribe to shares. The observance of blocking periods and agreements for later repurchase determine whether additional income is received.

Staff remuneration plans are treated according to the rules of IFRS 2 "Share-based payment". IFRS 2 distinguishes between plans which count as share-based transactions settled in the form of equity instruments and those which count as share-based transactions settled in cash. For both forms, however, the granting of share-based payments has to be recognized at fair value in the annual financial statements. The awards granted under the above-described LTPs are recognized in accordance with IFRS 2 as 50% share-based payments settled in the form of equity instruments and 50% share-based payments settled in cash. The other staff remuneration plans that are described are classified and recognized as cash-settled payment transactions

Share-based payments settled in the form of equity instruments

The fair value of share-based payments settled in the form of equity instruments has to be recognized as personnel expenses and reflected accordingly in Equity. The fair value at the time the awards are granted – with the exception of the effect of non-market-based exercising conditions – has to be determined and recognized on a straight-line basis in the form of costs over the time during which the employee acquires irrevocable claims to the awards. The amount recognized as expenses is adjusted only to the extent that the estimates made by accounting staff regarding the number of equity instruments which are finally exercised are taken into consideration.

No expenses are recognized for those rights which are not finally exercised due to the absence of a non-market-based condition. One exception exists for those rights which can be exercised only given a certain market condition. These will be considered to have been exercised regardless of whether the market condition has been fulfilled, provided that the other conditions have been fulfilled (services, non-market-based conditions for performance).

Share-based cash-settled payments

The portion of the fair value of share-based payments settled in cash that relates to services performed up to the date of measurement is recognized as personnel expenses, accompanied by its recognition as a provision. The fair value is calculated afresh for every reporting date up to and including the date of settlement. Every change in the fair value of the provision has to be reflected in profit or loss. On the date of settlement, therefore, the accumulated value of the fair value of the provision has to correspond to the amount paid to the relevant employee.

Measurement models

In order to calculate the fair values of the staff remuneration plans that exist within the Commerzbank Group, we have engaged external actuaries. Either a Monte Carlo model or a binominal model is used for measurement purposes.

A Monte Carlo model simulating changes which boost future share prices is applied to measure the awards granted under LTPs. The model is based on the assumption that stock yields are normally distributed in statistical terms around a mean corresponding to a risk-free investment in an interest-bearing security.

An actuarial binominal model is used for determining the fair value of the options that exist as a result of staff remuneration plans at JIG, Caisse Centrale de Réescompte (CCR) and their subsidiaries. It takes into account the terms and conditions for granting such awards. The share price on each reporting date and the exercise price are calculated on the basis of the specific conditions and formulae contained in the plans which are linked to the after-tax profit of the company in question.

Acquisition of the majority interest in Eurohypo Aktiengesellschaft

Under an agreement on November 16, 2005, Commerzbank Inlandsbanken Holding AG, a subsidiary of our Group, concluded purchase agreements to acquire 66.2% of the shares of Eurohypo at a price of €4.56bn. The purchase will take place in two stages: 17.1% was taken over on December 15, 2005, while the remaining 49.1% will probably be acquired at end-March 2006, once various conditions (in particular antitrust approval) have been met.

With the Group's previous interest of 31.8% in Eurohypo included, we held 48.9% of its equity per December 31, 2005. On the balance-sheet date, therefore, the company still had to be included as an associated company in the list of consolidated companies, applying the equity method. For the newly acquired interest of 17.1%, a difference in amount of €77m exists between the purchase cost and the share of equity we hold; as far as possible, we have spread this amount over the assets shown in the balance sheet and other individually identifiable assets (customer base, brand name), thereby revaluing them, and treated the remaining amount as goodwill. In accordance with IAS 28, the overall amount has to be assigned to the book value of the investment and shown in the balance sheet under Investments and securities portfolio (available-for-sale).

Changes in the investment's book value (including goodwill, pro-rata revaluation reserve and cash-flow hedge reserve) in the 2005 financial year were as follows:

	€ m
As of 1.1.2005	**2,109**
Profit contribution of Eurohypo in 2005 plus changes in the revaluation reserve and the measurement of cash flow hedges, less dividend	67
Share of equity acquired on 15.12.2005, including incidental expenses	1,185
As of 31.12.2005	**3,361**

When the purchase agreement has been finally implemented, Eurohypo Aktiengesellschaft will be fully included in the list of consolidated companies, taking into account the provisions of IFRS 3.

Notes to the income statement

(29) Net interest income

	2005 € m	2004[1)] € m	Change in %
Interest income from lending and money-market transactions and also from available-for-sale securities portfolio	11,924	10,926	9.1
Dividends from securities	109	89	22.5
Current result on investments and subsidiaries	95	130	–26.9
Current result on investments in associated companies	182	93	95.7
Current income from leasing	217	136	59.6
Interest income	*12,527*	*11,374*	*10.1*
Interest paid on subordinated capital	481	505	–4.8
Interest paid on securitized liabilities	3,206	3,159	1.5
Interest paid on other liabilities	5,494	4,595	19.6
Current expenses from leasing	174	102	70.6
Interest expenses	*9,355*	*8,361*	*11.9*
Total	**3,172**	**3,013**	**5.3**

Interest margin:

The average interest margin, based on the average risk-weighted assets in balance-sheet business according to BIS, was 2.86% (previous year: 2.76%).

(30) Provision for possible loan losses

Provision for possible loan losses appears as follows in the consolidated income statement:

	2005 € m	2004 € m	Change in %
Allocation to provisions	–1,346	–1,282	5.0
Reversals of provisions	829	550	50.7
Direct write-downs	–95	–124	–23.4
Income received on written-down claims	46	20	·
Total	**–566**	**–836**	**–32.3**

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

(31) Net commission income

	2005 € m	2004 € m	Change in %
Securities transactions	901	839	7.4
Asset management	620	576	7.6
Payment transactions and foreign commercial business	422	426	–0.9
Guarantees	153	142	7.7
Income from syndicated business	110	99	11.1
Other net commission income	209	168	24.4
Total	**2,415**	**2,250**	**7.3**

(32) Net result on hedge accounting

	2005 € m	2004 € m	Change in %
Net result on derivatives used as hedging instruments	–1,330	–1,554	–14.4
Net result on hedged items	1,308	1,560	–16.2
Total	**–22**	**6**	**·**

This item reflects the gains and losses attributable to effective hedges in connection with hedge accounting. The result deriving from hedging instruments and the related hedged items represents only the measurement effects arising from fair value hedges.

(33) Trading profit

Trading profit has been split into three components:

- Net result on trading in securities, promissory notes, precious metals and derivative instruments.
- Net result on the measurement of derivative financial instruments which do not form part of the trading book and do not qualify for hedge accounting.
- Net result from applying the fair value option.

All financial instruments held for dealing purposes are measured at their fair value. We use market prices to measure listed products, while internal price models (above all, net present-value and option-price models) are used in determining the current value of non-listed trading transactions. Apart from the realized and unrealized gains and losses attributable to trading activities, the Trading profit also includes the interest and dividend income related to such transactions and also their funding costs.

	2005 € m	2004 € m	Change in %
Net result on trading	834	632	32.0
Net result on the measurement of derivative financial instruments	–148	–93	59.1
Net result from applying the fair value option	21	0	·
Total	**707**	**539**	**31.2**

(34) Net result on investments and securities portfolio (available for sale)

Under the Net result on investments and securities portfolio, we show the disposal proceeds and the gains and losses on available-for-sale securities, investments, investments in associated companies and holdings in subsidiaries which have not been consolidated.

	2005 € m	2004[1)] € m	Change in %
Net result on available-for-sale securities	216	193	11.9
Net result on disposals and measurement of investments, investments in associated companies and holdings in subsidiaries	431	146	·
Total	**647**	**339**	**90.9**

(35) Other result

The Other result primarily comprises allocations to and reversals of provisions, as well as interim expenses and income attributable to hire-purchase agreements. Expenses and income arising from building and architects' fees occur in connection with the construction management of our sub-group CommerzLeasing und Immobilien AG. Other taxes are also included in this item.

	2005 € m	2004 € m	Change in %
Major other expenses	**146**	**170**	**–14.1**
Expenses arising from building and architects' services	42	51	–17.6
Allocations to provisions	69	49	40.8
Hire-purchase expenses and interim costs	35	70	–50.0
Major other income	**198**	**284**	**–30.3**
Reversals of provisions	108	127	–15.0
Hire-purchase proceeds and interim income	35	72	–51.4
Income from building and architects' services	47	57	–17.5
Income from disposal of fixed assets	8	28	–71.4
Balance of sundry other expenses/income	**–26**	**79**	**·**
Other result	**26**	**193**	**–86.5**

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

(36) Operating expenses

The Group’s Operating expenses consist of personnel and other expenses, and depreciation on office furniture and equipment, real property, and on other intangible assets. The expenses break down as follows:

Personnel expenses:

	2005 € m	2004 [1)] € m	Change in %
Wages and salaries	2,108	1,954	7.9
Compulsory social-security contributions	305	293	4.1
Expenses for pensions and other employee benefits	254	205	23.9
of which:			
contributions to BVV and Versorgungskasse des Bankgewerbes	48	48	0.0
company pension scheme	206	157	31.2
Total	**2,667**	**2,452**	**8.8**

Other expenses:

	2005 € m	2004 € m	Change in %
Expenses for office space	480	503	–4.6
IT costs	394	455	–13.4
Compulsory contributions, other operating and company-law expenses	248	244	1.6
Advertising, PR and promotional costs, consulting	130	110	18.2
Workplace costs	171	181	–5.5
Sundry expenses	137	146	–6.2
Total	**1,560**	**1,639**	**–4.8**

The auditors’ fee (excluding turnover tax) of €7.6m, recognized as expenses in Germany in the financial year, breaks down as follows:

€1,000	2005
Audit of financial statements	4,978
Provision of other certificates or assessments	1,338
Tax consulting services	507
Other services	762
Total	**7,585**

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

Depreciation of office furniture and equipment, real property and other intangible assets:

	2005 € m	2004 € m	Change in %
Office furniture and equipment	219	315	–30.5
Real property	148	52	·
Other intangible assets	68	35	94.3
Total	**435**	**402**	**8.2**

The depreciation on real property includes an unplanned decrease in value of €118m on land and buildings in Asia.

(37) Restructuring expenses

	2005 € m	2004 € m	Change in %
Expenses for restructuring measures introduced	37	132	–72.0
Total	**37**	**132**	**–72.0**

In the 2004 financial year, expenses related to the restructuring of our Corporates & Markets department. One of the various concrete individual measures was to reduce the non-customer-based business lines – proprietary trading, brokerage and research – in particular.

In the 2005 financial year, we launched two projects intended to improve the efficiency of our back-office procedures in our corporate business and elsewhere. Restructuring expenses of €37m were incurred in connection with staff reductions and the closing-down of outlets.

(38) Taxes on income

Income-tax expenses break down as follows:

	2005 € m	2004 € m	Change in %
Current taxes on income	264	423	–37.6
Deferred taxes	145	–70	·
Total	**409**	**353**	**15.9**

Deferred taxes on the assets side include tax expenses of €50m (previous year: €73m) from the writing-back of capitalized advantages deriving from loss carry-forwards, which were used in the past financial year.

The following transitional presentation shows the connection between the Profit from ordinary activities and Taxes on income in the past financial year:

	2005	2004
	€ m	€ m
Net pre-tax profit according to IAS/IFRS	**1,680**	**796**
Group's income-tax rate (%)	39.9	39.9
Calculated income-tax payments in financial year	**670**	**318**
Effects due to differing tax rates affecting income during periods in question	–27	–41
Effects of taxes from previous years recognized in past financial year	8	104
Effects of non-deductible operating expenses and tax-exempt income	–498	–347
Regular amortization of goodwill	–	34
Deferred tax assets not recognized	210	68
Other effects	46	217
Taxes on income	**409**	**353**

The Group income-tax rate selected as a basis for the transitional presentation is made up of the corporate income-tax rate of 25% applied in Germany, plus the solidarity surcharge of 5.5%, and an average rate of 18.4% for trade earnings tax. With the deductibility of trade earnings tax taken into consideration, the German income-tax rate is roughly 39.9%.

Income effects result from discrepancies between the tax rates valid for foreign units. Tax rates outside Germany ranged between 0% and 46%.

(39) Basic earnings per share

	2005	2004 [1]	Change in %
Operating profit (€ m)	1,717	1,011	69.8
Consolidated surplus (€ m)	1,165	362	·
Average number of ordinary shares issued (units)	603,956,296	593,373,110	1.8
Operating profit per share (€)	2.84	1.70	67.1
Earnings per share (€)	1.93	0.61	·

The earnings per share, calculated in accordance with IAS 33, is based on consolidated surplus without the profit/loss for the year attributable to minority interests.

In the past financial year and on December 31, 2005, no conversion or option rights were outstanding. The diluted earnings per share, therefore, correspond to the earnings per share.

(40) Cost/income ratio

	2005	2004 [1]	Change in %
Cost/income ratio before regular amortization of goodwill and restructuring expenses	67.1	70.9	–5.4

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

(41) Segment reporting

Segment reporting reflects the results of the operational business lines included in the Commerzbank Group. Our internal management information memoranda, which are prepared monthly in line with IAS rules, serve as a basis.

The organizational structure of the Commerzbank Group was altered in autumn 2004. Since January 1, 2005, we have adapted our segment reporting – and also the year-ago figures – to the new structure.

Survey of the structure of the operating divisions valid in the past financial year:

Retail Banking and Asset Management		Corporate and Investment Banking			Group Investments and Others	
Private and Business Customers	Asset Management	*Mittelstand*	International Corporate Banking	Corporates & Markets	Mortgage Banks	Others and Consolidation

We report on seven segments:

- Private and Business Customers includes branch business with private individuals, professional people and business people, private banking, and the activities of comdirect bank.
- Asset Management comprises above all COMINVEST Asset Management, Jupiter International Group, Caisse Centrale de Réescompte, Commerzbank Europe (Ireland) and Commerz Grundbesitzgesellschaft.
- *Mittelstand* presents the results of corporate banking in Germany, the Central and Eastern European region as well as CommerzLeasing und Immobilien.
- International Corporate Banking covers Western Europe, America, Asia, Africa and the Financial Institutions department.
- Corporates & Markets comprises equity and bond-trading activities, trading in derivative instruments, interest-rate and currency management, as well as mergers and acquisitions and the London Branch. In addition, this segment is responsible for business involving multinational companies and major corporates requiring capital-market products.
- Mortgage Banks consists of Eurohypo Aktiengesellschaft, which we include at equity, Hypothekenbank in Essen and Erste Europäische Pfandbrief- und Kommunalkreditbank in Luxemburg.
- In the "Others and Consolidation" segment, the expenses and income appear for which the operational banking departments are not responsible. These also include those expenses and income items that are necessary in order to reconcile the control variables of internal accounting, shown in the segment reporting of the operational departments, with the corresponding external accounting data. This segment also covers equity holdings which are not assigned to other segments.

While foreign treasury activities have been assigned to the respective locations outside Germany, the revenue from German treasury activities (domestic liquidity management and equity structure management) is divided between the relevant segments.

The result generated by each segment is measured in terms of the operating profit and the pre-tax profit, as well as the figures for the return on equity and the cost/income ratio. Through the presentation of pre-tax profits, minority interests are included in both the result and the average equity tied up. All the revenue for which a segment is responsible is thus reflected in the pre-tax profit.

The return on equity is calculated from the ratio between the operating profit (operating or pre-tax) and the average amount of equity that is tied up. It shows the return on the equity that is invested in a given business line. The cost/income ratio in operating business reflects the cost efficiency of the various segments. It represents the quotient formed by operating expenses and income before provisioning.

Income and expenses are shown such that they reflect the originating unit and appear at market prices, with the market interest rate applied in the case of interest-rate instruments. Net interest income reflects the actual funding costs of the equity holdings which, since 2005, have been assigned to the respective segments according to their specific business orientation. The investment yield achieved by the Group on its equity is assigned to the net interest income of the various units such that it reflects the average amount of equity that is tied up. The interest rate corresponds to that of a risk-free investment in the long-term capital market. The average amount of equity tied up is worked out using the BIS system, based on the established average amount of risk-weighted assets and the capital charges for market risk positions (risk-weighted asset equivalents). The capital backing for risk-weighted assets which we assume for segment reporting purposes is 7%.

Direct and indirect expenditure represent the operating expenses which are shown in the operating profit. They consist of personnel costs, other expenses and depreciation of fixed assets and other intangible assets, excluding goodwill. The amortization of goodwill, expenses arising from special factors and restructuring expenses appear below the operating profit in the pre-tax profit. Operating expenses are assigned to the individual segments on the basis of the causation principle. The indirect expenses arising in connection with internal services are charged to the beneficiary or credited to the segment performing the service.

