PRICING SUPPLEMENT TO
THE BASE OFFERING CIRCULAR DATED SEPTEMBER 12, 2013

COMMERZBANK AKTIENGESELLSCHAFT

U.S.$1,000,000,000 8.125% Subordinated Tier 2 Notes due 2023

Issue Price: 100%

The 8.125% subordinated tier 2 notes (the "**Subordinated Notes**") will be issued in the aggregate principal amount of U.S.$1,000,000,000 and will mature on September 19, 2023 (the "**Maturity Date**"). Subject to any redemption prior to the Maturity Date, as provided for in "*Terms and Conditions of the Subordinated Notes—5. Redemption and Repurchase*", interest on the Subordinated Notes will accrue at a rate of 8.125% per annum from (and including) the date of issuance to (but excluding) the Maturity Date and will be payable semi-annually in arrears on March 19 and September 19 of each year, commencing on March 19, 2014.

The Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of COMMERZBANK Aktiengesellschaft (the "**Issuer**") and rank *pari passu* among themselves and *pari passu* with all other present and future unconditional, unsecured and subordinated obligations of the Issuer that do not, in accordance with their terms or applicable law or regulation, rank junior to the Subordinated Notes.

Subject to applicable law, the Issuer may redeem all of the Subordinated Notes, in whole but not in part, at 100% of their principal amount plus accrued but unpaid interest to the date of redemption upon the occurrence of certain tax or regulatory events. See "*Terms and Conditions of the Subordinated Notes—5. Redemption and Repurchase*". Once CRD IV/CRR (as defined herein) has taken effect in the Federal Republic of Germany, the Issuer will only be permitted to redeem the Subordinated Notes if, when and to the extent, the redemption is not prohibited by CRD IV/CRR.

The Subordinated Notes will not be listed on any securities exchange or quoted on any automated quotation system. There is currently no public market for the Subordinated Notes.

Investing in the Subordinated Notes involves certain risks. See "Risk Factors" on page 5 of this Pricing Supplement and "Risk Factors" on page 11 of the Base Offering Circular.

The Subordinated Notes have not been, and will not be, registered under the Securities Act of 1933, as amended (the "Securities Act"), or the state securities laws of any state of the United States or the securities laws of any other jurisdiction. The Subordinated Notes may not be offered, sold, pledged or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and in compliance with applicable state securities laws. The Subordinated Notes are being offered in reliance on the exemption from registration provided by Rule 144A (the "Rule 144A Notes") under the Securities Act ("Rule 144A") only to qualified institutional buyers ("QIBs"), within the meaning of Rule 144A. In addition, the Subordinated Notes are being offered outside the United States to non-U.S. persons (as such term is defined in Rule 904 under the Securities Act (a "non-U.S. person")) pursuant to Regulation S (the "Regulation S Notes") under the Securities Act ("Regulation S"). Prospective purchasers are hereby notified that the seller of the Subordinated Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act. For a description of certain restrictions on transfers and resales, see *"Notice to Investors"* and *"Notice to Investors Purchasing 144A Notes or Regulation S Notes"* in this Pricing Supplement.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE NOTES, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC") NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THE NOTES OR DETERMINED THAT THIS PRICING SUPPLEMENT OR THE BASE OFFERING CIRCULAR IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NEITHER THIS PRICING SUPPLEMENT NOR THE BASE OFFERING CIRCULAR SHALL CONSTITUTE UNDER ANY CIRCUMSTANCES, OR BE USED FOR THE PURPOSES OF, AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THESE NOTES, BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT AUTHORIZED UNDER THE SECURITIES LAWS OF SUCH JURISDICTION OR TO ANY PERSON TO WHOM IT IS NOT AUTHORIZED UNDER THE SECURITIES LAWS OF SUCH JURISDICTION TO MAKE SUCH OFFER, SOLICITATION OR SALE, AND NO ACTION IS BEING TAKEN TO PERMIT AN OFFERING, SOLICITATION OR SALE OF THE NOTES OR THE DISTRIBUTION OF THIS PRICING SUPPLEMENT OR THE BASE OFFERING CIRCULAR IN ANY JURISDICTION WHERE ANY SUCH ACTION IS REQUIRED.

The Subordinated Notes constitute unconditional liabilities of the Issuer. None of the Subordinated Notes is a bank deposit or deposit instrument, and none is insured by the Federal Deposit Insurance Corporation, any German insurance program or any other governmental agency.

Commerz Markets LLC, the Lead Manager for the Subordinated Notes offered hereby, is a wholly owned subsidiary of the Issuer and an affiliate thereof. As a result of this conflict of interest, the offering is being conducted in accordance with the applicable provisions of Rule 5121 of the Financial Industry Regulatory Authority, Inc. See "*Plan of Distribution—Conflicts of Interest*" in the Base Offering Circular.

The Joint Lead Managers expect to deliver the Subordinated Notes to investors through the facilities of the Depository Trust Company ("**DTC**") and its participants on or about September 19, 2013.

