



Martin Kohlhaussen

report of the supervisory board

Dear shareholders,

During the past business year, we regularly advised the Board of Managing Directors in its conduct of the Bank's affairs and supervised the way in which Commerzbank was managed. The Board of Managing Directors reported to us regularly, promptly and extensively, in both written and verbal form, on all the main developments at the Bank. We received regular information on the company's business position and the economic situation of its individual business lines, on its corporate planning and on the strategic orientation of the Bank, and we advised the Board of Managing Directors on these topics. Between meetings, I was constantly informed by the Chairman of the Board of Managing Directors about current business progress and major business events within both the Bank and the Group. We were involved in decisions of major importance for the Bank, giving our approval wherever required after extensive consultation and examination of the matter.

Meetings of the Supervisory Board

All told, five ordinary and two extraordinary meetings of the Supervisory Board took place in the past financial year. No member attended fewer than half of the meetings.

In the past business year, the main topic of discussion was the further improvement of the Commerzbank Group's earnings performance. We received regular, comprehensive reports on the Bank's current business situation and discussed these in detail with the Board of Managing Directors. Another focus of our activity was the discussion of the strategic options available to the Bank, in particular the acquisition of Eurohypo AG and other possible acquisitions. In addition, the Board of Managing Directors informed us regularly about the reduction of the Bank's non-strategic equity holdings. We subjected each report

of the Board of Managing Directors to critical analysis, in some cases requesting supplementary information, which was always provided immediately and to our satisfaction.

At the meeting on February 15, 2005, our discussion centred on the Bank's new credit-risk strategy, but above all on the presentation of the Corporates & Markets department, newly created in 2004. Drawing upon detailed documents, the Board of Managing Directors described the progress made with restructuring investment banking and the Bank's current positioning in this area. In intensive talks with the Board of Managing Directors, we examined the sustainability of the earnings turnaround at Corporates & Markets and discussed measures to raise profitability further.

At the meeting on March 18, 2005, we examined the annual financial statements and the consolidated financial statements for 2004; we reported on this in detail in the last annual report. The meeting on May 20, 2005, was devoted exclusively to preparing for the following Annual General Meeting of shareholders.

At the meeting on July 6, 2005, the Board of Managing Directors presented current developments in the Private and Business Customers area, outlining the planned measures for further improving results in this area. The Board of Managing Directors also reported to us at this meeting on the current situation in the Bank's mortgage-bank business. In the ensuing discussion, we satisfied ourselves that the expectations and targets that had been presented were plausible and reviewed various options open to the Bank in these segments.

The Supervisory Board was intensively involved in the negotiations to acquire Eurohypo AG and in the related capital increase. During the negotiations, it received detailed reports via conference call on the planned transaction and gave its approval for the acquisition of Eurohypo AG and the capital increase through the relevant committees. After the transaction had been concluded, the Board of Managing Directors reported once again at an extraordinary meeting on November 29, 2005, on details of the acquisition of Eurohypo AG and also the related capital-raising measures. We congratulated the Board of Managing Directors on this move, welcoming the fact that Commerzbank has taken an active role in banking consolidation in Germany.

At an extraordinary meeting of the Supervisory Board on July 15, 2005, we received a report on the special examination by the German Financial Supervisory Authority (BaFin) into the Bank's measures to prevent money laundering. We satisfied ourselves that the Board of Managing Directors are seriously tackling the deficiencies established in the report and at a further meeting received a report supported by detailed documentation on the measures introduced. In addition, we received several reports in written and verbal form on the investigations by the public prosecutor's office into suspected money laundering.

At the meeting on November 3, 2005, discussion mainly focused on budgetary planning for 2006. Here we had the targets for the Bank and the Group presented to us and discussed them with the Board of Managing Directors. Another topic at this meeting was the Bank's corporate governance, especially the evaluation of the Supervisory Board's examination of its efficiency, adjustments due to amendments to the German Corporate Governance Code in June 2005 and the approval of the annual declaration of compliance. Further details on corporate governance at Commerzbank and on the Supervisory Board's examination of its efficiency can be found in this annual report on pages 13 to 19.



At several meetings, we dealt with routine extensions to the contracts of members of Board of Managing Directors and with other matters relating to the Board.

Committees

The Supervisory Board continues to have five committees. Their composition appears on page 200 of this annual report.