Breakdown, by segment

2005 financial year € m	**Retail Banking and Asset Management**		**Corporate and Investment Banking**			**Group Investments and Others**		**Total**
	Private and Business Customers	Asset Management	*Mittelstand*	International Corporate Banking	Corporates & Markets	Mortgage Banks	Others and Consolidation	
Net interest income	1,124	–10	1,193	294	187	528	–144	3,172
Provision for possible loan losses	–205	–	–394	69	–3	–33	–	–566
Net interest income after provisioning	919	–10	799	363	184	495	–144	2,606
Net commission income	1,065	575	568	153	69	–12	–3	2,415
Net result on hedge accounting	–	–	–	5	–1	–24	–2	–22
Trading profit	3	9	75	15	758	–130	–23	707
Net result on investments and securities portfolio	–	16	–4	21	–12	73	553	647
Other result	14	–4	–1	2	7	–4	12	26
Revenue	*2,001*	*586*	*1,437*	*559*	*1,005*	*398*	*393*	*6,379*
Operating expenses	1,719	466	1,029	260	793	48	347	4,662
Operating profit	**282**	**120**	**408**	**299**	**212**	**350**	**46**	**1,717**
Regular amortization of goodwill	–	–	–	–	–	–	–	–
Restructuring expenses	–	–	22	11	4	–	–	37
Pre-tax profit	**282**	**120**	**386**	**288**	**208**	**350**	**46**	**1,680**
Average equity tied up	**1,891**	**537**	**3,028**	**1,388**	**1,818**	**1,007**	**566**	**10,235**
Operating return on equity (%)	**14.9**	**22.3**	**13.5**	**21.5**	**11.7**	**34.8**	**·**	**16.8**
Cost/income ratio in operating business (%)	**77.9**	**79.5**	**56.2**	**53.1**	**78.7**	**11.1**	**·**	**67.1**
Return on equity of pre-tax profit (%)	**14.9**	**22.3**	**12.7**	**20.7**	**11.4**	**34.8**	**·**	**16.4**
Staff (average no.)	10,461	1,705	8,680	1,313	912	206	8,265	31,542

Breakdown, by segment

2004 financial year € m	**Retail Banking and Asset Management** Private and Business Customers	Asset Management	**Corporate and Investment Banking** *Mittelstand*	International Corporate Banking	Corporates & Markets	**Group Investments and Others** Mortgage Banks	Others and Consolidation	**Total**
Net interest income	1,137	–7	1,152	301	190	233	7	3,013
Provision for possible loan losses	–213	–	–555	12	–29	–51	–	–836
Net interest income after provisioning	924	–7	597	313	161	182	7	2,177
Net commission income	1,010	529	403	155	152	–12	13	2,250
Net result on hedge accounting	–	1	–	–	–	4	1	6
Trading profit	3	8	43	32	567	–110	–4	539
Net result on investments and securities portfolio	3	13	1	28	–2	126	170	339
Other result	40	25	85	14	–11	–6	46	193
Revenue	*1,980*	*569*	*1,129*	*542*	*867*	*184*	*233*	*5,504*
Operating expenses	1,657	392	998	231	942	45	228	4,493
Operating profit	**323**	**177**	**131**	**311**	**–75**	**139**	**5**	**1,011**
Regular amortization of goodwill	–	59	10	–	–	8	6	83
Restructuring expenses	–	–	–	–	132	–	–	132
Pre-tax profit	**323**	**118**	**121**	**311**	**–207**	**131**	**–1**	**796**
Average equity tied up	**1,894**	**558**	**2,663**	**1,337**	**2,022**	**1,003**	**781**	**10,258**
Operating return on equity (%)	**17.1**	**31.7**	**4.9**	**23.3**	**–3.7**	**13.9**	**·**	**9.9**
Cost/income ratio in operating business (%)	**75.6**	**68.9**	**59.3**	**43.6**	**105.1**	**19.1**	**·**	**70.9**
Return on equity of pre-tax profit (%)	**17.1**	**21.1**	**4.5**	**23.3**	**–10.2**	**13.1**	**·**	**7.8**
Staff (average no.)	10,207	1,671	8,095	1,328	1,294	192	8,613	31,400

Quarterly results, by segment

1st quarter 2005 € m	Retail Banking and Asset Management		Corporate and Investment Banking			Group Investments and Others		Total
	Private and Business Customers	Asset Manage-ment	*Mittel-stand*	Inter-national Corporate Banking	Corpo-rates & Markets	Mortgage Banks	Others and Consoli-dation	
Net interest income	274	4	280	64	49	96	–46	721
Provision for possible loan losses	–46	–	–118	–19	–7	–8	–	–198
Net interest income after provisioning	228	4	162	45	42	88	–46	523
Net commission income	264	127	124	38	27	–2	–	578
Net result on hedge accounting	–	–	–	–2	–	–8	–2	–12
Trading profit	1	2	15	6	258	–35	15	262
Net result on investments and securities portfolio	–	1	1	6	–1	36	251	294
Other result	–3	–2	4	–	–2	–	6	3
Revenue	*490*	*132*	*306*	*93*	*324*	*79*	*224*	*1,648*
Operating expenses	421	95	238	62	225	10	56	1,107
Operating profit	**69**	**37**	**68**	**31**	**99**	**69**	**168**	**541**
Regular amortization of goodwill	–	–	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	–	–	–	–
Pre-tax profit	**69**	**37**	**68**	**31**	**99**	**69**	**168**	**541**

Quarterly results, by segment

2nd quarter 2005 € m	Retail Banking and Asset Management		Corporate and Investment Banking			Group Investments and Others		Total
	Private and Business Customers	Asset Management	*Mittelstand*	International Corporate Banking	Corporates & Markets	Mortgage Banks	Others and Consolidation	
Net interest income	269	–1	307	67	52	138	15	847
Provision for possible loan losses	–46	–	–115	–8	–1	–7	–	–177
Net interest income after provisioning	223	–1	192	59	51	131	15	670
Net commission income	272	133	134	40	15	–2	1	593
Net result on hedge accounting	–	–	–	2	–	–6	–1	–5
Trading profit	–	3	17	–2	77	–36	–48	11
Net result on investments and securities portfolio	–	3	2	6	–4	13	64	84
Other result	4	–4	2	2	4	–	18	26
Revenue	*499*	*134*	*347*	*107*	*143*	*100*	*49*	*1,379*
Operating expenses	415	117	244	62	198	10	42	1,088
Operating profit	**84**	**17**	**103**	**45**	**–55**	**90**	**7**	**291**
Regular amortization of goodwill	–	–	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	–	–	–	–
Pre-tax profit	**84**	**17**	**103**	**45**	**–55**	**90**	**7**	**291**

Quarterly results, by segment

3rd quarter 2005 € m	Retail Banking and Asset Management: Private and Business Customers	Retail Banking and Asset Management: Asset Management	Corporate and Investment Banking: *Mittelstand*	Corporate and Investment Banking: International Corporate Banking	Corporate and Investment Banking: Corporates & Markets	Group Investments and Others: Mortgage Banks	Group Investments and Others: Others and Consolidation	Total
Net interest income	287	–7	300	75	43	139	–66	771
Provision for possible loan losses	–46	–	–104	9	2	–12	–	–151
Net interest income after provisioning	241	–7	196	84	45	127	–66	620
Net commission income	267	145	143	35	11	–3	1	599
Net result on hedge accounting	–	1	–	–	–	–6	–	–5
Trading profit	1	1	20	6	206	–21	4	217
Net result on investments and securities portfolio	1	4	1	18	–2	12	45	79
Other result	3	5	4	–	5	–1	–10	6
Revenue	*513*	*149*	*364*	*143*	*265*	*108*	*–26*	*1,516*
Operating expenses	433	103	261	63	183	10	44	1,097
Operating profit	**80**	**46**	**103**	**80**	**82**	**98**	**–70**	**419**
Regular amortization of goodwill	–	–	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	–	–	–	–
Pre-tax profit	**80**	**46**	**103**	**80**	**82**	**98**	**–70**	**419**

Quarterly results, by segment

4th quarter 2005	Retail Banking and Asset Management		Corporate and Investment Banking			Group Investments and Others		Total
€ m	Private and Business Customers	Asset Management	*Mittelstand*	International Corporate Banking	Corporates & Markets	Mortgage Banks	Others and Consolidation	
Net interest income	294	–6	306	88	43	155	–47	833
Provision for possible loan losses	–67	–	–57	87	3	–6	–	–40
Net interest income after provisioning	227	–6	249	175	46	149	–47	793
Net commission income	262	170	167	40	16	–5	–5	645
Net result on hedge accounting	–	–1	–	5	–1	–4	1	–
Trading profit	1	3	23	5	217	–38	6	217
Net result on investments and securities portfolio	–1	8	–8	–9	–5	12	193	190
Other result	10	–3	–11	–	–	–3	–2	–9
Revenue	*499*	*171*	*420*	*216*	*273*	*111*	*146*	*1,836*
Operating expenses	450	151	286	73	187	18	205	1,370
Operating profit	**49**	**20**	**134**	**143**	**86**	**93**	**–59**	**466**
Regular amortization of goodwill	–	–	–	–	–	–	–	–
Restructuring expenses	–	–	22	11	4	–	–	37
Pre-tax profit	**49**	**20**	**112**	**132**	**82**	**93**	**–59**	**429**

Results, by geographical market

Assignment to the respective segments on the basis of the seat of the branch or consolidated company produces the following breakdown:

2005 financial year € m	Europe including Germany	America	Asia	Other countries	Total
Net interest income	2,942	175	46	9	3,172
Provision for possible loan losses	–646	46	36	–2	–566
Net interest income after provisioning	2,296	221	82	7	2,606
Net commission income	2,339	52	21	3	2,415
Hedging result	–27	5	–	–	–22
Trading profit	697	4	3	3	707
Net result on investments and securities portfolio (available for sale)	651	–4	–	–	647
Other result	15	8	3	–	26
Revenue	*5,971*	*286*	*109*	*13*	*6,379*
Operating expenses	4,360	122	55	125	4,662
Operating profit	**1,611**	**164**	**54**	**–112**	**1,717**
Risk-weighted assets according to BIS*⁾	**129,828**	**12,016**	**3,523**	**711**	**146,078**

*) excluding market risk

In the previous year, we achieved the following results in the geographical markets:

2004 financial year[1)] € m	Europe including Germany	America	Asia	Other countries	Total
Net interest income	2,770	199	35	9	3,013
Provision for possible loan losses	–843	–11	18	–	–836
Net interest income after provisioning	1,927	188	53	9	2,177
Net commission income	2,093	108	46	3	2,250
Hedging result	6	–	–	–	6
Trading profit	498	23	11	7	539
Net result on investments and securities portfolio (available for sale)	331	4	4	–	339
Other result	177	1	15	–	193
Revenue	*5,032*	*324*	*129*	*19*	*5,504*
Operating expenses	4,248	167	72	6	4,493
Operating profit	**784**	**157**	**57**	**13**	**1,011**
Risk-weighted assets according to BIS*⁾	**122,161**	**9,640**	**2,387**	**719**	**134,907**

*) excluding market risk

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

Notes to the balance sheet

(42) Cash reserve

We include the following items in the cash reserve:

	31.12.2005	31.12.2004	Change
	€ m	€ m	in %
Cash on hand	597	597	0.0
Balances with central banks	4,868	3,037	60.3
Debt issued by public-sector borrowers, and bills of exchange rediscountable at central banks	3,163	1,254	·
Treasury bills and discountable treasury notes, as well as similar debt issues by public-sector borrowers	2,761	945	·
Bills of exchange	402	309	30.1
Total	**8,628**	**4,888**	**76.5**

The balances with central banks include claims on the Bundesbank totalling €4,120m (previous year: €2,145m). The minimum reserve requirement to be met at end-December 2005 amounted to €1,899m (previous year: €1,646m).

(43) Claims on banks

	total			due on demand		other claims	
	31.12.2005	31.12.2004[1)]	Change	31.12.2005	31.12.2004[1)]	31.12.2005	31.12.2004[1)]
	€ m	€ m	in %	€ m	€ m	€ m	€ m
German banks	39,123	40,976	–4.5	5,211	4,289	33,912	36,687
Foreign banks	47,080	45,743	2.9	11,602	16,588	35,478	29,155
Total	**86,203**	**86,719**	**–0.6**	**16,813**	**20,877**	**69,390**	**65,842**

The claims on banks include €11,432m of public-sector loans (previous year: €11,548m) extended by the mortgage banks.

(44) Claims on customers

The claims on customers break down as follows:

	31.12.2005	31.12.2004[1)]	Change
	€ m	€ m	in %
Claims on domestic customers	112,607	109,613	2.7
Claims on foreign customers	41,067	40,664	1.0
Total	**153,674**	**150,277**	**2.3**

The claims on customers include €26,985m (previous year: €27,283m) of loans secured by mortgages or other security interests in real property (loans of up to 60% of the collateral value) as well as €33,479m (previous year: €31,388m) of communal loans.

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

(45) Claims on and liabilities to subsidiaries and equity investments

The claims on and liabilities to unconsolidated subsidiaries, associated companies and companies in which an equity investment exists are as follows:

	31.12.2005 € m	31.12.2004 € m	Change in %
Claims on banks	**8,848**	**4,916**	**80.0**
Subsidiaries	–	–	·
Associated companies and companies in which an equity investment exists	8,848	4,916	80.0
Claims on customers	**154**	**253**	**–39.1**
Subsidiaries	97	218	–55.5
Associated companies and companies in which an equity investment exists	57	35	62.9
Bonds, notes and other fixed-income securities	**1,500**	**1,687**	**–11.1**
Subsidiaries	–	–	·
Associated companies and companies in which an equity investment exists	1,500	1,687	–11.1
Shares and other variable-yield securities	**222**	**318**	**–30.2**
Associated companies and companies in which an equity investment exists	222	318	–30.2
Total	**10,724**	**7,174**	**49.5**
Liabilities to banks	**1,042**	**321**	·
Subsidiaries	–	–	·
Associated companies and companies in which an equity investment exists	1,042	321	·
Liabilities to customers	**66**	**731**	**–91.0**
Subsidiaries	39	727	–94.6
Associated companies and companies in which an equity investment exists	27	4	·
Total	**1,108**	**1,052**	**5.3**

(46) Total lending

	31.12.2005 € m	31.12.2004[1)] € m	Change in %
Loans to banks	18,940	20,704	–8.5
Claims on customers	145,297	139,533	4.1
Bills discounted	403	311	29.6
Total	**164,640**	**160,548**	**2.5**

We distinguish loans from claims on banks and customers such that only those claims are shown as loans for which special loan agreements have been concluded with the borrowers. Therefore, interbank money-market transactions and repo transactions, for example, are not shown as loans.

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

(47) Provision for possible loan losses

Provision for possible loan losses is made in accordance with rules that apply Group-wide and covers all discernible creditworthiness risks. On the basis of past experience, we have formed portfolio valuation allowances for the latent credit risk.

	Specific valuation allowances*)		Portfolio valuation allowances		Total		
	2005 €m	2004 €m	2005 €m	2004 €m	2005 €m	2004 €m	Change in %
As of 1.1.	**5,352**	**5,506**	**326**	**348**	**5,678**	**5,854**	**–3.0**
Allocations	1,263	1,265	83	17	1,346	1,282	5.0
Deductions	1,529	1,405	45	46	1,574	1,451	8.5
of which: utilized	745	900	–	1	745	901	–17.3
of which: reversals	784	505	45	45	829	550	50.7
Changes in consolidated companies	3	–	1	–	4	–	.
Exchange-rate changes/ transfers	30	–14	2	7	32	–7	.
Provision for possible loan losses as of 31.12.	**5,119**	**5,352**	**367**	**326**	**5,486**	**5,678**	**–3.4**

*) including provisions

With direct write-downs and income received on written-down claims taken into account, the allocations and reversals reflected in the income statement gave rise to provision of €566m (previous year: €836m) for lending risks.

Provision for possible risks was formed for:

	31.12.2005 €m	31.12.2004 €m	Change in %
Claims on banks	20	13	53.8
Claims on customers	5,161	5,292	–2.5
Provision to cover balance-sheet items	**5,181**	**5,305**	**–2.3**
Guarantees, endorsement liabilities, credit commitments	305	373	–18.2
Total	**5,486**	**5,678**	**–3.4**

The provision for credit risk by customer group breaks down as follows:

€ m	Specific valuation allowances and provisions for lending business	Loan losses[1] in 2005	Net allocation[2] to valuation allowances and provisions in lending business
German customers	**4,646**	**754**	**506**
Companies and self-employed	3,823	675	406
Manufacturing	723	114	59
Construction	247	55	–41
Distributive trades	392	86	26
Services, incl. professions, and others	2,461	420	362
Other retail customers	823	79	100
Foreign customers	**473**	**86**	**–27**
Banks	16	2	–
Corporate and retail customers	457	84	–27
Total	**5,119**	**840**	**479**

1) Direct write-downs, utilized specific valuation allowances and provisions in lending business
2) Allocation less reversals

Data on provision for credit risk:

in %	2005	2004
Allocation ratio[1]	0.34	0.52
Write-off ratio[2]	0.48	0.63
Cover ratio[3]	3.33	3.54

1) Net provisioning (new provisions less reversals of valuation allowances and provision for commercial loans, plus the balance of direct write-downs and income received on previously written-down claims) as a percentage of total lending

2) Defaults (utilized valuation allowances and provision for commercial loans, plus the balance of direct write-downs and income received on previously written-down claims) as a percentage of total lending

3) Existing provisions (level of valuation allowances and provisions for credit risk in commercial lending) as a percentage of total lending

Total lending = Total lending in commercial business (Note 46)

(48) Positive fair values attributable to derivative hedging instruments

Derivative instruments used for hedging purposes and for hedge accounting and also showing a positive fair value appear under this item in the balance sheet.