Joint Lead Managers and Joint Bookrunners

Barclays **BofA Merrill Lynch** **Commerz Markets LLC** **Credit Suisse** **J.P. Morgan**

Pricing Supplement dated September 12, 2013

*This Pricing Supplement has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Subordinated Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Subordinated Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Subordinated Notes which are the subject of an offering contemplated in this Pricing Supplement in relation to the offer of those Subordinated Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by a Pricing Supplement which specifies that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or a Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Manager has authorized, nor does it authorize, the making of any offer of Subordinated Notes in circumstances in which an obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer. For the purposes of this provision, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended from time to time, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.*

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Notice to Prospective Investors in the United Kingdom

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). Any Subordinated Notes will only be available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Subordinated Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

ABOUT THIS PRICING SUPPLEMENT

This pricing supplement (including Annex A hereto, the "**Pricing Supplement**") must be read in conjunction with the base offering circular dated September 12, 2013 (the "**Base Offering Circular**"), prepared in connection with the U.S.$10,000,000,000 Medium-Term Note Program of COMMERZBANK Aktiengesellschaft and COMMERZBANK AG, New York Branch (the "**Program**"). All capitalized terms not defined herein shall have the meanings given to them in the Base Offering Circular. The Subordinated Notes will have terms described in the attached Base Offering Circular, as amended by this Pricing Supplement. If the terms described in this Pricing Supplement are different or inconsistent with those described in the Base Offering Circular, the terms described in this Pricing Supplement will govern. You should read this Pricing Supplement together with the Base Offering Circular carefully before you invest.

FINAL TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

The following summary describes the Subordinated Notes in general terms only. You should read the summary together with the more detailed information contained in the Base Offering Circular and the Terms and Conditions of the Subordinated Notes appearing in Annex A to this Pricing Supplement.

Issuer:	COMMERZBANK Aktiengesellschaft
Series Number:	USN1
Aggregate Nominal Amount:	U.S.$1,000,000,000
Offer Price of Series:	100 percent of the Aggregate Nominal Amount
Net Proceeds:	U.S.$993,500,000
Specified Denominations:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof
Issue Date:	September 19, 2013
Maturity Date:	September 19, 2023
Form of Notes:	Registered
Type of Notes:	Fixed-Rate
Expected Ratings of the Subordinated Notes:	BB+ (S&P) / Ba2 (Moody's)
	A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.
Redemption/Payment Basis:	Redemption at maturity
Put/Call Options:	Issuer tax and regulatory calls only (further particulars specified below)
Ranking:	Subordinated
Status	The Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and *pari passu* with all other present and future unsecured, unconditional and subordinated obligations of the Issuer that do not, in accordance with their terms or applicable law or regulation, rank junior to the Subordinated Notes. In the event of the insolvency or liquidation of the Issuer, such obligations will be subordinated to the claims of all unsubordinated creditors of the Issuer so that in any such event no amounts shall be payable under such obligations until the claims of all unsubordinated creditors of the Issuer shall have been satisfied in full.
Regulatory Bail-in	Prior to any insolvency or liquidation of the Issuer, all respective claims, rights and duties under, or arising out of, the Subordinated Notes shall be subject to any Regulatory Bail-in, and no holder or any holder of any beneficial interest shall have any claim against the Issuer in connection with or arising out of any such Regulatory Bail-

	in.
	"**Regulatory Bail-in**" means a subjection of the claims for payment of principal, interest or other amounts under the Subordinated Notes to a delay or a permanent reduction, including to zero, or a cancellation or a conversion of the Subordinated Notes, in whole or in part, into equity of the Issuer, such as ordinary shares, in each case pursuant to German law (including European Union law as applicable in the Federal Republic of Germany).
Event of Default:	The only event of default with respect to the Subordinated Notes is the opening of insolvency proceedings against the Issuer by a German court having jurisdiction over the Issuer. There are no other events of default under the Subordinated Notes. If the Issuer fails to pay the principal amount of any Subordinated Note or fails to pay any interest on the Subordinated Notes when and as the same becomes due and payable, the affected Noteholders will only have the limited remedies described under "*Terms and Conditions of the Subordinated Notes—7. Remedies*" in Annex A to this Pricing Supplement.
Listing:	None
Method of distribution:	Syndicated
PROVISIONS RELATING TO INTEREST PAYABLE	
Interest Basis:	Fixed-Rate
Interest Rate:	8.125 percent per annum payable semi-annually in arrears
Interest Payment Dates:	March 19 and September 19 in each year. The first interest payment shall be due on March 19, 2014.
Coupon Amount:	U.S.$8,125 per U.S.$200,000 nominal amount (payable semi-annually)
Day Count Fraction:	30/360
Business Days:	Frankfurt and New York
Business Day Convention:	Following Business Day Convention, unadjusted

PROVISIONS RELATING TO REDEMPTION

Early Redemption for Taxation Reasons:	The Issuer may redeem all of the Subordinated Notes, in whole but not in part, at its option at any time prior to maturity, at 100% of their principal amount together with accrued but unpaid interest, in the event of certain changes in the tax laws of the Federal Republic of Germany or the United States as described under "*Terms and Conditions of the Subordinated Notes—5. Redemption and Repurchase—Early Redemption for Taxation Reasons*" in Annex A to this Pricing Supplement. Once CRD IV/CRR (as defined below) has taken effect in the Federal Republic of Germany, the Issuer shall only be permitted to redeem the Subordinated Notes if, when and to the extent not prohibited by CRD IV/CRR (as defined below) as then in effect in the Federal Republic of Germany. "**Capital Regulations**" means, at any time, the regulations, requirements, guidelines and policies relating to capital adequacy adopted by bodies of the European Union or the Federal Republic of Germany or any other competent authority then in effect in the Federal Republic of Germany and applicable to the Issuer. "**CRD IV**" means Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, dated June 26, 2013, as amended, supplemented or replaced from time to time. "**CRD IV/CRR**" means, taken together, (i) CRD IV, (ii) CRR, and (iii) any Capital Regulations relating thereto. "**CRR**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, dated June 26, 2013, as amended, supplemented or replaced from time to time.
Early Redemption of the Subordinated Notes due to a Capital Disqualification Event:	The Issuer may redeem all of the Subordinated Notes, in whole but not in part, at its option at any time prior to maturity, at 100% of their principal amount together with accrued but unpaid interest, in the event of certain regulatory changes that result in the Subordinated Notes being fully excluded from the Issuer's Tier 2 Capital (as defined in the Capital Regulations), as described under "*Terms and Conditions of the Subordinated Notes—5. Redemption and Repurchase—Early Redemption of the Subordinated Notes due to Capital Disqualification Event*" in Annex A to this Pricing Supplement. Once CRD IV/CRR has taken effect in the Federal Republic of Germany, the Issuer shall only be permitted to redeem the Subordinated Notes if, when and to the extent not prohibited by CRD IV/CRR as then in effect in the Federal Republic of Germany.
Noteholder Put Option	None
Final Redemption Amount	Par
Early Redemption Amount	Par