The Presiding Committee met five times during the year under review. In addition, after the committee had been informed by telephone and had discussed the issues involved, it adopted three resolutions outside meetings. Its discussions were devoted to preparing the plenary meetings and to studying the topics in greater depth, especially with regard to the business situation, the Bank's strategic orientation, the acquisition of Eurohypo AG, capital-raising measures and matters relating to the Board of Managing Directors. The report on the Bank's internal auditing was also discussed. Other topics were loans to Bank staff and members of its boards, as well as strategic financial equity holdings.

The Audit Committee met altogether five times in 2005. With the auditors attending, it discussed Commerzbank's financial statements and consolidated financial statements, and also the auditors' reports. The Audit Committee requested the statement of independence by the auditors pursuant to section 7.2.1 of the German Corporate Governance Code and commissioned the auditors to conduct the audit. It arranged the main points of the audit with the auditors, also reaching agreement with them on their fee. The Audit Committee also dealt with commissions for the auditors to perform non-audit services and regularly received reports on the current state and individual findings of the audit of the annual financial statements. The auditors were represented at the various meetings and reported on their auditing activities.

In the past business year, the Risk Committee also met five times. In addition, five resolutions were adopted by circulating the documents, each related to the acquisition or disposal of equity holdings. Two of the resolutions adopted by circulating the documents came about after more intensive discussion at an extraordinary meeting, otherwise on the basis of extensive documents. At four ordinary meetings, the Risk Committee studied the Bank's risk situation and risk management intensively, especially market, credit and operational risk. Significant individual commitments for the Bank were discussed in detail with the Board of Managing Directors. Another regular topic was a review of the Bank's policy with regard to equity holdings.

The Social Welfare Committee held one meeting in the year under review, in which it dealt with the Bank's personnel work, company healthcare management, especially health-promoting measures taken by the Bank, the staff survey carried out by Commerzbank in June 2005, and also the "ComWerte" project, which is intended to develop and implement a code of conduct as the basis for fair interpersonal behaviour within the Bank.

The Conciliation Committee, formed pursuant to Art. 27, (3), German Co-determination Act (*Mitbestimmungsgesetz*) did not have to meet in 2005 either.

The committees regularly reported on their work at plenary sessions.

During the Risk Committee's discussion of the acquisition of Eurohypo AG, Mr. Müller-Gebel informed the other members of the committee that he was also a member of the supervisory board of Eurohypo AG and, as a precautionary measure, abstained from voting when the subsequent resolution was adopted. No other conflicts of interest arose during the year under review.

Financial statements and consolidated financial statements

The auditors and Group auditors appointed by the Annual General Meeting, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (formerly: PwC Deutsche Revision Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft), Frankfurt am Main, audited the annual financial statements and the consolidated financial statements of Commerzbank AG and also the management reports of the Parent Bank and the Group, giving them their unqualified certification. The financial statements were prepared according to the rules of the German Commercial Code (HGB) and the consolidated financial statements according to the International Accounting Rules (IAS) and the International Financing Reporting Standards (IFRS). The documents of the financial statements and the auditors' reports, together with the management's proposal for the appropriation of profit, were sent to all members of the Supervisory Board in good time. In addition, the members of the Audit Committee received the complete annexes and notes relating to the auditors' reports; all members of the Supervisory Board had the opportunity to inspect these documents. At today's meeting, the Audit Committee dealt at length with the financial statements. At our plenary meeting today for this purpose, we also examined the documents. The auditors attended both meetings, explaining the main findings of their audit and answering questions. At both meetings, the financial statements were discussed at length with the Board of Managing Directors and the representatives of the auditors.

In view of the final outcome of the examination by the Audit Committee and of our own examination, we raised no objections to the financial and consolidated financial statements and concur with the findings of the auditors. The Supervisory Board has approved the financial statements of the Parent Bank and the Group presented by the Board of Managing Directors, and the financial statements of the Parent Bank may accordingly be regarded as adopted. We concur with the proposal of the Board of Managing Directors regarding the appropriation of profit.

We thank the Board of Managing Directors and also all employees for their great personal commitment and efforts, which made Commerzbank's good result possible in 2005.

For the Supervisory Board

Martin Kohlhaussen
Chairman

Frankfurt am Main, March 28, 2006