These instruments are measured at their fair value. For the most part, interest-rate and interest-rate/currency swaps are used.

	31.12.2005	31.12.2004	Change
	€ m	€ m	in %
Positive fair values from related effective fair value hedges	3,011	2,111	42.6
Positive fair values from related effective cash flow hedges	1,723	1,809	–4.8
Total	**4,734**	**3,920**	**20.8**

(49) Assets held for dealing purposes

The Group's trading activities include trading in bonds, notes and other fixed-income securities, shares and other variable-yield securities, promissory notes, foreign exchange and precious metals as well as derivative financial instruments. All the items in the trading portfolio are shown at their fair value.

The positive fair values also include financial instruments which cannot be used as hedging instruments in hedge accounting.

	31.12.2005	31.12.2004	Change
	€ m	€ m	in %
Bonds, notes and other fixed-income securities	22,080	20,137	9.6
Money-market instruments	1,332	903	47.5
issued by public-sector borrowers	341	504	–32.3
issued by other borrowers	991	399	·
Bonds and notes	20,748	19,234	7.9
issued by public-sector borrowers	6,498	6,338	2.5
issued by other borrowers	14,250	12,896	10.5
Shares and other variable-yield securities	8,417	10,338	–18.6
Promissory notes held in the trading portfolio	1,287	798	61.3
Positive fair values attributable to derivative financial instruments	68,537	70,808	–3.2
Currency-based transactions	4,136	8,824	–53.1
Interest-based transactions	58,370	58,307	0.1
Other transactions	6,031	3,677	64.0
Total	**100,321**	**102,081**	**–1.7**

€26,685m (previous year: €26,314m) of the bonds, notes and other fixed-income securities and also shares and other variable-yield securities were listed securities.

(50) Investments and securities portfolio (available for sale)

The Investments and securities portfolio represents financial instruments not assigned to any other category. It includes all bonds, notes and other fixed-income securities, shares and other variable-yield securities not held for trading purposes, investments, holdings in associated companies measured at equity and holdings in subsidiaries not included in the consolidation.

	31.12.2005 € m	31.12.2004[1] € m	Change in %
Bonds, notes and other fixed-income securities	77,539	64,320	20.6
Money-market instruments	1,926	821	·
issued by public-sector borrowers	13	54	–75.9
issued by other borrowers	1,913	767	·
Bonds and notes	75,613	63,499	19.1
issued by public-sector borrowers	36,302	30,075	20.7
issued by other borrowers	39,311	33,424	17.6
Shares and other variable-yield securities	2,402	2,138	12.3
Investments	2,537	3,217	–21.1
of which: in banks	1,181	1,667	–29.2
Investments in associated companies	3,643	2,379	53.1
of which: in banks	3,580	2,322	54.2
Holdings in subsidiaries	120	139	–13.7
of which: in banks	–	–	·
Total	**86,241**	**72,193**	**19.5**
of which: measured at amortized cost	709	594	19.4

Fair values of listed financial investments:

€ m	31.12.2005 Fair value	31.12.2004 Fair value
Bonds, notes and other fixed-income securities	68,544	56,484
Shares and other variable-yield securities	1,057	830
Investments	1,946	2,751
Total	**71,547**	**60,065**

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

Investments in large incorporated companies held by the Commerzbank Group, pursuant to Art. 313, (2), no. 4, HGB:

Name	Seat	Percentage share of capital held
		31.12.2005
Carmeile AG	Wülfrath	10.0*)
ConCardis GmbH	Frankfurt am Main	6.0
EURO Kartensysteme GmbH	Frankfurt am Main	6.0
Ferrari S.p.A.	Maranello, Modena	8.5
GZS Gesellschaft für Zahlungssysteme mbH	Frankfurt am Main	6.1
Korea Exchange Bank	Seoul	14.6
Linde Aktiengesellschaft	Wiesbaden	10.0*)

*) indirectly held

(51) Intangible assets

	31.12.2005 € m	31.12.2004 € m	Change in %
Goodwill	758	697	8.8
Other intangible assets	215	104	·
Total	**973**	**801**	**21.5**

We amortized goodwill on a regular basis for the last time as of December 31, 2004. Since January 1, 2005, we only make a write-down when the result of the annual impairment test is lower than the book value.

Further goodwill arising from companies shown at equity is contained in investments in associated companies (€114m).

Of the other intangible assets, capitalized software accounted for €208m (previous year: €82m).

(52) Fixed assets

	31.12.2005 € m	31.12.2004 € m	Change in %
Land and buildings	663	762	–13.0
Office furniture and equipment	628	859	–26.9
Leased equipment	234	145	61.4
Total	**1,525**	**1,766**	**–13.6**

(53) Changes in book value of fixed assets and investments

The following changes were registered for intangible and fixed assets, and also for investments, investments in associated companies and subsidiaries in the past financial year:

€ m	Intangible assets: Goodwill	Intangible assets: Other intangible assets	Fixed assets: Land and buildings	Fixed assets: Office furniture and equipment
Book value as of 1.1.2005	**697**	**104**	**762**	**859**
Cost of acquisition/production as of 1.1.2005	1,618	239	990	3,535
Additions in 2005	63	68	69	131
Disposals in 2005	–	9	94	346
Transfers/changes in consolidated companies	8	370	29	–376
Cost of acquisition/production as of 31.12.2005	1,689	668	994	2,944
Write-ups in 2005	–	–	–	–
Cumulative write-downs as of 31.12.2004	921	135	228	2,676
Changes in exchange rates	2	1	3	8
Additions in 2005	–	68	148	219
Disposals in 2005	–	4	49	333
Transfers/changes in consolidated companies	8	253	1	–254
Cumulative write-downs as of 31.12.2005	931	453	331	2,316
Book value as of 31.12.2005	**758**	**215**	**663**	**628**

€ m	Fixed assets: Leased equipment	Investments	Investments in associated companies	Holdings in subsidiaries
Book value as of 1.1.2005	**145**	**3,217**	**2,379**	**139**
Cost of acquisition/production as of 1.1.2005	200	4,122	2,995	190
Additions in 2005	61	142	1,191	23
Disposals in 2005	20	1,446	11	36
Transfers/changes in consolidated companies	90	198	–	22
Cumulative changes arising from measurement at fair value or at equity	–	220	80	–
Cost of acquisition/production/fair value as of 31.12.2005	331	3,236	4,255	199
Write-ups in 2005	–	–	–	–
Cumulative write-downs as of 31.12.2004	55	905	616	51
Additions in 2005	44	59	–	28
Disposals in 2005	8	307	4	–
Transfers/changes in consolidated companies	6	42	–	–
Cumulative write-downs as of 31.12.2005	97	699	612	79
Book value as of 31.12.2005	**234**	**2,537**	**3,643**	**120**

(54) Tax assets

	31.12.2005 € m	31.12.2004 € m	Change in %
Current tax assets	**400**	**606**	**–34.0**
Germany	350	544	–35.7
Abroad	50	62	–19.4
Deferred tax claims	**5,138**	**5,205**	**–1.3**
Deferred taxes carried as assets	5,138	5,205	–1.3
Total	**5,538**	**5,811**	**–4.7**

Deferred taxes represent the potential income-tax relief arising from temporary differences between the values assigned to assets and liabilities in the consolidated balance sheet in accordance with IAS/IFRS and their values for tax-accounting purposes in accordance with the local tax regulations for consolidated companies.

Altogether, the deferred tax claims and liabilities directly set off against equity as of December 31, 2005, amounted to €457m.

No deferred taxes have been recognized for loss carry-forwards of €3,797m (previous year: €3,428m), as it is uncertain at present whether they will be realized.

For the most part, there are no time limits on the use of the existing tax loss carry-forwards.

Deferred taxes carried as assets were formed in connection with the following balance-sheet items:

	31.12.2005 € m	31.12.2004 € m	Change in %
Fair values of derivative hedging instruments	2,325	2,092	11.1
Assets held for dealing purposes and liabilities from dealing activities	1,654	2,189	–24.4
Claims on banks and customers	221	306	–27.8
Provisions	197	101	95.0
Securitized liabilities	1	31	–96.8
Liabilities to banks and customers	133	16	·
Sundry balance-sheet items	269	196	37.2
Tax loss carry-forwards	338	274	23.4
Total	**5,138**	**5,205**	**–1.3**

(55) Other assets

Other assets mainly comprise the following items:

	31.12.2005 € m	31.12.2004 € m	Change in %
Collection items	182	211	–13.7
Precious metals	982	350	·
Non-current assets held for sale in accordance with IFRS 5	228	–	·
Sundry assets, including deferred items	813	1,165	–30.2
Total	**2,205**	**1,726**	**27.8**

(56) Liabilities to banks

	total		
	31.12.2005	31.12.2004	Change
	€ m	€ m	in %
German banks	58,517	57,987	0.9
Foreign banks	71,383	57,443	24.3
Total	**129,900**	**115,430**	**12.5**

of which:	due on demand		other liabilities	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	€ m	€ m	€ m	€ m
German banks	5,358	7,449	53,159	50,538
Foreign banks	9,833	10,359	61,550	47,084
Total	**15,191**	**17,808**	**114,709**	**97,622**

(57) Liabilities to customers

Liabilities to customers consist of savings deposits, demand deposits and time deposits, including savings certificates.

	total		
	31.12.2005	31.12.2004	Change
	€ m	€ m	in %
German customers	**73,258**	**72,514**	**1.0**
Corporate customers	42,735	39,656	7.8
Retail customers and others	27,834	31,071	–10.4
Public sector	2,689	1,787	50.5
Foreign customers	**29,588**	**32,550**	**–9.1**
Corporate and retail customers	28,057	31,894	–12.0
Public sector	1,531	656	·
Total	**102,846**	**105,064**	**–2.1**

€ m	Savings deposits 31.12.2005	Savings deposits 31.12.2004	Other liabilities due on demand 31.12.2005	Other liabilities due on demand 31.12.2004	Other liabilities with agreed lifetime or period of notice 31.12.2005	Other liabilities with agreed lifetime or period of notice 31.12.2004
German customers	**11,238**	**15,604**	**30,217**	**26,495**	**31,803**	**30,415**
Corporate customers	62	71	19,145	16,338	23,528	23,247
Retail customers and others	11,141	15,498	10,620	9,759	6,073	5,814
Public sector	35	35	452	398	2,202	1,354
Foreign customers	**1,194**	**1,288**	**10,972**	**9,987**	**17,422**	**21,275**
Corporate and retail customers	1,193	1,287	10,585	9,854	16,279	20,753
Public sector	1	1	387	133	1,143	522
Total	**12,432**	**16,892**	**41,189**	**36,482**	**49,225**	**51,690**

Savings deposits break down as follows:

	31.12.2005 € m	31.12.2004 € m	Change in %
Savings deposits with agreed period of notice of three months	11,549	15,797	–26.9
Savings deposits with agreed period of notice of more than three months	883	1,095	–19.4
Total	**12,432**	**16,892**	**–26.4**

(58) Securitized liabilities

Securitized liabilities consist of bonds and notes, including mortgage and public-sector *Pfandbriefe*, money-market instruments (e.g. certificates of deposit, Euro-notes, commercial paper), index certificates, own acceptances and promissory notes outstanding.

	total 31.12.2005 € m	total 31.12.2004 € m	of which: issued by mortgage banks 31.12.2005 € m	of which: issued by mortgage banks 31.12.2004 € m
Bonds and notes issued	85,235	76,478	65,162	55,650
Money-market instruments issued	11,608	10,677	3,685	3,046
Own acceptances and promissory notes outstanding	77	95	–	–
Total	**96,920**	**87,250**	**68,847**	**58,696**

The nominal interest paid on money-market paper ranges from 2.00% to 26.07% (previous year: 1.167% to 25.0%); for bonds and notes, from 0.0619% to 17.00% (previous year: 0.049% to 17.67%). The original maturity periods for money-market paper are up to one year. €55bn (previous year: €52bn) of the bonds and notes have an original lifetime of more than four years.

The following table presents the most important bonds and notes issued in 2005:

Equivalent in € m	Currency	Issuer	Interest rate %	Maturity date
2,000	EUR	Hypothekenbank in Essen AG	2.750	2009
2,000	EUR	Hypothekenbank in Essen AG	2.000	2006
1,500	EUR	Hypothekenbank in Essen AG	2.750	2008
1,500	EUR	Hypothekenbank in Essen AG	3.000	2010
1,466	EUR	Kaiserplatz Funding Limited	2.500	2006
1,250	EUR	Hypothekenbank in Essen AG	2.500	2010
1,000	EUR	Hypothekenbank in Essen AG	2.450	2008
1,000	EUR	Hypothekenbank in Essen AG	1.850	2009
1,000	EUR	Hypothekenbank in Essen AG	2.750	2011
1,000	EUR	Hypothekenbank in Essen AG	2.362	2007
1,000	EUR	Hypothekenbank in Essen AG	2.589	2007
1,000	EUR	Hypothekenbank in Essen AG	2.875	2010
848	USD	Hypothekenbank in Essen AG	4.250	2008
848	USD	Hypothekenbank in Essen AG	4.750	2010
600	EUR	Hypothekenbank in Essen AG	2.129	2006
500	EUR	Hypothekenbank in Essen AG	2.220	2006
500	EUR	Hypothekenbank in Essen AG	2.219	2007
461	EUR	Commerzbank AG (reverse convertible bonds)	12.000	2006
461	EUR	Commerzbank AG (reverse convertible bonds)	12.000	2006
458	EUR	Hypothekenbank in Essen AG	2.505	2006
424	USD	Erste Europäische Pfandbrief- und Kommunalkreditbank AG	4.000	2009

(59) Negative fair values attributable to derivative hedging instruments

Derivative instruments not serving trading purposes but used for effective hedging and showing a negative fair value appear under this item in the balance sheet.

These financial instruments are measured at their fair value.

For the most part, interest-rate and interest-rate/currency swaps are used as hedging instruments.

	31.12.2005 € m	31.12.2004 € m	Change in %
Negative fair values from related effective fair value hedges	5,447	4,049	34.5
Negative fair values from related effective cash flow hedges	4,392	4,604	–4.6
Total	**9,839**	**8,653**	**13.7**

(60) Liabilities from dealing activities

Liabilities from dealing activities shows the negative fair values of derivative financial instruments not employed as hedging instruments in connection with hedge accounting. Delivery commitments arising from short sales of securities are also included under Liabilities from dealing activities.

	31.12.2005 € m	31.12.2004 € m	Change in %
Currency-based transactions	4,070	9,204	–55.8
Interest-based transactions	60,767	60,886	–0.2
Delivery commitments arising from short sales of securities	3,299	5,600	–41.1
Sundry transactions	6,863	4,316	59.0
Total	**74,999**	**80,006**	**–6.3**

(61) Provisions

Provisions break down as follows:

	31.12.2005 € m	31.12.2004[1)] € m	Change in %
Provisions for pensions and similar commitments	1,587	1,495	6.2
Other provisions	1,934	1,907	1.4
Total	**3,521**	**3,402**	**3.5**

The changes in provisions for pensions were as follows:

€ m	as of 1.1.2005	Pension payments	Additions	Change in plan assets	Transfers/ changes in consolidated companies	as of 31.12.2005
Pension expectancies of active and former employees and also pensioners	1,472	83	172	7	5	1,559
Early retirement	19	10	5	–	1	15
Part-time scheme for older staff	4	22	10	–14	7	13
Total	**1,495**	**115**	**187**	**–7**	**13**	**1,587**

For the most part, provisions for pensions and similar commitments represent provisions for obligations to pay company retirement pensions on the basis of direct pledges of benefits. The type and scale of the retirement pensions for employees entitled to benefits are determined by the terms of the pension arrangement that finds application (including pension guidelines, pension scheme, contribution-based pension plan, individual pension commitments), which mainly depends upon when the employee joined the Bank. On this basis, pensions are paid to employees reaching retirement age, or earlier in the case of invalidity or death (see also Note 22).

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

The changes in the assets held in trust at Commerzbank Pension Trust e.V., which count as plan assets pursuant to IAS 19, were as follows:

	2005 € m	2004 € m
Fair value as of January 1	147	139
Allocation/withdrawal	–9	3
Income from plan assets	2	5
Benefits paid	–	–
Fair value as of December 31	**140**	**147**

The pension obligations are worked out annually by an independent actuary, applying the projected unit credit method.

The projected unit credit for pension commitments as of December 31, 2005, was €2,078m (previous year: €1,797m). The difference between this figure and the pension provisions is the result of changes in the actuarial parameters and the bases of calculation amounting to €351m (previous year: €155m) and of changes in the fair value of the plan assets of €140m (previous year: €147m).

Changes in pension obligations:

	2005 € m	2004 € m
Provisions for pensions, including plan assets, as of January 1	1,642	1,571
Service cost	32	29
Interest cost	81	71
Cost of early retirement and part-time scheme for older staff	29	16
Amortization of actuarial assets	45	33
Pension benefits	–115	–110
Other changes	13	32
Actuarial loss	351	155
Pension obligations as of December 31	**2,078**	**1,797**

We have recognized pension costs of altogether €206m (previous year: €157m) in the income statement, €187m of which relates to the allocation to provisions for pensions (previous year: €149m).