GENERAL PROVISIONS APPLICABLE TO THE SUBORDINATED NOTES

Form of Notes:	Registered Notes: Global
Registered Holder (Registered Notes):	CEDE & Co.
ERISA Restrictions	See ERISA restrictions as described under "*Notice to Investors Purchasing 144A Notes or Regulation S Notes*" of this Pricing Supplement

Governing Law:	New York law, except for the subordination terms of the Subordinated Notes as described under "*Terms and Conditions of the Subordinated Notes—2. Status of the Subordinated Notes—Subordination*" in Annex A to this Pricing Supplement

DISTRIBUTION

Joint Lead Managers and Joint Bookrunners:	Barclays Capital Inc., Commerz Markets LLC, Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated
	Subject to certain conditions, each Joint Lead Manager has severally agreed to purchase the respective principal amounts of the Subordinated Notes indicated opposite such Joint Lead Manager's name below:

Barclays Capital Inc.	U.S.$200,000,000
Commerz Markets LLC	U.S.$200,000,000
Credit Suisse Securities (USA) LLC	U.S.$200,000,000
J.P. Morgan Securities LLC	U.S.$200,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	U.S.$200,000,000

Stabilizing Manager:	Merrill Lynch, Pierce, Fenner & Smith Incorporated
Additional selling restrictions:	See selling restrictions described under "*Selling Restrictions*" of this Pricing Supplement

OPERATIONAL INFORMATION

Delivery:	Delivery against payment
Fiscal and Paying Agent:	Deutsche Bank Trust Company Americas
	The fiscal and paying agency agreement dated June 7, 2011, among the Issuer, COMMERZBANK AG, New York Branch and the Fiscal and Paying Agent contains provisions for the indemnification of the Fiscal and Paying Agent and any additional paying agent, and for relief from responsibility in certain circumstances and entitles any of them to enter into business transactions with the Issuer and any of its affiliates without being liable to account to the Noteholders for any resulting profit.
Additional Paying Agent(s) (if any):	None
Clearing System:	DTC; registered in the name of a nominee, for credit to accounts of direct or indirect participants in DTC, including Euroclear Bank SA/NV, as operator of the Euroclear System and Clearstream Banking, *société anonyme*
CUSIP/ISIN/Common Code:	

Regulation S Notes CUSIP:	20259DAA5
Regulation S Notes ISIN:	US20259DAA54
Regulation S Notes Common Code:	097297517
Rule 144A Notes CUSIP:	20259BAA9
Rule 144A Notes ISIN:	US20259BAA98
Rule 144A Notes Common Code:	097297479

RISK FACTORS

The purchase of Subordinated Notes is associated with certain risks. Prospective purchasers should carefully consider the following discussion of risks together with the risk factors in the Base Offering Circular before deciding whether to invest in the Subordinated Notes. However, these risk factors together with the risk factors in the Base Offering Circular do not disclose all possible risks associated with an investment in the Subordinated Notes, and additional risks may arise after the date of the offering.

No investment should be made in the Subordinated Notes until after careful consideration of all those factors that are relevant in relation to the Subordinated Notes.

The Subordinated Notes may be written down or converted on the occurrence of a non-viability event or if the Issuer becomes subject to resolution.

The Subordinated Notes are intended to qualify as regulatory banking capital (*haftendes Eigenkapital*) under the German Banking Act. The Subordinated Notes are also intended to qualify as Tier 2 capital under certain anticipated laws governing the supervision of financial institutions (CRD IV/CRR), once they are applicable in the Federal Republic of Germany.

Further anticipated changes to German law (including European law as applicable in Germany) in respect of regulatory banking capital may result in claims for payment of principal, interest or other amounts under the Subordinated Notes being subject to a delay or a permanent reduction, including to zero, or a cancellation or a conversion of the Subordinated Notes, in whole or in part, into equity of the Issuer, such as ordinary shares. Each of these measures is referred to as a "**Regulatory Bail-in**." It is currently anticipated that a Regulatory Bail-in would occur if the Issuer were to become, or were deemed by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* the "**BaFin**") or any other competent authority assuming the relevant supervisory functions performed by the BaFin to have become, "non-viable" (as defined under then-applicable law) and unable to continue its regulated banking activities. However, as the power to exercise a Regulatory Bail-in has not yet been implemented into German law, there is uncertainty regarding the specific factors that would be considered in deciding whether a Regulatory Bail-in would occur and the rights of third parties to challenge any such Regulatory Bail-in.