Changes in Other provisions:

€ m	As of 1.1.2005[1]	Utilized	Reversals	Allocation/changes in consolidated companies	as of 31.12.2005
Personnel area	578	399	32	645	792
Restructuring measures	169	106	1	37	99
Lending risks	373	16	200	148	305
Bonuses for special savings schemes	95	39	–	24	80
Legal proceedings and recourse claims	114	11	36	58	125
Sundry items	578	161	32	148	533
Total	**1,907**	**732**	**301**	**1,060**	**1,934**

The provisions in the personnel area basically relate to provisions for various types of bonuses, to be paid to employees of the Group in the first half of 2006. In principle, all the other provisions fall due on a short-term basis.

(62) Tax liabilities

	31.12.2005 € m	31.12.2004 € m	Change in %
Current income-tax liabilities	**229**	**432**	**–47.0**
Income-tax liabilities to tax authorities	4	7	–42.9
Provisions for income taxes	225	425	–47.1
Deferred income-tax liabilities	**3,477**	**3,461**	**0.5**
Deferred taxes carried as liabilities	3,477	3,461	0.5
Total	**3,706**	**3,893**	**–4.8**

Provisions for taxes on income are possible tax liabilities for which no final formal assessment note has been received. The liabilities to tax authorities represent payment obligations from current taxes towards German and foreign tax authorities. Deferred taxes on the liabilities side represent the potential income-tax burden from temporary differences between the values assigned to assets and liabilities in the consolidated balance sheet in accordance with IAS/IFRS and their values for tax-accounting purposes in accordance with the local tax regulations for consolidated companies.

Deferred income-tax liabilities were formed in connection with the following items:

	31.12.2005 € m	31.12.2004 € m	Change in %
Assets held for dealing purposes and liabilities from dealing activities	1,043	703	48.4
Fair values of derivative hedging instruments	1,018	1,290	–21.1
Investments and securities portfolio	490	852	–42.5
Claims on banks and customers	340	67	·
Liabilities to banks and customers	44	196	–77.6
Sundry balance-sheet items	542	353	53.5
Total	**3,477**	**3,461**	**0.5**

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

(63) Other liabilities

Other liabilities of €1,337m (previous year: €1,280m) include obligations arising from still outstanding invoices, deductions from salaries to be passed on and deferred liabilities.

(64) Subordinated capital

Subordinated capital breaks down as follows:

	31.12.2005 € m	31.12.2004 € m	Change in %
Subordinated liabilities	**5,410**	**5,673**	**–4.6**
of which: Tier-III capital as defined in Art. 10, (7), KWG	–	–	.
of which: maturing within two years	829	835	–0.7
Profit-sharing certificates outstanding	**1,895**	**2,111**	**–10.2**
of which: maturing within two years	673	630	6.8
Deferred interest, incl. discounts	159	273	–41.8
Measurement effects (IAS 39)	679	819	–17.1
Total	**8,143**	**8,876**	**–8.3**

Subordinated liabilities are own funds as defined in Art. 10, (5a), KWG. The claims of creditors to repayment of these liabilities are subordinate to those of other creditors.

The issuer cannot be obliged to make premature repayment. In the event of insolvency or winding-up, subordinated liabilities may only be repaid after the claims of all senior creditors have been met.

At end-2005, the following major subordinated liabilities were outstanding:

Start of maturity	€ m	Currency in m	Issuer	Interest rate	Maturity date
2000	590	590 EUR	Commerzbank AG	6.500	2010
1999	550	550 EUR	Commerzbank AG	4.750	2009
2001	490	490 EUR	Commerzbank AG	6.125	2011
1999	300	300 EUR	Commerzbank AG	6.250	2009
1997	292	200 GBP	Commerzbank AG	7.875	2007
2002	275	275 EUR	Commerzbank AG	5.500	2008
2001	250	250 EUR	Commerzbank AG	5.400	2011
1999	219	150 GBP	Commerzbank AG	6.625	2019

In the year under review, the interest paid by the Group for subordinated liabilities totalled €347m (previous year: €349m). Deferred interest expenses for interest due but not yet paid are shown at €128m (previous year: €131m).

Profit-sharing certificates outstanding form part of the Bank's liable equity capital in accordance with the provisions of the German Banking Act (Art. 10, (5), KWG). They are directly affected by current losses. Interest payments are made solely if the issuing institution achieves a distributable profit. The claims of holders of profit-sharing certificates to a repayment of principal are subordinate to those of other creditors.

At end-2005, the following major profit-sharing certificates were outstanding:

Start of maturity	€ m	Issuer	Interest rate	Maturity date
1993	392	Commerzbank AG	7.250	2005
2000	320	Commerzbank AG	6.375	2010
1994	256	Commerzbank AG	2.775	2006
1996	256	Commerzbank AG	7.900	2008

Interest to be paid for the 2005 financial year on the profit-sharing certificates outstanding amounts to €134m (previous year: €156m). Deferred interest expenses for interest due but not yet paid are shown at €122m (previous year: €142m).

(65) Hybrid capital

As in previous years, the Commerzbank Group raised no hybrid capital in the 2005 financial year.

(66) Equity structure

	31.12.2005	31.12.2004[1]
	€ m	€ m
a) Subscribed capital	1,705	1,546
b) Capital reserve	5,686	4,481
c) Retained earnings	4,165	3,383
d) Revaluation reserve	1,995	1,600
e) Measurement of cash flow hedges	–1,069	–1,214
f) Reserve from currency translation	–107	–192
g) Consolidated profit	328	150
Total before minority interests	**12,703**	**9,754**
Minority interests	947	1,269
Equity	**13,650**	**11,023**

a) Subscribed capital

The subscribed capital (share capital) of Commerzbank Aktiengesellschaft consists of no-par-value shares, each with an accounting par value of €2.60. The shares are issued in the form of bearer shares.

	1,000 units
Number of shares outstanding on 1.1.2005	**594,484**
plus: treasury shares on 31.12. of the previous year	4,103
Issue of new shares (including shares issued to employees)	58,226
Number of shares issued on 31.12.2005	**656,813**
less: treasury shares on balance-sheet date	1,113
Number of shares outstanding on 31.12.2005	**655,700**

Before treasury shares are deducted, the subscribed capital stands at €1,708m.

No preferential rights exist or restrictions on the payment of dividends at Commerzbank Aktiengesellschaft. All the issued shares have been fully paid in.

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

The value of issued, outstanding and authorized shares is as follows:

		31.12.2005		31.12.2004	
		€ m	1,000 units	€ m	1,000 units
	Shares issued	1,708	656,813	1,556	598,587
–	Treasury shares	3	1,113	10	4,103
=	Shares outstanding (subscribed capital)	1,705	655,700	1,546	594,484
+	Shares not yet issued from authorized capital	471	181,036	622	239,262
Total		**2,176**	**836,736**	**2,168**	**833,746**

The number of authorized shares is 837,849 thousand units (previous year: 837,849 thousand units). The accounting par value of the authorized shares is €2,179m (previous year: €2,179m).

As of December 31, 2005, 3,627 thousand shares (previous year: 5,324 thousand shares) had been pledged with the Group as security. This represents 0.6% (previous year: 0.9%) of the shares outstanding on the balance-sheet date.

Securities transactions in treasury shares pursuant to Art. 71, (1), no. 1 and no. 7, AktG

	Number of shares in units	Accounting*) par value in €1,000	Percentage of share capital
Portfolio on 31.12.2005	1,113,296	2,895	0.17
Largest total acquired during the financial year	17,619,857	45,812	2.69
Total shares pledged by customers as collateral on 31.12.2005	3,627,292	9,431	0.55
Shares acquired during the financial year	210,745,115	547,937	–
Shares disposed of during the financial year	213,735,108	555,711	–

*) Accounting par value per share €2.60

b) Capital reserve

In the capital reserve, premiums from the issue of shares are shown. In addition, the capital reserve contains amounts realized for conversion and option rights entitling holders to purchase shares when bonds and notes were issued.

c) Retained earnings

Retained earnings consist of the legal reserve and other reserves. The legal reserve contains those reserves which have to be formed in accordance with national law; in the individual financial statements, the amounts assigned to this reserve may not be distributed. The overall amount of retained earnings shown in the balance sheet consists of €3m of legal reserves (previous year: €3m) and €4,162m (previous year: €3,380m[1)]) of other revenue reserves.

d) Revaluation reserve

The results of measuring the investments and securities portfolio – consisting of interest-bearing and dividend-based instruments – at fair value, with deferred taxes taken into consideration, are assigned to the revaluation reserve. Gains or losses appear in the income statement only when the asset has been disposed of or written off.

e) Measurement of cash flow hedges

The result of measuring effective hedges used in cash flow hedges appears, after deferred taxes have been taken into consideration, under this equity item.

f) Reserve from currency translation

The reserve from currency translation relates to translation gains and losses arising through the consolidation of capital accounts. Here exchange-rate differences are included that arise through the consolidation of subsidiaries and associated companies.

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

(67) Conditional capital

Conditional capital is intended to be used for the issue of convertible bonds or bonds with warrants and also of profit-sharing certificates with conversion or option rights.

Changes in the Bank's conditional capital:

€ m	Conditional capital 1.1.2005	Additions	Expiring/ Used	Conditional capital 31.12.2005	of which: used conditional capital	avai-lable lines
Convertible bonds/bonds with warrants/ profit-sharing rights	403	–	–	403	–	403
Total	**403**	**–**	**–**	**403**	**–**	**403**

As resolved by the AGM of May 30, 2003, the Bank's share capital has been conditionally increased by up to €403,000,000. Such conditional capital increase will only be effected to the extent that the holders or creditors of the convertible bonds, bonds with warrants or profit-sharing rights – carrying conversion or option rights – to be issued by May 30, 2008, by either Commerzbank Aktiengesellschaft or companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18, (1), AktG) exercise their conversion or option rights, or the holders or creditors of the convertible bonds or convertible profit-sharing rights to be issued by May 30, 2008 by either Commerzbank Aktiengesellschaft or companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18, (1), AktG) meet their obligation to exercise their conversion rights.

(68) Authorized capital

Date of AGM resolution	Original amount € m	Used in previous years for capital increases € m	Used in 2005 for capital increases € m	Authorization expired € m	Remaining amount € m	Date of expiry
31.05.2002	30	8	1	–	21	30.04.2007
12.05.2004	225	–	–	–	225	30.04.2009
12.05.2004	225	–	–	–	225	30.04.2009
12.05.2004	150	–	150	–	0	30.04.2009
Total	**630**	**8**	**151**	**–**	**471**	

The Board of Managing Directors is authorized to increase, with the approval of the Supervisory Board, the share capital of the Bank by April 30, 2007, through the issue of new no-par-value shares against cash, in either one or several tranches, by a maximum amount of altogether €20,694,262, thereby excluding the subscription rights of shareholders for the purpose of issuing these shares to the Bank's staff.

The Board of Managing Directors is authorized, with the approval of the Supervisory Board, to increase the Company's share capital by April 30, 2009, through the issue of new no-par-value shares against cash, in either one or several tranches, but by a maximum amount of €225,000,000 (authorized capital 2004/I). On principle, shareholders are to be offered subscription rights; however, the Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders' subscription rights to the extent necessary in order to offer to the holders of conversion or option rights, either already issued or still to be issued by Commerzbank Aktiengesellschaft or by companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18, (1), *Aktiengesetz*), subscription rights to the extent to which they would be entitled after they have exercised their conversion or option rights. In addition, any fractional amounts of shares may be excluded from shareholders' subscription rights.

The Board of Managing Directors is authorized, with the approval of the Supervisory Board, to increase the Company's share capital by April 30, 2009 through the issue of new no-par-value shares against cash or contributions in kind, in either one or several tranches, but by a maximum amount of €225,000,000 (authorized capital 2004/II). On principle, shareholders are to be offered subscription rights; however, the Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders' subscription rights to the extent necessary to offer to the holders of conversion or option rights, either already issued or still to be issued by Commerzbank Aktiengesellschaft or by companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18, (1), *Aktiengesetz*), subscription rights to the extent to which they would be entitled after they have exercised their conversion or option rights. In addition, any fractional amounts of shares may be excluded from shareholders' subscription rights.

Furthermore, the Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders' subscription rights insofar as the capital increase is made against contributions in kind for the purpose of acquiring companies or interests in companies.

The Board of Managing Directors is authorized, with the approval of the Supervisory Board, to increase the Company's share capital by April 30, 2009, through the issue of new no-par-value shares against cash, in either one or several tranches, but by a maximum amount of €1.80 (authorized capital 2004/III). The Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders' subscription rights if the issue price of the new shares is not substantially lower than that of already listed shares offering the same conditions.

(69) The Bank's foreign-currency position

On December 31, 2005, the Commerzbank Group had the following foreign-currency assets and liabilities (excluding fair values of derivatives):

	31.12.2005					31.12.2004[1)]	Change
	€ m					€ m	in %
	USD	PLN	GBP	Others	**Total**	**Total**	
Cash reserve	33	540	10	1,167	1,750	693	.
Claims on banks	10,589	694	1,840	2,992	16,115	21,095	–23.6
Claims on customers	20,791	2,471	2,434	7,151	32,847	31,074	5.7
Assets held for dealing purposes	3,681	1,641	1,241	1,220	7,783	8,597	–9.5
Investments and securities portfolio	9,132	178	857	2,413	12,580	8,430	49.2
Other balance-sheet items	2,662	169	771	1,817	5,419	5,353	1.2
Foreign-currency assets	**46,888**	**5,693**	**7,153**	**16,760**	**76,494**	**75,242**	**1.7**
Liabilities to banks	18,848	520	5,618	7,908	32,894	28,648	14.8
Liabilities to customers	9,616	4,314	2,120	4,092	20,142	24,988	–19.4
Securitized liabilities	9,879	346	1,201	3,080	14,506	10,828	34.0
Liabilities from dealing activities	3	298	–	89	390	1,253	–68.9
Other balance-sheet items	3,504	151	1,440	775	5,870	5,954	–1.4
Foreign-currency liabilities	**41,850**	**5,629**	**10,379**	**15,944**	**73,802**	**71,671**	**3.0**

Due to exchange-rate movements in the 2005 financial year, the consolidated balance-sheet total expanded by roughly €7bn (previous year: –€4bn). Total lending rose by €7bn (previous year: –€3bn).

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

Notes to financial instruments

(70) Derivative transactions

A derivative is a financial instrument whose value is determined by a so-called underlying asset. The latter may be, for example, an interest rate, a commodity price, a share price, a currency rate or a bond price.

Most derivatives transactions involve OTC derivatives, whose nominal amount, maturity and price are agreed individually between the Bank and its counterparties. However, the Bank also concludes derivatives contracts on regulated stock exchanges. These are standardized contracts with standardized nominal amounts and settlement dates.

The nominal amount specifies the business volume traded by the Bank. On the other hand, the positive or negative fair values appearing in the tables are the costs which would be incurred by the Bank or the counterparty in order to replace the transactions.

In order to minimize (reduce) both the economic and the regulatory credit risk arising from these instruments, our Legal Services department concludes master agreements (bilateral netting agreements) with our business associates (such as 1992 ISDA Master Agreement Multi-currency Cross-Border; German Master Agreement for Financial Futures). By means of such bilateral netting agreements, the positive and negative fair values of the derivatives contracts included under a master agreement can be offset against one another and the future regulatory risk add-ons for these products can be reduced. Through this netting process, the credit risk is limited to a single net claim on the party to the contract (close-out netting).

For both regulatory reports and the internal measurement and monitoring of our credit commitments, we use such risk-reducing techniques only if we consider them enforceable under the respective legal system, should the business associate become insolvent. In order to check enforceability, we avail ourselves of legal opinions from various international law firms.

Similar to the master agreements are the collateral agreements (e.g. collateralization annex for financial futures contracts, Credit Support Annex), which we conclude with our business associates to secure the net claim or liability remaining after netting (receiving or furnishing of security). As a rule, this collateral management reduces credit risk by means of prompt – mostly daily or weekly – measurement and adjustment of the customer commitment.

On average, we achieve a credit-risk mitigation of 74.51% of the exposure for the derivatives contracts and collateral covered by the process of risk-reducing techniques.

In the credit derivatives area, we registered 15.64% higher volume than in the previous year. We employ these products which serve to transfer credit risk in both trading for arbitrage purposes and in the investment area for diversifying our loan portfolios. The following table illustrates our risk structure in terms of the various risk assets that have been hedged.

Breakdown, by reference assets

	31.12.2005 Nominal amounts		31.12.2004 Nominal amounts	
€ m	Protection bought	Protection sold	Protection bought	Protection sold
OECD central governments	2,511	2,674	2,663	2,705
OECD banks	5,922	6,111	4,570	5,217
OECD financial institutions	9,881	10,005	8,153	8,483
Other companies, private individuals	56,525	54,803	47,774	48,902
Non-OECD banks	95	37	9	–
Total	**74,934**	**73,630**	**63,169**	**65,307**

31.12.2005	Nominal amount				Fair value	
	Remaining lifetimes					
€ m	under 1 year	1-5 years	more than 5 years	total	positive	negative
Foreign-currency-based forward transactions						
OTC products	244,699	127,298	65,671	437,668	4,385	4,494
Foreign-exchange spot and forward contracts	146,531	9,970	160	156,661	1,674	1,692
Interest-rate and currency swaps	56,683	101,236	62,055	219,974	2,101	2,200
Currency call options	20,874	8,353	1,725	30,952	610	–
Currency put options	20,611	7,739	1,731	30,081	–	602
Other foreign-exchange contracts	–	–	–	–	–	–
Products traded on a stock exchange	489	19	–	508	–	–
Currency futures	489	19	–	508	–	–
Currency options	–	–	–	–	–	–
Total	**245,188**	**127,317**	**65,671**	**438,176**	**4,385**	**4,494**
Interest-based forward transactions						
OTC products	1,540,940	1,442,884	1,264,422	4,248,246	62,837	70,152
Forward-rate agreements	149,781	4,547	6	154,334	57	67
Interest-rate swaps	1,351,071	1,329,439	1,178,897	3,859,407	59,281	65,955
Call options on interest-rate futures	17,121	47,732	32,825	97,678	2,849	–
Put options on interest-rate futures	18,779	51,625	40,091	110,495	–	3,235
Other interest-rate contracts	4,188	9,541	12,603	26,332	650	895
Products traded on a stock exchange	59,170	21,211	–	80,381	–	–
Interest-rate futures	49,760	21,211	–	70,971	–	–
Interest-rate options	9,410	–	–	9,410	–	–
Total	**1,600,110**	**1,464,095**	**1,264,422**	**4,328,627**	**62,837**	**70,152**
Other forward transactions						
OTC products	47,183	162,409	14,407	223,999	6,049	6,893
Structured equity/index products	6,070	13,606	4,775	24,451	1,072	1,726
Equity call options	7,785	13,689	804	22,278	3,434	–
Equity put options	8,216	14,298	532	23,046	–	3,602
Credit derivatives	20,290	119,978	8,296	148,564	1,263	1,360
Precious metal contracts	4,822	838	–	5,660	280	205
Other transactions	–	–	–	–	–	–
Products traded on a stock exchange	50,458	44,186	3,139	97,783	–	–
Equity futures	5,077	–	–	5,077	–	–
Equity options	45,381	44,186	3,139	92,706	–	–
Other futures	–	–	–	–	–	–
Other options	–	–	–	–	–	–
Total	**97,641**	**206,595**	**17,546**	**321,782**	**6,049**	**6,893**
Total immatured forward transactions						
OTC products	1,832,822	1,732,591	1,344,500	4,909,913	73,271	81,539
Products traded on a stock exchange	110,117	65,416	3,139	178,672	–	–
Total	**1,942,939**	**1,798,007**	**1,347,639**	**5,088,585**	**73,271**	**81,539**

As of December 31, 2004, the figures were as follows:

31.12.2004	Nominal amount				Fair value	
	Remaining lifetimes					
€ m	under 1 year	1-5 years	more than 5 years	total	positive	negative
Foreign-currency-based forward transactions						
OTC products	268,282	119,157	61,901	449,340	9,578	9,878
Foreign-exchange spot and forward contracts	145,469	9,710	109	155,288	4,133	4,756
Interest-rate and currency swaps	70,117	96,329	58,577	225,023	4,644	4,294
Currency call options	26,605	7,386	1,612	35,603	801	–
Currency put options	26,091	5,732	1,603	33,426	–	828
Other foreign-exchange contracts	–	–	–	–	–	–
Products traded on a stock exchange	670	107	–	777	–	–
Currency futures	670	107	–	777	–	–
Currency options	–	–	–	–	–	–
Total	**268,952**	**119,264**	**61,901**	**450,117**	**9,578**	**9,878**
Interest-based forward transactions						
OTC products	1,273,623	1,236,339	1,014,175	3,524,137	61,408	68,737
Forward-rate agreements	135,079	2,673	–	137,752	87	77
Interest-rate swaps	1,094,167	1,116,192	927,596	3,137,955	58,120	64,985
Call options on interest-rate futures	17,549	43,085	32,095	92,729	2,558	–
Put options on interest-rate futures	22,275	49,001	38,165	109,441	–	2,786
Other interest-rate contracts	4,553	25,388	16,319	46,260	643	889
Products traded on a stock exchange	125,257	7,685	8,277	141,219	–	–
Interest-rate futures	52,889	3,864	2,495	59,248	–	–
Interest-rate options	72,368	3,821	5,782	81,971	–	–
Total	**1,398,880**	**1,244,024**	**1,022,452**	**3,665,356**	**61,408**	**68,737**
Other forward transactions						
OTC products	37,556	145,482	10,837	193,875	3,742	4,444
Structured equity/index products	4,238	11,988	1,086	17,312	758	1,162
Equity call options	9,202	9,567	508	19,277	1,238	–
Equity put options	11,157	10,800	774	22,731	–	1,534
Credit derivatives	8,553	111,713	8,210	128,476	1,451	1,501
Precious metal contracts	4,406	1,414	259	6,079	295	247
Other transactions	–	–	–	–	–	–
Products traded on a stock exchange	33,813	8,887	155	42,855	–	–
Equity futures	4,734	–	–	4,734	–	–
Equity options	29,079	8,887	155	38,121	–	–
Other futures	–	–	–	–	–	–
Other options	–	–	–	–	–	–
Total	**71,369**	**154,369**	**10,992**	**236,730**	**3,742**	**4,444**
Total immatured forward transactions						
OTC products	1,579,461	1,500,978	1,086,913	4,167,352	74,728	83,059
Products traded on a stock exchange	159,740	16,679	8,432	184,851	–	–
Total	**1,739,201**	**1,517,657**	**1,095,345**	**4,352,203**	**74,728**	**83,059**

Breakdown of derivatives business, by borrower group:

	31.12.2005 Fair value		31.12.2004 Fair value	
€ m	positive	negative	positive	negative
OECD central governments	695	414	1,137	380
OECD banks	46,474	54,672	50,259	57,708
OECD financial institutions	23,815	24,635	20,360	21,352
Other companies, private individuals	1,946	1,547	2,488	3,233
Non-OECD banks	341	271	484	386
Total	**73,271**	**81,539**	**74,728**	**83,059**

Fair values appear as the sum totals of the positive and negative amounts per contract, from which no pledged security has been deducted and no possible netting agreements have been taken into consideration. By definition, no positive fair values exist for put options.

(71) Use made of derivative financial instruments

	31.12.2005 Fair value		31.12.2004 Fair value	
€ m	positive	negative	positive	negative
Derivative financial instruments used for trading purposes	66,630	69,369	67,982	71,195
Hedging derivatives which cannot be employed in hedge accounting	1,907	2,331	2,826	3,211
Derivatives used as hedging instruments	4,734	9,839	3,920	8,653
for fair value hedge accounting	3,011	5,447	2,111	4,049
for cash flow hedge accounting	1,723	4,392	1,809	4,604
Total	**73,271**	**81,539**	**74,728**	**83,059**

In the above table, we show the use made of our derivative financial instruments. We use derivatives for both trading and hedging purposes. In Notes 6, 13, 14, 20 and 21, we have described the above-mentioned criteria.

(72) Market risk arising from trading activities

For the daily quantification and monitoring of market risk, especially that arising in proprietary trading, mathematical-statistical methods are used to calculate the value-at-risk. The underlying statistical parameters are based on an observation period of the past 255 trading days, a 10-day holding period and a confidence level of 99%. The value-at-risk models are constantly being adapted to the changing environment.

On the basis of the risk data, the Group manages the market risk for all operational units by a system of risk limits, primarily by means of limits for the potential risk (value-at-risk) and stress scenarios, as well as loss-review triggers.

The risk position of the Group's trading portfolio at year-end shows the value-at-risk, broken down by the various business lines engaged in proprietary trading. The value-at-risk shows the potential losses which will not be exceeded with a 99% degree of probability.

Risk position of the trading portfolio (Principle I risks):

Portfolio	Holding period Confidence level 99%	**31.12.2005** € m	**31.12.2004** € m
Group	10 days	39.2 *)	54.7 *)
Corporates & Markets (Securities)	10 days	26.1	50.7
Treasury department	10 days	22.1	12.4

*) The relatively low value-at-risk at Group level is the result of strong portfolio effects between the Corporates & Markets and Treasury departments.

(73) Interest-rate risk

The interest-rate risk of the Commerzbank Group results from items in both the trading book and the banking book. In the latter, interest-rate risk mainly arises through maturity mismatches between the Bank's interest-bearing assets and liabilities – for instance, through the short-term funding of long-dated loans. The interest-rate items shown in the balance sheet as well as the derivatives employed to steer them are included in the measurement of interest-rate risk.

The interest-rate risk of the banking book is measured on the basis of a net present value approach, applying the historical simulation method:

31.12.2005 **Portfolio**	Holding period	Banking book € m	Trading book Confidence level: 99% € m	Overall interest-rate risk € m
Group	10 days	103.78	30.15	101.19

31.12.2004 **Portfolio**	Holding period	Banking book € m	Trading book Confidence level: 99% € m	Overall interest-rate risk € m
Group	10 days	118.04	19.55	106.62

(74) Concentration of credit risk

Concentrations of credit risk may arise through business relations with individual borrowers or groups of borrowers who share a number of features and whose individual ability to service debt is influenced to the same extent by changes in certain overall economic conditions. These risks are managed by the Global Credit Operations department. Credit risk throughout the Group is monitored by the use of limits for each individual borrower and borrower unit, through the furnishing of the appropriate security and through the application of a uniform lending policy. In order to minimize credit risk, the Bank has entered into a number of master netting agreements ensuring the right to set off the claims on and liabilities to a client in the case of default by the latter or insolvency. In addition, the management regularly monitors individual portfolios. The Group's lending does not reveal any special dependence on individual sectors.

In terms of book values, the credit risks relating to financial instruments in the balance sheet were as follows on December 31, 2005:

	Claims	
€ m	31.12.2005	31.12.2004[1)]
Customers in Germany	**112,607**	**109,613**
Companies and self-employed	43,906	45,253
Manufacturing	9,593	10,633
Construction	785	809
Distributive trades	4,849	5,140
Services, incl. professions and others	28,679	28,671
Public sector	29,744	26,980
Other retail customers	38,957	37,380
Customers abroad	**41,067**	**40,664**
Corporate and retail customers	37,332	36,211
Public sector	3,735	4,453
Sub-total	**153,674**	**150,277**
less valuation allowances	–5,161	–5,292
Total	**148,513**	**144,985**

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

(75) Assets pledged as security

Assets in the amounts shown below were pledged as security for the following liabilities:

	31.12.2005 € m	31.12.2004 € m	Change in %
Liabilities to banks	76,850	60,973	26.0
Liabilities to customers	12,996	7,267	78.8
Liabilities from dealing activities	3,292	2,802	17.5
Total	**93,138**	**71,042**	**31.1**

The following assets were pledged as security for the above-mentioned liabilities:

	31.12.2005 € m	31.12.2004 € m	Change in %
Claims on banks and customers	15,871	12,994	22.1
Assets held for dealing purposes and investments and securities portfolio	77,498	58,460	32.6
Total	**93,369**	**71,454**	**30.7**

The furnishing of security in order to borrow funds took the form of genuine securities repurchase agreements (repos). At the same time, security was furnished for funds borrowed for specific purposes and securities-lending transactions.

(76) Maturities, by remaining lifetime

€m	Remaining lifetimes as of 31.12.2005 due on demand and unlimited lifetime	up to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years
Claims on banks	16,813	35,004	19,529	7,129	7,728
Claims on customers	14,646	28,858	14,052	40,286	55,832
Bonds and notes from the assets held for dealing purposes	–	1,995	1,641	9,453	8,991
Bonds, notes and other fixed-income securities held in investments and securities portfolio	14	3,809	5,327	24,823	43,566
Total	**31,473**	**69,666**	**40,549**	**81,691**	**116,117**
Liabilities to banks	15,191	84,680	13,318	4,747	11,964
Liabilities to customers	41,189	48,019	3,609	3,187	6,842
Securitized liabilities	4	18,877	17,295	49,638	11,106
Subordinated capital*)	–	548	637	4,146	1,974
Total	**56,384**	**152,124**	**34,859**	**61,718**	**31,886**

*) excl. deferred interest and discounts (€159m) and IAS measurement effects (€679m)

€m	Remaining lifetimes as of 31.12.2004[1)] due on demand and unlimited lifetime	up to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years
Claims on banks	20,877	38,316	13,356	6,661	7,509
Claims on customers	15,424	27,046	15,398	36,865	55,544
Bonds and notes from the assets held for dealing purposes	86	1,897	2,396	9,054	6,704
Bonds, notes and other fixed-income securities held in investments and securities portfolio	33	2,891	4,379	17,694	39,323
Total	**36,420**	**70,150**	**35,529**	**70,274**	**109,080**
Liabilities to banks	17,808	65,821	14,271	5,311	12,219
Liabilities to customers	36,482	55,645	3,094	3,308	6,535
Securitized liabilities	48	16,733	15,643	42,279	12,547
Subordinated capital*)	–	239	736	3,515	3,294
Total	**54,338**	**138,438**	**33,744**	**54,413**	**34,595**

*) excl. deferred interest (€273m) and IAS measurement effects (€819m)

The remaining lifetime is defined as the period between the balance-sheet date and the contractual maturity of the claim or liability. In the case of claims or liabilities which are paid in partial amounts, the remaining lifetime has been recognized for each partial amount.

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

(77) Fair value of financial instruments

The table below compares the fair values of the balance-sheet items with their book values. Fair value is the amount at which financial instruments may be sold or purchased at fair terms on the balance-sheet date. Insofar as market prices (e.g. for securities) were available, we have used these for measurement purposes. For a large number of financial instruments, internal measurement models involving current market parameters were used in the absence of market prices. In particular, the net present-value method and option-price models were applied. Wherever claims on and liabilities to banks and customers had a remaining lifetime of less than a year, the fair value was considered for simplicity's sake to be that shown in the balance sheet.

	Fair value		Book value		Difference	
€ bn	31.12.2005	31.12.2004[1]	31.12.2005	31.12.2004[1]	31.12.2005	31.12.2004[1]
Assets						
Cash reserve	8.6	4.9	8.6	4.9	–	–
Claims on banks	86.2	86.7	86.2	86.7	0	0
Claims on customers	155.8	152.7	153.7	150.3	2.1	2.4
Hedging instruments	4.7	3.9	4.7	3.9	–	–
Assets held for dealing purposes	100.3	102.1	100.3	102.1	–	–
Investments and securities portfolio	86.2	72.2	86.2	72.2	–	–
Liabilities						
Liabilities to banks	129.9	115.4	129.9	115.4	0	0
Liabilities to customers	102.9	105.2	102.8	105.1	0.1	0.1
Securitized liabilities	97.5	87.8	96.9	87.3	0.6	0.5
Hedging instruments	9.8	8.7	9.8	8.7	–	–
Liabilities from dealing activities	75.0	80.0	75.0	80.0	–	–
Subordinated capital	8.1	8.9	8.1	8.9	–	–

In net terms, the difference between the book value and fair value, which can be seen as unrealized appreciation, amounted for all items to €1.4bn (previous year: €1.8bn) as of December 31, 2005. For covering these items, cash flow hedges are used for the most part. As of December 31, 2005, the measurement of cash flow hedges yielded a figure of –€1.1bn (previous year: –€1.2bn). As of both December 31, 2005 and December 31, 2004, the unrealized appreciation in interest-bearing assets and liabilities exceeded the negative measurement of cash flow hedges.

1) The year-ago figures have been adjusted to the changed rules (see Note 2)

(78) Information on financial assets and financial liabilities in fair value option category

The fair value option was used:

- to avoid or reduce accounting mismatches arising from securities and credits which were hedged with interest-rate or credit derivatives;
- for financial instruments (funds, securities and securitized liabilities, together with their related hedging instruments), whose management and performance is measured on a fair value basis in accordance with a documented risk-management or investment strategy.

As of December 31, 2005, the fair value of the financial assets assigned to the fair value option category was €1,258m (previous year: €417m) and that of the financial liabilities €294m (with a repayment amount of €289m). All told, the result of measurement was €21m (previous year: €0m).

The aggregate volume of claims assigned to the fair value option was €155m on December 31, 2005, €95m of which was hedged by derivatives. As of December 31, 2004, no claims were assigned to the fair value option.

For liabilities assigned to the fair value option, the change in fair value for credit-risk reasons was –€8m. As of December 31, 2004, no liabilities were assigned to the fair value option.

Other notes

(79) Subordinated assets

The following subordinated assets are included in the assets shown in the balance sheet:

	31.12.2005 € m	31.12.2004 € m	Change in %
Claims on banks	8	–	·
Claims on customers	127	127	0.0
Bonds and notes	230	205	12.2
Other variable-yield securities	245	344	–28.8
Total	**610**	**676**	**–9.8**
including: banks in which an equity investment exists	222	318	–30.2

Assets are considered to be subordinated if the claims they represent may not be met before those of other creditors in the case of the liquidation or insolvency of the issuer.