Although the terms and conditions of the Subordinated Notes do not contain a provision which requires them to be written down (upon the Issuer's becoming non-viable or otherwise), they do contain a provision pursuant to which all claims, rights and duties under, or arising out of, the Subordinated Notes are subject to any Regulatory Bail-in. Accordingly, if the regulatory powers which may result from any future change to applicable supervisory law results in a Regulatory Bail-in, holders of Subordinated Notes would have no claim against the Issuer in such a situation and could lose all or part of their investment in the Subordinated Notes. The extent to which the principal amount of the Subordinated Notes may be subject to a Regulatory Bail-in may depend on a number of factors that may be outside of the Issuer's control, and it will be difficult to predict when, if at all, a Regulatory Bail-in will occur. Accordingly, trading behavior in respect of the Subordinated Notes may not follow the trading behavior associated with other types of securities. Noteholders should consider the risk that they may lose all of their investment, including the principal amount plus any accrued but unpaid interest, if a Regulatory Bail-in occurs.

The Subordinated Notes may be redeemed if certain adverse tax or regulatory disqualification events occur.

The Issuer may redeem all of the Subordinated Notes, in whole but not in part, at its option at 100% of their principal amount plus accrued but unpaid interest (i) at any time prior to maturity upon the occurrence of certain tax events or (ii) at any time prior to maturity upon the occurrence of certain regulatory events. If the Issuer redeems the Subordinated Notes, you may not be able to reinvest the amounts you receive upon redemption at a rate that will provide the same rate of return as did the investment in the Subordinated Notes.

The Subordinated Notes contain limited events of default.

As described under "*Terms and Conditions of the Subordinated Notes—7. Remedies—Event of Default*" in Annex A to this Pricing Supplement, the Subordinated Notes provide for a right of acceleration only in the event that insolvency proceedings are opened against the Issuer by a German court having jurisdiction over the Issuer. There are no other events of default under the Subordinated Notes.

If the Issuer fails to pay the principal amount of any Subordinated Note or fails to pay any interest on the Subordinated Notes when and as the same shall become due and payable, the affected Noteholders will only have the limited remedies described under "*Terms and Conditions of the Subordinated Notes—7. Remedies—Right to Institute Suit in Certain Circumstances*" in Annex A to this Pricing Supplement.

USE OF PROCEEDS

The Issuer expects to use the net proceeds from the sale of the Subordinated Notes offered hereunder for general banking purposes of the Issuer together with its consolidated subsidiaries.

UNITED STATES FEDERAL INCOME TAXATION

The following is a discussion of the material U.S. federal income tax consequences of ownership and disposition of the Subordinated Notes. It applies only to Noteholders that hold the Subordinated Notes as capital assets. It does not address all aspects of U.S. federal income taxation that may be relevant to a Noteholder in light of that Noteholder's particular circumstances, including alternative minimum tax and "Medicare contribution tax" consequences, and different consequences that may apply if a Noteholder is an investor subject to special rules, such as a financial institution, a regulated investment company, a tax-exempt entity (including an "individual retirement account" or a "Roth IRA"), a dealer in securities, a trader in securities who elects to apply a mark-to-market method of tax accounting, an entity classified as a partnership for U.S. federal income tax purposes or a partner therein, or a person holding a note as a part of a "straddle" or other hedging transaction.

This discussion is based on the Internal Revenue Code of 1986, as amended to the date hereof (the "**Code**"), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date of this prospectus supplement, changes to any of which subsequent to the date hereof may affect the tax consequences described below, possibly with retroactive effect. It does not address the application of any state, local or foreign tax laws. **Noteholders should consult their tax advisers concerning the application of U.S. federal income tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local or foreign jurisdictions.**

A "U.S. holder" is a beneficial owner of a Subordinated Note that is an individual citizen or resident of the United States, a domestic corporation, or any other person that is subject to U.S. federal income tax on a net income basis in respect of an investment in the Subordinated Notes. A "non-U.S. holder" is a Noteholder that is not a U.S. holder.

Tax Consequences to U.S. Holders

U.S. Tax Characterization of the Subordinated Notes

The determination of whether an obligation represents a debt or equity interest is based on all the relevant facts and circumstances at the time the obligation is issued. There is no authority directly addressing the U.S. federal income tax treatment of securities such as the Subordinated Notes that are denominated as subordinated notes but could be subject to German or European Union laws implementing a bank regulatory recovery and resolution regime that would provide for the reduction, including to zero, of any claims for payment of principal, interest or other amounts under the Subordinated Notes, or the conversion of the Subordinated Notes to equity interests, as described in "*Terms and Conditions of the Subordinated Notes—2. Status of the Subordinated Notes; Regulatory Bail-in*". No such German or European Union law has been enacted as of the date of this prospectus supplement. Accordingly, based on current law, the Issuer intends to treat the Subordinated Notes as debt for U.S. federal income tax purposes. If a German or European Union law of the type described above were to be enacted while the Subordinated Notes are outstanding, it is possible that the Subordinated Notes would more properly be characterized as equity for U.S. federal income tax purposes, depending on the terms of the German or European Union law. In this case, a U.S. holder would be treated as exchanging a debt instrument for an equity instrument in a tax-free recapitalization, and would not recognize gain or loss for U.S. federal income tax purposes. U.S. holders should consult their own tax advisors regarding the characterization of the Subordinated Notes and the U.S. federal income tax consequences of such characterization, in particular the potential application of the rules regarding "qualified dividends" in the event the Subordinated Notes are characterized as equity. In any event, the characterization of the Subordinated Notes as debt or equity should not affect the U.S. federal income tax consequences described below, except to the extent specifically noted otherwise.

Payments of Interest

Amounts that are denominated as interest paid on a Subordinated Note (including any Additional Amounts) ("**Coupon Payments**") generally will be taxable to a U.S. holder as ordinary income at the time they accrue or are received, in accordance with the U.S. holder's method of accounting for U.S. federal income tax purposes. It is expected that the Subordinated Notes will not be considered to be issued with original issue discount for U.S. federal income tax purposes in excess of a *de minimis* amount, and this disclosure assumes as much. In general, however, if the Subordinated Notes are characterized as debt for U.S. federal income tax purposes and are issued with OID in excess of a *de minimis* amount, a U.S. holder will be required to include any such OID in income for U.S. federal income tax purposes as it accrues, before the receipt of cash payments attributable to this income.

Taxable Disposition of a Subordinated Note

Upon the taxable disposition of a Subordinated Note (including early redemption or settlement at maturity), a U.S. holder will recognize U.S.-source taxable gain or loss equal to the difference between the amount realized and such holder's basis in the Subordinated Note. For this purpose, the amount realized generally does not include any amount attributable to accrued interest, which generally will be treated as a payment of interest. A U.S. holder's basis in a Subordinated Note will generally equal such holder's initial investment in that Subordinated Note. In general, gain or loss realized upon the taxable disposition of a Subordinated Note will be capital gain or loss and will be long-term capital gain or loss if a U.S. holder has held the Subordinated Note for more than one year. The deductibility of capital losses is subject to limitations.

Tax Consequences to U.S. Holders and Non-U.S. Holders

Foreign Account Tax Compliance Act ("FATCA")

As discussed in more detail below, as a result of FATCA and related intergovernmental agreements ("**IGAs**"), Noteholders may be required to provide information and tax documentation regarding their tax identities as well as that of their direct and indirect owners. It is also possible that payments on the Subordinated Notes may in the future be subject to a withholding tax of 30% as a result of FATCA. The Issuer will not pay Additional Amounts on account of any withholding tax imposed by FATCA.

Germany has entered into an IGA (the "**U.S. – German IGA**") with the United States relating to FATCA. Pursuant to the U.S. – German IGA, the Issuer may be required to comply with certain reporting requirements. Investors in the Subordinated Notes may therefore be required to provide information and tax documentation regarding their identities as well as that of their direct and indirect owners to the Issuer and other non-U.S. financial institutions through which payments on the Subordinated Notes are made, and this information may be reported to the German or other tax authorities. The Issuer intends to comply with any applicable reporting requirements pursuant to the U.S. – German IGA. Accordingly, assuming the Subordinated Notes are treated as debt for U.S. federal income tax purposes and are not materially modified after issuance, payments on the Subordinated Notes will not be subject to FATCA withholding.

If the Subordinated Notes are characterized as equity for U.S. federal income tax purposes or are materially modified after issuance, future guidance under FATCA or the U.S. – German IGA may subject payments on the Subordinated Notes (including Coupon Payments as well as the proceeds of taxable dispositions of the Subordinated Notes) to a withholding tax of 30% unless (i) each foreign financial intermediary through which a Subordinated Note is held enters into an information reporting agreement with the IRS or, if applicable, complies with the terms of a relevant IGA and (ii) the direct and indirect holders of the Subordinated Note supply the Issuer and each foreign financial intermediary through which such Subordinated Note is held with information necessary to comply with such information reporting agreement or applicable IGA. This withholding tax will not apply to payments made and proceeds received before January 1, 2017, and the timing and mechanics of its application after that date are uncertain at this time. As noted above, the Issuer will not pay Additional Amounts on account of any withholding tax imposed by FATCA.

FATCA is particularly complex and its application to the Issuer, the Subordinated Notes, and the Noteholders is uncertain at this time. Noteholders are encouraged to consult with their own tax advisors regarding the possible implications of FATCA for this investment.

Information Reporting and Backup Withholding

Payments in respect of the Subordinated Notes may be subject to information reporting. These amounts may also be subject to backup withholding at the rate specified in the Code unless a Noteholder provides certain identifying information (such as a correct taxpayer identification number, if the Noteholder is a U.S. holder) and otherwise satisfies the requirements of the backup withholding rules. If a Noteholder is a non-U.S. holder and provides a properly completed Form W-8 appropriate to such holder's circumstances, such holder will generally establish an exemption from backup withholding. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against a Noteholder's U.S. federal income tax liability, provided the required information is furnished to the IRS.

The U.S. federal income tax discussion set forth above does not address all aspects of U.S. federal income taxation that may be relevant to Noteholders in light of their particular circumstances. Noteholders should consult their tax advisers regarding the application of U.S. federal tax laws in their particular circumstances, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

NOTICE TO INVESTORS PURCHASING 144A NOTES OR REGULATION S NOTES

Because of the following restrictions on 144A Notes and Regulation S Notes, purchasers of Rule 144A Notes and the Regulation S Notes are advised to read this Pricing Supplement carefully and consult legal counsel prior to making any offer, resale, pledge or other transfer of any 144A Notes or Regulation S Notes.

The 144A Notes and the Regulation S Notes have not been, and will not be, registered under the Securities Act or the state securities laws of any state of the United States or the securities laws of any other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the 144A Notes are being offered and sold in the United States only to QIBs in compliance with Rule 144A and the Regulation S Notes are being offered and sold outside the United States only to non-U.S. persons in "offshore transactions" in compliance with Regulation S. The terms "United States", "non-U.S. person" and "offshore transaction" used in this section have the meanings given to them under Regulation S.