(80) Off-balance-sheet commitments

	31.12.2005 € m	31.12.2004 € m	Change in %
Contingent liabilities	**27,521**	**24,541**	**12.1**
from rediscounted bills of exchange credited to borrowers	1	2	–50.0
from guarantees and indemnity agreements	27,520	24,539	12.1
Credit guarantees	3,490	3,869	–9.8
Other guarantees	15,110	12,653	19.4
Letters of credit	7,164	6,256	14.5
Other warranties	1,756	1,761	–0.3
Irrevocable lending commitments	**36,695**	**36,977**	**–0.8**
Book credits to banks	2,079	3,844	–45.9
Book credits to customers	33,383	29,813	12.0
Credits by way of guarantee	569	1,195	–52.4
Letters of credit	664	2,125	–68.8
Other commitments	**52**	**11**	·

In this table, provision for risks arising from off-balance-sheet commitments has been deducted from the respective items.

(81) Volume of managed funds

By type of managed fund, the assets which we manage break down as follows:

	31.12.2005		31.12.2004	
	Number of funds	Fund assets € bn	Number of funds	Fund assets € bn
Retail investment funds	438	53.7	479	48.1
Equity-based and mixed funds	240	28.5	313	26.0
Bond-based funds	109	9.9	123	10.3
Money-market funds	21	11.0	22	10.8
Other*)	68	4.3	21	1.0
Non-publicly-offered funds	1,480	28.5	1,377	25.8
Property-based funds	4	9.9	3	11.8
Total	**1,922**	**92.1**	**1,859**	**85.7**

*) includes fund-of-funds and retirement funds

The regional breakdown of the funds launched is shown in the following chart:

	31.12.2005		31.12.2004	
	Number of funds	Fund assets € bn	Number of funds	Fund assets € bn
Germany	371	43.7	397	43.7
United Kingdom	1,116	18.3	1,084	14.1
Other European countries	300	26.6	244	22.0
America	10	0.7	11	1.1
Other countries	125	2.8	123	4.8
Total	**1,922**	**92.1**	**1,859**	**85.7**

(82) Genuine repurchase agreements (repo and reverse repo transactions)

Under its genuine repurchase agreements, the Commerzbank Group sells or purchases securities with the obligation to repurchase or return them. The money equivalent deriving from repurchase agreements in which the Commerzbank Group is a borrower (obligation to take the securities back) is shown in the balance sheet as a liability to banks or customers.

The genuine repurchase agreements concluded up to the balance-sheet date break down as follows:

	31.12.2005 € m	31.12.2004 € m	Change in %
Genuine repurchase agreements as a borrower (repo agreements)			
Liabilities to banks	41,820	36,695	14.0
Liabilities to customers	12,674	15,764	–19.6
Total	**54,494**	**52,459**	**3.9**
Genuine repurchase agreements as a lender (reverse repo agreements)			
Claims on banks	42,329	35,436	19.5
Claims on customers	8,377	10,744	–22.0
Total	**50,706**	**46,180**	**9.8**

(83) Securities-lending transactions

Securities-lending transactions are conducted with other banks and customers in order to cover our need to meet delivery commitments or to enable us to effect securities repurchase agreements in the money market. We show lent securities in our balance sheet under our Trading portfolio or under Investments and securities portfolio, whereas borrowed securities do not appear in the balance sheet. The expenses and income from securities-lending transactions, insofar as they relate to the past financial year, were recognized under interest paid or received in the income statement and reflect the respective maturities.

	31.12.2005 € m	31.12.2004 € m	Change in %
Lent securities	7,173	10,618	–32.4
Borrowed securities	7,789	7,638	2.0

(84) Trust transactions at third-party risk

Trust transactions which do not have to be shown in the balance sheet amounted to the following on the balance-sheet date:

	31.12.2005 € m	31.12.2004 € m	Change in %
Claims on banks	8	4	·
Claims on customers	330	393	–16.0
Other assets	608	602	1.0
Assets on a trust basis at third-party risk	**946**	**999**	**–5.3**
Liabilities to banks	319	382	–16.5
Liabilities to customers	627	617	1.6
Liabilities on a trust basis at third-party risk	**946**	**999**	**–5.3**

(85) Risk-weighted assets and capital ratios as defined by the Basel capital accord (BIS)

Like other internationally active banks, the Commerzbank Group has committed itself to meeting the capital adequacy requirements contained in the currently valid version of the Basel accord. This imposes on banks a minimum requirement of 8% of own funds to risk-weighted assets (own funds ratio). A minimum requirement of 4% applies universally for the ratio between core capital and risk-weighted assets (core capital ratio).

Own funds are defined as liable capital that is made up of core and supplementary capital, plus Tier III capital. Core capital mainly consists of subscribed capital plus reserves and minority interests, less goodwill. Supplementary capital comprises outstanding profit-sharing certificates and subordinated long-term liabilities. Tier III capital consists of short-term subordinated liabilities.

The structure of the Commerzbank Group's capital in accordance with the Basel capital accord yields the following picture:

	31.12.2005 € m	31.12.2004 € m	Change in %
Core capital (Tier I)			
Subscribed capital	1,705	1,546	10.3
Reserves, minority interests, treasury shares	10,456	8,938	17.0
Hybrid capital	–	–	·
Other	–	–	·
Total	**12,161**	**10,484**	**16.0**
Supplementary capital (Tier II)			
Profit-sharing rights	1,870	2,073	–9.8
Reserves in securities (amount reported: 45%)	1,003	623	61.0
Subordinated liabilities	3,574	4,214	–15.2
Other	109	229	–52.4
Total	**6,556**	**7,139**	**–8.2**
Tier III capital	**–**	**–**	·
Eligible own funds according to BIS	**18,717**	**17,623**	**6.2**

as of 31.12.2005			Capital charges in %				Total
€ m	100	50	25	20	10	4	
Balance-sheet business	96,894	7,001	–	12,246	–	–	116,141
Traditional off-balance-sheet business	4,224	17,844	189	623	349	74	23,303
Derivatives business in investment portfolio	–	2,141	–	4,493	–	–	6,634
Risk-weighted assets, total	**101,118**	**26,986**	**189**	**17,362**	**349**	**74**	**146,078**
Risk-weighted market-risk position multiplied by 12.5							3,638
Total items to be risk-weighted							149,716
Eligible own funds							18,717
Core capital ratio (excluding market-risk position)							8.3
Core capital ratio (including market-risk position)							8.1
Own funds ratio (including market-risk position)							12.5

as of 31.12.2004			Capital charges in %				Total
€ m	100	50	25	20	10	4	
Balance-sheet business	89,855	6,787	–	11,253	–	–	107,895
Traditional off-balance-sheet business	3,776	15,474	84	755	286	55	20,430
Derivatives business in investment portfolio	–	2,467	–	4,115	–	–	6,582
Risk-weighted assets, total	**93,631**	**24,728**	**84**	**16,123**	**286**	**55**	**134,907**
Risk-weighted market-risk position multiplied by 12.5							4,838
Total items to be risk-weighted							139,745
Eligible own funds							17,623
Core capital ratio (excluding market-risk position)							7.8
Core capital ratio (including market-risk position)							7.5
Own funds ratio (including market-risk position)							12.6

Reconciliation of reported capital with eligible equity in accordance with BIS

31.12.2005 € m	Core capital/ Equity	Supplementary/ subordinated capital (excl. IAS effects and deferred interest)	Tier III capital	Total
Reported in balance sheet	13,650	7,305		20,955
Revaluation reserve	–1,995			–1,995
Measurement of cash flow hedges	1,069			1,069
Consolidated profit	–328			–328
Minority interests not to be shown in core capital (incl. revaluation reserve, measurement of cash flow hedges) and changes in consolidated companies and goodwill	–226			–226
Parts of subordinated capital not eligible due to limited remaining lifetime		–1,819		–1,819
Latent revaluation reserves for securities		1,003		1,003
General provisions/reserves for defaults		339		339
Other differences	–9	–272		–281
Eligible equity	**12,161**	**6,556**	**–**	**18,717**

(86) Liquidity ratio of Commerzbank Aktiengesellschaft (Principle II)

Pursuant to Art. 11, KWG, banks are obliged to invest their funds such that adequate liquidity for payment purposes is guaranteed at all times. They have to demonstrate that they have adequate liquidity in the form of a liquidity analysis (Principle II). Liquidity-weighted assets (claims, securities, etc.), structured to reflect their respective maturity brackets, are set off against certain liquidity-weighted balance-sheet and off-balance-sheet liabilities (liabilities, lending commitments), broken down by remaining lifetime. Every day, the ratio between the funds in the first maturity bracket (remaining life of up to one month) and the payment obligations which may fall due during this period has to reach a value of one. If the ratio registers this value, liquidity is considered to be adequate. As of December 31, 2005, the liquidity ratio worked out by Commerzbank Aktiengesellschaft was 1.13 (previous year: 1.14). Excess liquidity reached €17.2bn (previous year: €18.5bn).

Liquidity ratios of Commerzbank Aktiengesellschaft in 2005:

	Month-end level		Month-end level
January	1.16	July	1.17
February	1.17	August	1.17
March	1.10	September	1.17
April	1.12	October	1.15
May	1.16	November	1.16
June	1.20	December	1.13

(87) Securitization of credits

The use of credit derivatives (such as credit default swaps, total return swaps, and credit-linked notes) can reduce the risk weighting of a loan portfolio, whereby the hedging effect of a credit derivative may relate both to individual credits or securities and to entire portfolios of loans or securities. As a rule, security is furnished by means of a synthetic securitization (credit default swap) and/or by credit-linked notes. The hedging programmes launched by the Commerzbank Group are intended to ease the strain on regulatory capital.

By the end of the 2005 financial year, Commerzbank Aktiengesellschaft had launched six securitization programmes as the buyer of protection. The PanEuropean CLO securitization transaction was cancelled by Commerzbank Aktiengesellschaft per August 20, 2005, and Kaiserplatz K263 expired in the course of 2005 according to plan.

The time band (legal maturity date) stretches from eight to 33 years. All told, credits to customers of €7.1bn had been covered by end-December 2005. This eased the burden on the Bank's risk-weighted assets by €4.5bn.

Name of transaction	Year of conclusion	Duration of transaction in years (legal maturity date)	Type of claim	Size of credit € m	Reduction of risk-weighted assets € m	Buyer of protection
Residence 2000-1	2000	32	Private home loans	575	344	Commerzbank AG (CLN)
Residence 2000-1	2000	32	Private home loans	750	305	Commerzbank AG (CDS)
Residence 2001-1	2001	30	Private home loans	1,023	392	Commerzbank AG
Residence 2002-1	2002	33	Private home loans	1,058	1,027	Commerzbank AG
Residence 2002-2	2002	33	Private home loans	1,051	629	Commerzbank AG
Residence 2003-1	2003	33	Private home loans	1,125	682	Commerzbank AG
Promise C 2002-1	2002	8	Corporate loans	1,470	1,170	Commerzbank AG
				7,052	**4,549**	

(88) Average number of staff employed by the Bank during the year

	2005			2004		
	Total	male	female	total	male	female
Group	31,542	16,979	14,563	31,400	16,946	14,454
in Germany	24,014	11,935	12,079	24,055	11,965	12,090
abroad	7,528	5,044	2,484	7,345	4,981	2,364

The above figures include both full-time and part-time personnel. Not included in the figures is the average number of employees undergoing training within the Group. The average time worked by part-time staff is 60% (previous year: 55%) of the standard working time.

	Total		male		female	
	2005	2004	2005	2004	2005	2004
Trainees	1,173	1,292	467	502	706	790

(89) Remuneration and loans to board members

Apart from the fixed salary, the remuneration of the members of the Board of Managing Directors also comprises variable, performance-related components and those with a long-term incentive effect. All the remuneration components are determined by the Presiding Committee of the Supervisory Board. With effect from July 1, 2004, the Presiding Committee altered the remuneration structure of the members of the Board of Managing Directors.

With German commercial law and accounting provisions taken into consideration, €15,851 thousand has to be shown as overall remuneration for the members of the Board of Managing Directors in the 2005 financial year. This includes €651 thousand of remuneration in kind, which in tax terms has to be treated as benefits in money's worth. In the appropriate cases, the stated overall remuneration of the individual members of the Board of Managing Directors includes the fees paid with respect to the financial year for serving on the boards of consolidated subsidiaries (€483 thousand).

The following table presents the remuneration (fixed salary and variable remuneration) of the individual members of the Board of Managing Directors, subject to the annual financial statements of Commerzbank Aktiengesellschaft for the 2005 financial year being established in their present form and the Presiding Committee adopting the relevant resolution on variable remuneration for 2005.

2005 Name	Fixed salary in €1,000	Variable remuneration[2] in €1,000	Overall amount for 2005 in €1,000
Klaus-Peter Müller	760	2,280	3,040
Martin Blessing	480	1,500	1,980
Wolfgang Hartmann	480	1,500	1,980
Dr. Achim Kassow	480	1,500	1,980
Andreas de Maizière[1]	280	–	280
Klaus M. Patig	480	1,500	1,980
Dr. Eric Strutz	480	1,500	1,980
Nicholas Teller	480	1,500	1,980
Total	**3,920**	**11,280**	**15,200**

1) p.r.t. for the time up to resignation; 2) payable in 2006; less the already received fees paid for serving on the boards of subsidiaries (€483m).

The active members of the Board of Managing Directors have participated in the 2001-2005 long-term performance plans (LTPs) which are described in detail in Note 28 and represent a share-based form of compensation. In order to take part in the various plans, the members of the Board of Managing Directors have invested on the basis of individual decisions in up to 2,500 Commerzbank Aktiengesellschaft shares, the chairman in up to 5,000 Commerzbank Aktiengesellschaft shares per plan at current market prices.

The following table shows the number of shares (corresponding per share to a "virtual" option) per individual active member of the Board and per respective LTP as well as the fair values at the time the share-based payment was granted. The information relates to the participation of members of the Board of Managing Directors in their function as officers of the Bank. No payments under these plans were made in the 2005 financial year.

Long-term performance plans

	2001		2002		2003	
Name	Number of shares purchased	Fair value €	Number of shares purchased	Fair value €	Number of shares purchased	Fair value €
Klaus-Peter Müller	2,500	96,350	5,000	175,150	5,000	142,700
Martin Blessing	–		2,500	87,575	2,500	71,350
Wolfgang Hartmann	2,500	96,350	2,500	87,575	2,500	71,350
Dr. Achim Kassow	–		–		–	
Klaus M. Patig	1,000	38,540	–		–	
Dr. Eric Strutz	–		–		–	
Nicholas Teller	–		–		2,500	71,350

	2004		2005	
Name	Number of shares purchased	Fair value €	Number of shares purchased	Fair value €
Klaus-Peter Müller	5,000	120,900	5,000	137,300
Martin Blessing	2,500	60,450	2,500	68,650
Wolfgang Hartmann	2,500	60,450	2,500	68,650
Dr. Achim Kassow	–		2,500	68,650
Klaus M. Patig	–		–	
Dr. Eric Strutz	2,500	60,450	2,500	68,650
Nicholas Teller	2,500	60,450	2,500	68,650

Payments to former members of the Board of Managing Directors and their surviving dependents amounted to €7,756 thousand in the 2005 financial year. In the previous year, they had totalled €6,479 thousand. The figure for 2005 includes severance payments of €2,140 thousand in connection with a resignation from the Board of Managing Directors.

For present and former members of the Board of Managing Directors or their surviving dependents, the Bank has established a provision for old age, which was partially invested with Commerzbank Pension Trust e.V. in the 2005 financial year. The subsequently remaining provisions for pension commitments as of December 31, 2005, amounted to €4.2m for active members and €11.1m for former members of the Board of Managing Directors or their surviving dependents.

The pension obligations (defined-benefit obligations) for active and former members of the Board of Managing Directors or their surviving dependents amounted to €90.2m on December 31, 2005.

The transparency provisions of the German Corporate Governance Code (in the version of June 2, 2005) and the legal provisions of Art. 15a, of the German Securities Trading Act – WpHG require that transactions by the members of the Board of Managing Directors in Commerzbank shares and options be disclosed. Pursuant to both sets of regulations, purchases and disposals by members of the Board of Managing Directors have to be reported if they exceed €5,000 with a calendar year. The Bank publishes such information on its internet site. In the following table, the transactions subject to such disclosure requirements are presented in tabular form; see also the presentation in the Corporate Governance report.

Name	Day of trade 2005	Description of securities	Type of transaction	Number of units	Price €
Klaus-Peter Müller	16.2.	Commerzbank AG shares	Buy	2,047	16.77
	16.2.	Commerzbank AG shares	Buy	2,953	16.78
	9.5.	Commerzbank AG shares	Buy	5,000	16.41
Martin Blessing	16.2.	Commerzbank AG shares	Buy	3,000	16.82
	3.5.	Commerzbank AG shares	Buy	3,000	16.34
	23.5.	Commerzbank AG shares	Buy	7,500	16.41
Dr. Achim Kassow	16.2.	Commerzbank AG shares	Buy	2,000	16.84
	3.5.	Commerzbank AG shares	Buy	2,000	16.28
	17.11.	Commerzbank AG shares	Buy	2,500	23.66
Dr. Eric Strutz	16.2.	Commerzbank AG shares	Buy	2,000	16.79
Nicholas Teller	25.5.	Commerzbank AG shares	Buy	2,500	16.35

The members of our Supervisory Board will receive remuneration of €1,394 thousand for the 2005 financial year (previous year: €1,054 thousand), provided that the AGM of Commerzbank Aktiengesellschaft resolves that a dividend of €0.50 be paid per no par-value share.

The remuneration of the members of the Supervisory Board is regulated by Art. 15 of the articles of association of Commerzbank Aktiengesellschaft and, in addition to attendance fees, is divided as follows between the individual members:

2005 Supervisory Board members	Basic remuneration[1)] in €1,000	Committee remuneration in €1,000	Total in €1,000
Dr. h.c. Martin Kohlhaussen	108	72	180
Uwe Tschäge	72	18	90
Hans-Hermann Altenschmidt	36	18	54
Dott. Sergio Balbinot	36	18	54
Herbert Bludau-Hoffmann	36	–	36
Astrid Evers	36	–	36
Uwe Foullong	36	–	36
Daniel Hampel	36	–	36
Dr.-Ing. Otto Happel	36	18	54
Dr. jur. Heiner Hasford	36	18	54
Sonja Kasischke	36	–	36
Wolfgang Kirsch	36	18	54
Werner Malkhoff	36	18	54
Klaus Müller-Gebel	36	54	90
Dr. Sabine Reiner	36	–	36
Dr. Erhard Schipporeit	36	–	36
Dr.-Ing. Ekkehard D. Schulz	36	–	36
Prof. Dr. Jürgen F. Strube	36	18	54
Dr. Klaus Sturany	36	–	36
Dr.-Ing. E.h. Heinrich Weiss	36	18	54
Total	**828**	**288**	**1,116**

1) This basic remuneration consists of a fixed portion (roughly 55.6%) and a variable portion dependent on the dividend payment (roughly 44.4%)

Altogether €277 thousand was paid in attendance fees for participation in the meetings of the Supervisory Board and its four committees (Presiding, Audit, Risk and Social Welfare Committees) which met in the year under review; this represents €1,500 per meeting attended. The turnover tax of €223 thousand to be paid on the overall remuneration of the members of the Supervisory Board is refunded by Commerzbank Aktiengesellschaft.

Purchases and disposals of Commerzbank shares and options by members of the Supervisory Board in excess of €5,000 overall during a calendar year have to be disclosed pursuant to Art. 15a, German Securities Trading Act – WpHG and the German Corporate Governance Code. In the 2005 financial year, this applied to the following transactions:

Name	Day of trade 2005	Description of securities	Type of transaction	Number of units	Price €
Sonja Kasischke	12.4.	Commerzbank AG shares	Sell	300	17.88
Hans-Hermann Altenschmidt	9.9.	Commerzbank AG shares	Sell	530	22.50
Daniel Hampel	21.10.	Commerzbank AG shares	Buy	250	20.80

All told, the Board of Managing Directors and Supervisory Board held no more than 1% of the issued shares and option rights of Commerzbank Aktiengesellschaft on December 31, 2005.

On the balance-sheet date, the aggregate amount of advances and loans granted, as well as contingent liabilities, was as follows:

	31.12.2005	31.12.2004
	€1,000	€1,000
Board of Managing Directors	3,591	4,141
Supervisory Board	1,601	1,703

Members of the Board of Managing Directors have been granted cash advances and loans with lifetimes ranging between until further notice and a due date of 2030 and at interest rates ranging between 2.89% and 11.00%. Collateral security is provided on a normal market scale, wherever necessary through land charges and pledging of security holdings. The overall figure (€3,591 thousand) includes rental guarantees of €23 thousand, provided without a commission fee being charged; this is in line with the Bank's general terms and conditions for members of staff.

The loans and advances to members of the Supervisory Board – including those to employee representatives on this body – were granted with lifetimes ranging between until further notice and a due date of 2031 and at interest rates ranging between 3.04% and 6.57%. In line with market conditions, some loans were granted without collateral security, against land charges or against the assignment of credit balances and life insurances.

(90) Share-based payments plans

In accordance with the transitional provisions of IFRS 2, we have applied the Standard retrospectively to all equity-settled plans after November 7, 2002, that were unvested as of January 1, 2005, and to all cash-settled plans existing on January 1, 2005.

For 2004, the change in accounting policy resulted in a net decrease in the net profit for the year of €31m. The balance sheet as of December 31, 2004, has been restated to reflect recognition of a provision of €45m for cash-settled plans and a share-based payments reserve (appearing under Equity) of €6m for equity-settled plans.

For 2005, total expenses of €77m were recognized for employee services received during the year. The portion of these expenses arising from equity-settled plans is €4m, while for cash-settled plans it is €73m. As of December 31, 2005, the share-based payments reserve in Equity amounted to €7m and the provision that was formed €109m.

In the following, more information is provided on the long-term performance plans (LTPs) and the staff remuneration plans/stock option programmes within the Jupiter International Group plc (JIG). In addition to the LTPs and the plans at JIG, further subsidiaries of the Commerzbank Group offer their staff share-based remuneration plans. The overall expenditure for these plans was €6m in 2005. As of December 31, 2005, provisions of €8m and a reserve of €2m were recognized in Equity.

Long-term performance plans

As of January 1, 2005, there were five plans outstanding. The terms and conditions of the LTPs are described in Note 28 of this annual report. Three of these LTP awards were made prior to November 7, 2002, and in accordance with the transitional provisions in IFRS 2, the accounting principles have not been applied to the portions of the plans 50% of which are equity-settled. A further grant on similar terms was made to the eligible employee groups on April 1, 2005.

For the equity-settled portion of the LTPs (50%), the estimated fair values (per option right) at the respective grant dates are as follows:

Type	Date of grant	Fair value per award at grant date in euros
LTP2003	April 1, 2003	28.54
LTP2004	April 1, 2004	24.18
LTP2005	April 1, 2005	27.46

For the cash-settled portion of the LTPs (50%), the estimated fair values as of December 31, 2005, are as follows:

Type	Date of grant	Fair value per option right on	
		31.12.2005 in euros	31.12.2004 in euros
LTP2001	April 1, 2001	0.01	0.07
LTP2002	April 1, 2002	44.54	10.22
LTP2003	April 1, 2003	99.35	93.11
LTP2004	April 1, 2004	76.10	25.67
LTP2005	April 1, 2005	62.36	–

Further details on the long-term performance plans – both the equity-settled and the cash-settled plans – outstanding during the year:

	2005	2004
	Number of awards	Number of awards
Outstanding at beginning of year	**771,600**	**631,000**
Granted during the year	222,350	198,550
Forfeited during the year	38,250	57,950
Vested during the year	–	–
Expired during the year	62,050	–
Outstanding at year-end	**893,650**	**771,600**

No awards expired during the year. The remaining expected lives of the awards outstanding at year-end vary from 0.3 years to 2.3 years.

The fair values of the LTP awards are calculated using the Monte Carlo model. The inputs into the model were as follows:

	Equity-settled portion Parameters at grant date			Cash-settled portion Parameters at balance-sheet date	
	1.4.2005	**1.4.2004**	**1.4.2003**	**31.12.2005**	**31.12.2004**
Volatility of the Commerzbank share price	43%	49%	47%	23%-29%	14%-43%
Volatility of the Euro Stoxx Banks Index	22%	28%	28%	10%-12%	6%-21%
Correlation of Commerzbank share price to Index	81%	83%	80%	57%-68%	40%-80%
Commerzbank dividend yield	3.7%	2.6%	2.0%	1.9%-2.4%	1.6%-3.3%
Dividend yield of DJ Euro Stoxx Banks Index	2.2%	2.2%	3.3%	2.3%	2.3%
Risk-free interest rate	2.7%	2.7%	2.8%	2.7%-2.8%	2.0%-2.6%

The volatility and the correlation were determined by calculating the historical volatility of Commerzbank's share price and the Dow Jones Stoxx Banks Index and their correlation over the period up to the date of measurement, taking into account the remaining expected life of the awards. A rate of 5% p.a. was assumed for staff turnover.

For 2005, the expenses recognized for the services performed by staff amounted to €15m. The portion of the expenses related to equity-settled plans is €3m and that related to cash-settled plans €12m. As of December 31, 2005, the reserve (in Equity) for equity-based plans was €5m and the provision which had been formed €20m.

Staff remuneration/share option plans of Jupiter International Group

As of January 1, 2005, there were four plans outstanding. The terms and conditions of these are described in Note 28 of this annual report. Two further plans on similar terms were offered to the eligible employee groups on May 6, 2005. In accordance with IFRS 2, all the plans are recognized as cash-settled.

Details of the plans outstanding during the year:

	2005		2004	
	Number of awards	Weighted average exercise price in euros	Number of awards	Weighted average exercise price in euros
Outstanding at beginning of year	**21,057,999**	**3.57**	**16,011,019**	**3.13**
Granted during the year	5,679,235	7.66	5,046,980	5.00
Forfeited during the year	940,264	5.14	–	–
Exercised during the year	4,574,384	2.02	–	–
Expired during the year	–	–	–	–
Outstanding at year-end	**21,222,586**	**4.93**	**21,057,999**	**3.58**
Exercisable at year-end	4,503,147	2.02	4,616,416	2.02

The weighted average fair value of D and E options/awards granted during the year was €4.95 (2004: €3.73). The share value on the exercise date for the C shares exercised in 2005 was €7.12.

The following table provides details on the awards outstanding at year-end, dependent upon the respective exercise prices for the awards/options:

Exercise price in euros	2.02	4.99	7.66
Number of outstanding awards	5,370,969	10,342,382	5,509,235
Weighted average fair value in euros	7.83	6.45	4.95
Weighted average remaining contractual life	1 year	2.1 years	3.7 years

The fair values of the plans are calculated at each balance-sheet date, using an actuarial binominal model. The inputs into the model were as follows:

	2005	2004
C share value (in euros)	10.30	7.12
D and E share value (in euros)	11.10	7.68
Expected volatility (in %)	33.0	44.0
Risk-free interest rate (in %)	4.2	4.3-4.5

As Jupiter is not a listed company, no historical volatility is available. Volatility has been assumed, therefore, on the basis of an average historical volatility of comparable listed shares and for the expected remaining life of the options.

In 2005, the expenses recognized for the services performed by staff amounted to €56m. As of December 31, 2005, the provision which had been formed was €81m.

(91) Other commitments

Commitments towards companies both outside the Group and not included in the consolidation for uncalled payments on shares in private limited-liability companies issued but not fully paid amount to €2m (previous year: €4m).

The Bank is responsible for the payment of assessments of up to €173m to Liquiditäts-Konsortialbank (Liko) GmbH, Frankfurt am Main, the "lifeboat" institution of the German banking industry. The individual banking associations have also declared themselves responsible for the payment of assessments to Liko. To cover such assessments, Group companies have pledged to Liko that they will meet any payment in favour of their respective associations.

Under Art. 5, (10) of the statutes of the German banks' Deposit Insurance Fund, we have undertaken to indemnify the Association of German Banks, Berlin, for any losses incurred through support provided for banks in which Commerzbank holds a majority interest.

Obligations towards futures and options exchanges and also towards clearing centres, for which securities have been deposited as collateral, amount to €802m (previous year: €1,235m).

Our subsidiaries Caisse Centrale de Réescompte S.A., Paris, and COMINVEST Asset Management S.A., Luxembourg, have provided performance guarantees for selected funds.

The Group's existing obligations arising from rental and leasing agreements – buildings, office furniture and equipment – will lead to expenses of €261m in 2006, €187m per year in 2007-2009, and €179m as from 2010.

(92) Letter of comfort

In respect of the subsidiaries listed below and included in the consolidated financial statements of our Bank, we ensure that, except in the case of political risks, they are able to meet their contractual liabilities.

Name	Seat
BRE Bank Hipoteczny SA	Warsaw
BRE Bank SA	Warsaw
BRE Leasing Sp. z o.o.	Warsaw
Caisse Centrale de Réescompte, S.A.	Paris
CCR Actions	Paris
CCR Chevrillon-Philippe	Paris
CCR Gestion	Paris
comdirect bank Aktiengesellschaft	Quickborn
COMINVEST Asset Management GmbH	Frankfurt am Main
COMINVEST Asset Management Ltd.	Dublin
COMINVEST Asset Management S.A.	Luxembourg
Commerz (East Asia) Ltd.	Hong Kong
Commerz Advisory Management Co. Ltd.	British Virgin Islands
Commerz Asset Management (UK) plc	London
Commerz Asset Management Asia Pacific Pte Ltd.	Singapore
Commerz Equity Investments Ltd.	London
Commerz International Capital Management (Japan) Ltd.	Tokyo
Commerzbank (Eurasija) SAO	Moscow
Commerzbank (South East Asia) Ltd.	Singapore
Commerzbank (Switzerland) Ltd	Zurich
Commerzbank Asset Management Asia Ltd.	Singapore
Commerzbank Belgium S.A./N.V.	Brussels
Commerzbank Capital Markets Corporation	New York
Commerzbank Europe (Ireland)	Dublin
Commerzbank Europe Finance (Ireland) plc	Dublin
Commerzbank International S.A.	Luxembourg
Commerzbank Overseas Finance N.V.	Curaçao
Commerzbank Rt.*)	Budapest
CommerzLeasing und Immobilien AG	Düsseldorf
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg
European Bank for Fund Services GmbH (ebase)	Haar near Munich
Gracechurch TL Ltd.	London
Hypothekenbank in Essen AG	Essen
Intermarket Bank AG	Vienna
Jupiter Administration Services Limited	London
Jupiter Asset Management (Asia) Limited	Hong Kong
Jupiter Asset Management (Bermuda) Limited	Bermuda
Jupiter Asset Management Limited	London
Jupiter Asset Managers (Jersey) Limited	Jersey
Jupiter International Group plc	London
Jupiter Unit Trust Managers Limited	London

*) renamed Commerzbank Zrt. as from January 2, 2006

Name	Seat
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Jupiter KG	Düsseldorf
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Luna KG	Düsseldorf
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Neptun KG	Düsseldorf
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Pluto KG	Düsseldorf
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Uranus KG	Düsseldorf
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Venus KG	Düsseldorf
P.T. Bank Finconesia	Jakarta
Stampen S.A.	Brussels
Transfinance a.s.	Prague
Tyndall Holdings Limited	London
Tyndall International Holdings Limited	Bermuda
Tyndall Investments Limited	London
Tyndall Trust International I.O.M. Limited	Isle of Man

(93) Corporate Governance Code

We have issued our declaration of compliance with the German Corporate Governance Code pursuant to Art. 161, German Stock Corporation Act – AktG and made it available to shareholders on the internet (www.commerzbank.com).

Boards of Commerzbank Aktiengesellschaft

Supervisory Board

Dr. Walter Seipp
Honorary Chairman

Dr. h.c. Martin Kohlhaussen
Chairman

Uwe Tschäge*)
Deputy Chairman

Hans-Hermann Altenschmidt*)

Dott. Sergio Balbinot

Herbert Bludau-Hoffmann*)

Astrid Evers*)

Uwe Foullong*)

Daniel Hampel*)

Dr.-Ing. Otto Happel

Dr. jur. Heiner Hasford

Sonja Kasischke*)

Wolfgang Kirsch*)

Werner Malkhoff*)

Klaus Müller-Gebel

Dr. Sabine Reiner*)

Dr. Erhard Schipporeit

Dr.-Ing. Ekkehard D. Schulz

Prof. Dr. Jürgen F. Strube

Dr. Klaus Sturany

Dr.-Ing. E.h. Heinrich Weiss

Board of Managing Directors

Klaus-Peter Müller
Chairman

Martin Blessing

Wolfgang Hartmann

Dr. Achim Kassow

Andreas de Maizière
(until July 15, 2005)

Klaus M. Patig

Dr. Eric Strutz

Nicholas Teller

*) elected by the Bank's employees

Holdings in affiliated and other companies

Affiliated companies included in the consolidation

Name	Seat	Share of capital held in %	of which: indirectly in %		Equity in 1,000
Atlas-Vermögensverwaltungs-Gesellschaft mbH	Bad Homburg v.d.H.	100.0		€	1,006,924
ATBRECOM Limited	London	100.0	100.0	€	758
BRE Bank Hipoteczny SA	Warsaw	100.0	100.0	Zl	165,395
TOMO Vermögensverwaltungs-gesellschaft mbH	Frankfurt am Main	100.0	100.0	€	22,778
Zweite Umbra Vermögensverwaltungs-gesellschaft mbH	Frankfurt am Main	100.0	100.0	€	51
CB Building Kirchberg GmbH*)	Düsseldorf	100.0	6.0	€	–647
Commerz (East Asia) Ltd.	Hong Kong	100.0		€	45,245
Commerz Asset Management (UK) plc	London	100.0		£	180,495
Jupiter International Group plc (sub-group)	London	100.0	100.0	£	190,613
Jupiter Asset Management Limited	London	100.0	100.0		
Jupiter Unit Trust Managers Limited	London	100.0	100.0		
Tyndall Holdings Limited	London	100.0	100.0		
Jupiter Administration Services Limited	London	100.0	100.0		
Tyndall Investments Limited	London	100.0	100.0		
Tyndall International Holdings Limited	Bermuda	100.0	100.0		
Jupiter Asset Management (Asia) Limited	Hong Kong	100.0	100.0		
Jupiter Asset Management (Bermuda) Limited	Bermuda	100.0	100.0		
Jupiter Asset Managers (Jersey) Limited	Jersey	100.0	100.0		
Tyndall Trust International I.O.M. Limited	Isle of Man	100.0	100.0		
Real Estate Holdings Limited**)	Bermuda	100.0	100.0		
Lanesborough Limited	Bermuda	55.7	55.7		
NALF Holdings Limited	Bermuda	100.0	100.0		
The New Asian Property Fund Limited	Bermuda	99.4	99.4		
Commerz Asset Management Holding GmbH	Frankfurt am Main	100.0		€	415,000
COMINVEST Asset Management GmbH	Frankfurt am Main	100.0	100.0	€	47,001
COMINVEST Asset Management Ltd.	Dublin	100.0	100.0	€	3,827
COMINVEST Asset Management S.A.	Luxembourg	100.0	100.0	€	73,205
Commerz Asset Management Asia Pacific Pte Ltd.	Singapore	100.0	100.0	S$	22,733
Commerz Advisory Management Co. Ltd.	British Virgin Islands	100.0	100.0	TWD	615,730
Commerzbank Asset Management Asia Ltd.	Singapore	100.0	100.0	S$	43,658
Commerz International Capital Management (Japan) Ltd.	Tokyo	100.0	100.0	¥	567,434
European Bank for Fund Services GmbH (ebase)	Haar near Munich	100.0	100.0	€	22,231
CBG Commerz Beteiligungsgesellschaft Holding mbH	Bad Homburg v.d.H.	100.0		€	6,137
CBG Commerz Beteiligungsgesellschaft mbH	Frankfurt am Main	100.0	100.0	€	13,318
CBG Commerz Beteiligungskapital GmbH*)	Frankfurt am Main	100.0	100.0	€	1,138
Commerz Business Consulting AG	Frankfurt am Main	100.0		€	2,375
Commerz Equity Investments Ltd.	London	100.0		£	1,120