Each holder and beneficial owner of 144A Notes and Regulation S Notes acquired in connection with their initial distribution and each transferee of 144A Notes from any such holder or beneficial owner will be deemed to have represented and agreed with the Issuer as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S are used herein as defined therein):

(1) It is purchasing the 144A Notes or Regulation S Notes, as the case may be, for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is: (a) a QIB and is aware that the sale to it is being made in reliance on Rule 144A or (b) a non-U.S. person making the purchase in compliance with Regulation S.

(2) It understands and acknowledges that the 144A Notes and the Regulation S Notes have not been, and will not be, registered under the Securities Act or with any state securities regulatory authority and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.

(3) In the case of a purchaser of 144A Notes, it shall not reoffer, resell, pledge or otherwise transfer any of the 144A Notes, unless such reoffer, resale, pledge or transfer is made (a) to the Issuer of such 144A Notes, (b) inside the United States to a QIB in compliance with Rule 144A, or (c) outside the United States in offshore transactions in compliance with Regulation S.

(4) In the case of a purchaser of Regulation S Notes, it acknowledges that until 40 days after the closing of the offering of the Regulation S Notes, any offer or sale of Regulation S Notes within the United States by a broker/dealer (whether or not participating in the offering) not made in compliance with Rule 144A may violate the registration requirements of the Securities Act.

(5) It will, and each subsequent holder or beneficial owner is required to, notify any subsequent purchaser of 144A Notes or Regulation S Notes from it of the restrictions on transfer of such Subordinated Notes.

(6) It acknowledges that neither the Issuer nor the Fiscal and Paying Agent (as defined herein) will be required to accept for registration of transfer any 144A Notes or Regulation S Notes acquired by it, except upon presentation of evidence satisfactory to the Issuer and the Fiscal and Paying Agent that the restrictions on transfer set forth herein have been complied with.

(7) Notwithstanding any duty of confidentiality that would otherwise apply, such purchaser authorizes each of Euroclear, CBL and each of their respective participants to disclose to the Issuer and the U.S. Internal Revenue Service, upon request, all information in their possession relating to the identity of, positions held and payments received by, participants and holders of interests in Subordinated Notes issued by the Issuer.

(8) It acknowledges that the Issuer, the Managers and others will rely upon the truth and accuracy of the foregoing representations and agreements and agrees that if any of the representations or agreements deemed to have been made by its purchase of the 144A Notes or Regulation S Notes are no longer accurate, it shall promptly notify the Issuer and the Managers. If it is acquiring the 144A Notes or Regulation S Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations and agreements on behalf of each such account.

(9) It acknowledges that the foregoing restrictions apply to holders of beneficial interests in the 144A Notes and Regulation S Notes as well as to registered Noteholders of such Subordinated Notes.

(10) On each day from the date on which it acquires the 144A Notes or Regulation S Notes through and including the date on which it disposes of its interests in such Subordinated Notes, either that (a) it is not an “employee benefit plan” as defined in section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), subject to Title I of ERISA, a “plan” as defined in section 4975 of the Internal Revenue Code of 1986, as amended (the “**Code**”), to which section 4975 of the Code applies (including individual retirement accounts), an entity whose underlying assets include the assets of any such plan, or a governmental, church or non-U.S. plan which is subject to any non-U.S., federal, state or local law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Code or (b) its purchase, holding and disposition of such Subordinated Note, will not result in a prohibited transaction under section 406 of ERISA or section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, any substantially similar non-U.S., federal, state or local law) unless an exemption is available with respect to such transactions and all the conditions of such exemption have been satisfied.

The certificates representing the 144A Notes and the Regulation S Notes will bear a legend to the following effect, unless the Issuer determines otherwise in compliance with applicable law:

THE NOTES EVIDENCED HEREBY (THE “NOTES”) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES EVIDENCED HEREBY OR ANY BENEFICIAL INTEREST THEREIN, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES EVIDENCED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) WITHIN THE UNITED STATES PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO ANY OTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) TO THE ISSUER OR ITS AFFILIATES.

THE ACQUISITION OF THE NOTES BY, OR ON BEHALF OF, OR WITH THE ASSETS OF ANY “EMPLOYEE BENEFIT PLAN” SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), OR ANY “PLAN” TO WHICH SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”) APPLIES, OR ANY ENTITY PART OR ALL OF THE ASSETS OF WHICH CONSTITUTE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN BY REASON OF DEPARTMENT OF LABOR REGULATION SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) OR OTHERWISE, OR ANY GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO NON-U.S., FEDERAL, STATE OR LOCAL LAW SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA OR SECTION 4975 OF THE CODE IS PROHIBITED UNLESS SUCH PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF THE NOTES WOULD NOT RESULT IN ANY NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR UNDER SECTION 4975 OF THE CODE (OR IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY SUBSTANTIALLY SIMILAR NON-U.S., FEDERAL, STATE OR LOCAL LAW).

SELLING RESTRICTIONS

United States of America

Each Manager may be deemed to be an “underwriter” within the meaning of the Securities Act, and any discounts and commissions received by it and any profit realized by it on resale of the Subordinated Notes may be deemed to be underwriting discounts and commissions.

Each Manager will offer or sell the 144A Notes only within the United States to persons it reasonably believes to be “qualified institutional buyers” (within the meaning of Rule 144A) in reliance on Rule 144A.

Each Manager has agreed that, except as permitted by the Distribution Agreement and set forth in the “Notice to Investors”, it will not offer or sell Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, and it will have sent to each dealer to which it sells such Regulation S Notes during the 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Subordinated Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of an offering of Regulation S Notes, an offer or sale of Regulation S Notes within the United States by a dealer that is not participating in such offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

Each purchaser of 144A Notes offered hereby in making its purchase will be deemed to have represented and agreed with the Issuer of the Subordinated Notes as set forth under “Notice to Investors Purchasing 144A Notes or Regulation S Notes” herein.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Manager has represented and agreed, and each further Manager appointed under the Program will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Subordinated Notes which are the subject of the offering contemplated by this offering circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State (the “Securities”) except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

a) if the Pricing Supplement in relation to the Securities specifies that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purposes of that Non-exempt Offer;

b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Lead Manager nominated by the Issuer for any such offer; or

d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Securities referred to in (b) to (d) above will require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Subordinated Notes to the public” in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Subordinated Notes to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

This European Economic Area selling restriction is in addition to any other selling restrictions set out below.

Selling Restrictions in the United Kingdom

Each Manager has represented and agreed, and each further Manager appointed under the Program will be required to represent and agree, that:

(1) in relation to any Subordinated Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Subordinated Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Subordinated Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000, as amended from time to time, or any successor legislation, (“FSMA”) by the Issuer;

(2) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Subordinated Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(3) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Subordinated Notes in, from or otherwise involving the United Kingdom.

General

Each Manager has acknowledged that no representation is made by the Issuer or any Manager that any action has been or will be taken in any jurisdiction by the Issuer or any Manager that would permit a public offering of the Subordinated Notes, or possession or distribution of the offering circular or any other offering material, in any country or jurisdiction where action for that purpose is required. Each Manager will (to the best of its knowledge after due and careful enquiry) comply with all applicable securities laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Subordinated Notes or has in its possession or distributes the offering circular or any other offering material, in all cases at its own expense.

ANNEX A

TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

*The following are the Terms and Conditions that shall be applicable to the U.S.$1,000,000,000 8.125% Subordinated Tier 2 Notes due 2023 (the "**Subordinated Notes**"). These Terms and Conditions form a part of each Subordinated Note represented by a global security in book-entry registered form without coupons (each, a "**Book-Entry Note**") and will be endorsed upon each Subordinated Note in definitive form (a "**Definitive Note**"). These Terms and Conditions replace the terms and conditions of the debt securities set forth under the heading ''Terms and Conditions of the Notes'' in the accompanying base offering circular, dated September 12, 2013 (the "**Base Offering Circular**"). The pricing supplement, dated September 12, 2013, (the "**Pricing Supplement**"), of which this Annex A forms a part, taken together with the Base Offering Circular, are referred to herein as the offering circular (the "**Offering Circular**").*

The Subordinated Notes will be issued by COMMERZBANK Aktiengesellschaft (the "**Issuer**"), in accordance with the fiscal and paying agency agreement (as it may be updated or supplemented from time to time), (the "**Fiscal and Paying Agency Agreement**"), dated June 7, 2011, among the Issuer, COMMERZBANK AG, New York Branch and Deutsche Bank Trust Company Americas, as fiscal and paying agent (the "**Fiscal and Paying Agent**"), on or about September 19, 2013 (the "**Issue Date**") in an aggregate principal amount of U.S.$1,000,000,000, and the aggregate principal amount thereof is due and payable on September 19, 2023 (the "**Maturity Date**"). The Subordinated Notes will constitute a separate Series (as defined below) of subordinated debt securities issued subject to, and with the benefit of, the Fiscal and Paying Agency Agreement. The Fiscal and Paying Agent, any additional paying agent (each a "**Paying Agent**" and, together with the Fiscal and Paying Agent, the "**Paying Agents**") are referred to together as the "**Agents**".

As used herein, "**Subordinated Notes**", means (i) in relation to any Subordinated Notes represented by a Book-Entry Note, units of the lowest specified denomination ("**Specified Denomination**") in U.S. dollars, (ii) Definitive Notes issued in exchange (or part exchange) for such a Book-Entry Note and (iii) any Book-Entry Note. "**Series**" means each original issue of subordinated debt securities issued subject to, and with the benefit of, the Fiscal and Paying Agency Agreement, together with any further issues expressed to form a single series with the original issue that are denominated in U.S. dollars and that have the same Maturity Date, interest basis and interest payment dates, and the terms of which, save for the issue date, the issue price and the initial interest payment date, are otherwise identical, including whether the Subordinated Notes are listed, and the expressions "Subordinated Notes of the relevant Series" and "Noteholders of the relevant Series" and related expressions shall be construed accordingly.

The Subordinated Notes that are initially offered and sold in the United States to persons who are qualified institutional buyers (each, a "**Qualified Institutional Buyer**") (as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")) will be represented by beneficial interests in one or more Book-Entry Notes (the "**Rule 144A Global Notes**"), which will be deposited on or about the Issue Date with the custodian for, and registered in the name of, CEDE & Co. as nominee of The Depository Trust Company ("**DTC**").

The Subordinated Notes that are offered and sold in reliance on Regulation S under the Securities Act ("**Regulation S**") will be represented by beneficial interests in one or more Book-Entry Notes (the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"), which will be deposited on or about the Issue Date with the custodian for, and registered in the name of, CEDE & Co. as nominee of DTC.

The holders for the time being of the Subordinated Notes ("**Noteholders**"), which expression shall, in relation to any Subordinated Note represented by a Book-Entry Note, be construed as provided in Condition 1 (Form, Denomination, Title and Transfer) below, are deemed to have notice of, acknowledge and agree to, and are entitled to the benefit of, all the provisions of the Fiscal and Paying Agency Agreement and these Terms and Conditions, which are binding on them. Certain statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Fiscal and Paying Agency Agreement. Copies of the Fiscal and Paying Agency Agreement, and these Terms and Conditions are available at the principal office of the Fiscal and Paying Agent.