Affiliated companies included in the consolidation

Name	Seat	Share of capital held in %	of which: indirectly in %		Equity in 1,000
Commerz Grundbesitzgesellschaft mbH	Wiesbaden	100.0		€	138,344
Commerz Grundbesitz-Investmentgesellschaft mbH	Wiesbaden	75.0	75.0	€	34,705
Commerz Grundbesitz-Spezialfondsgesellschaft mbH	Wiesbaden	100.0	100.0	€	7,486
Commerz Securities (Japan) Company Ltd. i.L.	Hong Kong/Tokyo	100.0		¥	5,281,265
Commerz Service Gesellschaft für Kundenbetreuung mbH	Quickborn	100.0		€	26
Commerzbank (Eurasija) SAO	Moscow	100.0		Rbl	4,385,634
Commerzbank (Nederland) N.V.	Amsterdam	100.0		€	180,153
Commerzbank (South East Asia) Ltd.	Singapore	100.0		€	56,372
Commerzbank Auslandsbanken Holding AG	Frankfurt am Main	100.0		€	2,505,125
BRE Bank SA (sub-group)	Warsaw	71.5	71.5	Zl	2,108,470
BRE Finance France SA*)	Levallois Perret	100.0	100.0		
BRE Leasing Sp. z o.o.	Warsaw	100.0	100.0		
Dom Inwestycyjny BRE Banku SA*)	Warsaw	100.0	100.0		
Intermarket Bank AG	Vienna	56.2	56.2		
Magyar Factor Rt.*)	Budapest	100.0	100.0		
Polfactor SA*)	Warsaw	100.0	100.0		
PTE Skarbiec – Emerytura SA	Warsaw	100.0	100.0		
Skarbiec Asset Management Holding SA (sub-group)	Warsaw	100.0	100.0		
BRE Agent Transferowy Sp. z o.o.*)	Warsaw	100.0	100.0		
SKARBIEC Towarzystwo Funduszy Inwestycyjnych S.A.*)	Warsaw	100.0	100.0		
SKARBIEC Investment Management SA*)	Warsaw	100.0	100.0		
SKARBIEC Serwis Finansowy Sp. z o.o.*)	Warsaw	100.0	100.0		
Transfinance a.s.	Prague	100.0	100.0		
Caisse Centrale de Réescompte, S.A.	Paris	99.4	99.4	€	172,879
CCR Actions	Paris	92.6	92.6	€	6,342
CCR Chevrillon-Philippe	Paris	87.0	87.0	€	4,141
CCR Gestion	Paris	100.0	100.0	€	7,898
Commerzbank (Switzerland) Ltd	Zurich	100.0	100.0	Sfr.	203,441
Commerzbank International S.A.	Luxembourg	100.0	100.0	€	754,739
Max Lease S.a.r.l. & Cie. Secs*)	Luxembourg	100.0	100.0	€	154
Commerzbank Belgium S.A./N.V.	Brussels	100.0		€	8,238
Commerzbank Capital Markets Corporation	New York	100.0		US$	181,129
Commerzbank Europe (Ireland)	Dublin	61.0	41.0	€	532,325
Commerzbank Europe Finance (Ireland) plc	Dublin	100.0	100.0	€	49
Commerzbank Immobilien- und Vermögens-verwaltungsgesellschaft mbH	Frankfurt am Main	100.0		€	10,030
Commerzbank Inlandsbanken Holding AG	Frankfurt am Main	100.0		€	3,843,258
comdirect bank Aktiengesellschaft	Quickborn	79.9	79.9	€	578,145
comdirect private finance AG	Quickborn	100.0	100.0		
Commerzbank Overseas Finance N.V.	Curaçao	100.0		€	1,050
Commerzbank Rt.***)	Budapest	100.0		Ft.	17,846,930
Commerzbank U.S. Finance, Inc.*)	Wilmington/Delaware	100.0		US$	783

Affiliated companies included in the consolidation

Name	Seat	Share of capital held in %	of which: indirectly in %		Equity in 1,000
CommerzLeasing und Immobilien AG	Düsseldorf	100.0	94.5	€	86,823
ALMURUS Grundstücks-Vermietungsgesellschaft mbH*)	Düsseldorf	100.0	100.0	€	9,004
ASTRIFA Mobilien-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0	€	25
CFB Commerz Fonds Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0	€	26
CFB Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0	€	26
COBA Vermögensverwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0	€	26
CommerzImmobilien GmbH	Düsseldorf	100.0	100.0	€	12,936
CommerzBaucontract GmbH	Düsseldorf	100.0	100.0	€	52
CommerzBaumanagement GmbH	Düsseldorf	100.0	100.0	€	52
CommerzBaumanagement GmbH und CommerzImmobilienGmbH GbR – Neubau Molegra	Düsseldorf	100.0	100.0	€	414
CommerzLeasing Mobilien GmbH	Düsseldorf	100.0	100.0	€	8,349
CommerzLeasing Auto GmbH	Düsseldorf	100.0	100.0	€	281
CommerzLeasing Mietkauf GmbH	Düsseldorf	100.0	100.0	€	26
Hansa Automobil Leasing GmbH	Hamburg	100.0	100.0	€	7,488
ComSystems GmbH	Düsseldorf	98.0	98.0	€	–2,317
FABA Vermietungsgesellschaft mbH	Düsseldorf	95.0	95.0	€	–567
NESTOR GVG mbH & Co. Objekt ITTAE Frankfurt KG	Düsseldorf	100.0	95.0	€	–2,933
NORA GVG mbH & Co. Objekt Lampertheim KG*)	Düsseldorf	95.0	95.0	€	–765
NORA GVG mbH & Co. Objekte Plön und Preetz KG*)	Düsseldorf	90.0	90.0	€	–850
NOVELLA GVG mbH	Düsseldorf	100.0	100.0	€	8,960
SECUNDO GVG mbH	Düsseldorf	100.0	100.0	€	3,144
CORECD Commerz Real Estate Consulting and Development GmbH	Berlin	100.0		€	1,000
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg	75.0		€	69,962
Gracechurch TL Ltd.	London	100.0		€	772
Hibernia Eta Beteiligungsgesellschaft mbH*)	Frankfurt am Main	85.0		€	51,172
Hibernia Gamma Beteiligungsgesellschaft mbH*)	Frankfurt am Main	100.0		€	169,030
Hypothekenbank in Essen AG	Essen	51.0		€	801,651
TIGNATO Beteiligungsgesellschaft mbH & Co. KölnTurm MediaPark KG*)	Düsseldorf	100.0	100.0	€	1,617
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Jupiter KG	Düsseldorf	100.0		€	17,400
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Luna KG	Düsseldorf	100.0		€	2,582
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Neptun KG	Düsseldorf	100.0		€	9,319
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Pluto KG	Düsseldorf	100.0		€	16,551
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Uranus KG	Düsseldorf	100.0		€	26,578
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Venus KG	Düsseldorf	100.0		€	13,675
P.T. Bank Finconesia	Jakarta	51.0		Rp.	212,649,238
Service-Center Inkasso GmbH Düsseldorf	Düsseldorf	100.0		€	128
Stampen S.A.	Brussels	99.4		€	11,248

*) first consolidated in 2005; **) renamed: "Tyndall International Group Limited" has been transformed into "Real Estate Holdings Limited"; ***) renamed Commerzbank Zrt. as from January 2, 2006

Associated companies included in the consolidation at equity

Name	Seat	Share of capital held in &	of which: indirectly in %		Equity in 1,000
Alon Technology Ventures Limited	British Virgin Islands	40.1	40.1	€	9,857
Capital Investment Trust Corporation	Taipei/Taiwan	24.0	4.8	TWD	1,520,838
Commerz Unternehmensbeteiligungs-Aktiengesellschaft	Frankfurt am Main	40.0		€	116,761
COMUNITHY Immobilien AG	Düsseldorf	49.9	49.9	€	–8,780
Deutsche Schiffsbank Aktiengesellschaft	Bremen/Hamburg	40.0	40.0	€	413,905
Eurohypo Aktiengesellschaft	Eschborn	48.9	48.9	€	5,592,292
ILV Immobilien-Leasing Verwaltungs-gesellschaft Düsseldorf mbH	Düsseldorf	50.0	47.0	€	29,983
Prospect Poland UK, L.P.	St. Helier/Jersey	39.5	1.6	US$	1,423
Reederei MS „E.R. INDIA" Beteiligungsgesellschaft mbH & Co.KG*)	Hamburg	26.1	26.1	€	15,557
Tele-Tech Investment Sp. z o.o.*)	Warsaw	24.0	24.0	Zl	994

*) first included in 2005

Special-purpose entities and non-publicly-offered funds included in the consolidation pursuant to IAS 27 and SIC-12

Name	Seat/ seat of management company	Share of capital held or share of investor in fund in %		Equity or fund's assets in 1,000
Special-purpose entities				
Al Shorouq 1 Limited*)	St. Helier/Jersey	0.0	£	1
CB MezzCAP Limited Partnership*)	St. Helier/Jersey	0.0	€	0
Comas Strategy Fund Limited*)	Grand Cayman	0.0	US$	0
Four Winds Funding Corporation	Wilmington/Delaware	0.0	US$	326
Hanging Gardens 1 Limited	Grand Cayman	0.0	€	7
Kaiserplatz Gesellschaften		0.0	€	4,054
Kaiserplatz Holdings Incorporated*)	Wilmington/Delaware			
Kaiserplatz Funding (Delaware) LLC*)	Wilmington/Delaware			
Kaiserplatz Holdings Limited*)	St. Helier/Jersey			
Kaiserplatz Funding Limited*)	St. Helier/Jersey			
Kaiserplatz Sub-Holdings Limited*)	St. Helier/Jersey			
Kaiserplatz Purchaser No. 2 Limited*)	St. Helier/Jersey			
Kaiserplatz Purchaser No. 3 Limited*)	St. Helier/Jersey			
Kaiserplatz Purchaser No. 4 Limited*)	St. Helier/Jersey			
Kaiserplatz Purchaser No. 5 Limited*)	St. Helier/Jersey			
Kaiserplatz Purchaser No. 6 Limited*)	St. Helier/Jersey			
Kaiserplatz Purchaser No. 9 Limited*)	St. Helier/Jersey			
Kaiserplatz Purchaser No. 10 Limited*)	St. Helier/Jersey			
Kaiserplatz Purchaser No. 11 Limited*)	St. Helier/Jersey			
Kaiserplatz Purchaser No. 13 Limited*)	St. Helier/Jersey			

*) first consolidated in 2005

Special-purpose entities and non-publicly-offered funds included in the consolidation pursuant to IAS 27 and SIC-12

Name	Seat/ seat of management company	Share of capital held or share of investor in fund in %		Equity or fund's assets in 1,000
MidCABS Limited*)	St. Helier/Jersey			
Premium Receivables Intermediate Securisation Entity Funding Limited*)	London			
Mainz Holdings Limited*)	St. Helier/Jersey			
Sword Funding No. 1 Limited*)	St. Helier/Jersey			
KREATIV 1 Limited*)	St. Helier/Jersey	0.0	€	0
Plymouth Capital Limited	St. Helier/Jersey	0.0	€	45
Portland Capital Limited*)	St. Helier/Jersey	0.0	£	10
Ryder Square Limited*)	St. Helier/Jersey	0.0	£	1
Shannon Capital plc*)	Dublin	0.0	€	0
Non-publicly-offered funds				
Activest Grugafonds	Munich	100.0	€	106,463
CDBS-Cofonds	Frankfurt am Main	100.0	€	106,703
CDBS-Cofonds II	Frankfurt am Main	100.0	€	99,988
CDBS-Cofonds III*)	Frankfurt am Main	100.0	€	102,038
CDBS-Cofonds IV*)	Frankfurt am Main	100.0	€	89,905
OP-Fonds CDBS V*)	Frankfurt am Main	100.0	€	90,363
CICO-Fonds I	Frankfurt am Main	100.0	€	186,880
CICO-Fonds II	Frankfurt am Main	100.0	€	250,521
Commerzbank Alternative Strategies-Global Hedge	Luxembourg	100.0	€	59,278
DBI-Fonds HIE 1	Frankfurt am Main	100.0	€	116,588
DBI-Fonds HIE 2*)	Frankfurt am Main	100.0	€	109,915
DBI-Fonds HIE 3*)	Frankfurt am Main	100.0	€	109,851
DEGEF-Fonds HIE 1	Frankfurt am Main	100.0	€	116,407
DEGEF-Fonds HIE 2*)	Frankfurt am Main	100.0	€	100,000
DEVIF-Fonds Nr. 533	Frankfurt am Main	100.0	€	110,267
DEVIF-Fonds Nr. 606*)	Frankfurt am Main	100.0	€	109,000
HIE-Cofonds I	Frankfurt am Main	100.0	€	115,993
HIE-Cofonds II	Frankfurt am Main	100.0	€	118,482
HIE-Cofonds III-N*)	Frankfurt am Main	100.0	€	111,376
HIE-Cofonds IV-N*)	Frankfurt am Main	100.0	€	111,380
HIE-Cofonds V-N*)	Frankfurt am Main	100.0	€	111,396

*) first consolidated in 2005

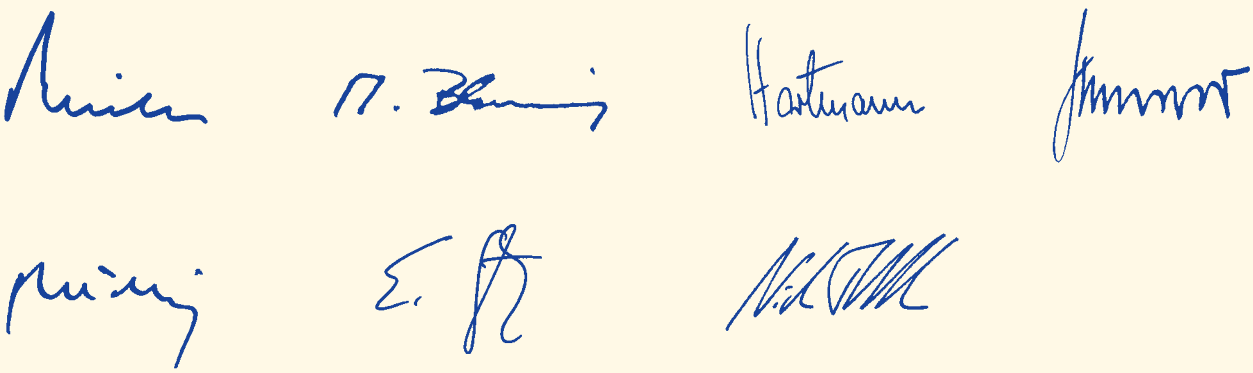
Other major companies not included in the consolidation

Name	Seat	Share of capital held in %	of which: indirectly in %		Equity in 1,000
ALNO Aktiengesellschaft	Pfullendorf	20.6		€	31,068

Currency translation rates
(in units for €1)

Ft.	252.87000	Sfr.	1.55510
¥	138.90000	S$	1.96280
£	0.68530	TWD	38.86000
Rbl	33.92000	US$	1.17970
Rp.	11,596.45000	Zl	3.86000

Frankfurt am Main, March 7, 2006
The Board of Managing Directors



group auditors' report

We have audited the consolidated financial statements prepared by Commerzbank Aktiengesellschaft, Frankfurt am Main, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2005. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB (”Handelsgesetzbuch”: German Commercial Code) are the responsibility of the Parent Company’s Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company’s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, March 8, 2006

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Rausch	Steinrück
(Wirtschaftsprüfer)	(Wirtschaftsprüfer)
(German public auditor)	(German public auditor)