As used herein, the term "**Clearing System**" means DTC and shall, whenever the context so permits, be deemed to include a reference to any additional, successor or alternative clearing system that is approved by the Issuer and the Fiscal and Paying Agent.

Beneficial interests in the Global Notes may be held only through DTC (or any successor Clearing System) and its participants. Investors may hold their interests in the Global Notes directly through DTC if they are participants in DTC or indirectly through organizations which are participants in DTC. Noteholders will hold beneficial interests in the Global

Notes through DTC in book-entry form. Subordinated Notes in definitive form will only be issued under the limited circumstances set forth below. By acquisition of an interest in a Global Note, the investor is deemed to understand that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories.

The Fiscal and Paying Agency Agreement does not limit the amount of liabilities ranking *pari passu* with or senior to the obligations under the Fiscal and Paying Agency Agreement that may be incurred or assumed by the Issuer.

1. Form, Denomination, Title and Transfer

(a) *Form, Denomination and Title*

The Subordinated Notes will be in book-entry form. The Subordinated Notes will initially trade only in book-entry form, and Book-Entry Notes will be issued in physical (paper) form to DTC, as described in the Fiscal and Paying Agency Agreement. The authorized denominations of each Subordinated Note will be U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (the "**Authorized Denominations**").

The Issuer has appointed the Fiscal and Paying Agent at its office specified below to act as registrar of the Subordinated Notes. The Issuer shall cause to be kept at the specified office of the Fiscal and Paying Agent for the time being at 60 Wall Street, New York, New York 10005 a register (the "**Register**") on which shall be entered, among other things, the name and address of the Noteholders and particulars of all transfers of title to the Subordinated Notes.

For so long as DTC or its nominee is the registered owner of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner of the Subordinated Notes or Noteholder represented by such Global Note for all purposes under the Fiscal and Paying Agency Agreement and the Subordinated Notes, except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Subordinated Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing System.

(b) *Transfers of Registered Subordinated Notes*

(i) Transfers of interests in Global Notes

(A) Transfers of beneficial interests in Global Notes will be effected by the applicable Clearing System, and, in turn, by other participants and, if appropriate, indirect participants in such Clearing System acting on behalf of beneficial transferors and transferees of such interests. Transfers between Clearing Systems will be effected by the Fiscal and Paying Agent, as transfer agent for the Subordinated Notes. A beneficial interest in a Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Notes (subject to Condition 1(b)(v) (Form, Denomination, Title and Transfer—Transfers of Registered Notes—Exchange of Global Notes for Definitive Notes under limited circumstances) below) or for a beneficial interest in another Global Note only in the Authorized Denominations and only in accordance with the rules and operating procedures for the time being of the applicable Clearing System, and in accordance with the terms and conditions specified in the Fiscal and Paying Agency Agreement, including any required certifications.

(B) A beneficial interest in a Regulation S Global Note that is a Restricted Note (as defined in the Fiscal and Paying Agency Agreement) may be transferred to a Qualified Institutional Buyer who wishes to take delivery of such a beneficial interest through a Rule 144A Global Note only upon receipt by the Fiscal and Paying Agent of a written certification (in the form provided in the Fiscal and Paying Agency Agreement) from the transferor to the effect that such Subordinated Notes are being transferred in accordance with Rule 144A, to a transferee that the transferor reasonably believes is purchasing the Subordinated Notes for its own account or an account with respect to which the transferee exercises sole investment discretion, and the transferee, as well as any such account, is a Qualified Institutional Buyer, in a transaction meeting the requirements of Rule 144A and in accordance with applicable securities laws of any state of the United States or any other jurisdiction.

A beneficial interest in a Rule 144A Global Note that is a Restricted Note may be transferred to a person who takes delivery in the form of a beneficial interest in a Rule 144A Global Note without any written certification from the transferor or the transferee, and each transferee of a Rule 144A Global Note, in making its purchase, will be subject to certain restrictions and must be able to make and will be deemed to have made certain acknowledgements, representations and agreements for itself and for each account for which it is purchasing as set forth under the heading “Notice to Investors Purchasing 144A or Regulation S Notes” of the Offering Circular.

A beneficial interest in a Rule 144A Global Note that is a Restricted Note may be transferred to a non-U.S. person as defined in Regulation S who takes delivery in the form of a beneficial interest in a Regulation S Global Note only upon receipt by the Fiscal and Paying Agent of a written certification (in the form provided in the Fiscal and Paying Agency Agreement) from the transferor to the effect that (i) the offer of the Subordinated Notes was not made to a person in the United States; (ii) either (a) at the time the buy order was originated, the transferee was outside the United States or (b) the transferor and any person acting on its behalf reasonably believed that the transferee was outside the United States or (c) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither the transferor nor any person acting on its behalf knows that the transaction has been pre-arranged with a buyer in the United States; (iii) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable; (iv) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (v) the transferor is the beneficial owner of the principal amount of Subordinated Notes being transferred.

Any beneficial interest in a Rule 144A Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in a Regulation S Global Note will, upon transfer, cease to be a beneficial interest in such Rule 144A Global Note and will become a beneficial interest in the Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such Regulation S Global Note for so long as such person retains such an interest.

Any beneficial interest in a Regulation S Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in a Rule 144A Global Note will, upon transfer, cease to be a beneficial interest in such Regulation S Global Note and will become a beneficial interest in the Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such Rule 144A Global Note for so long as such person retains such an interest.

(ii) Transfers of Definitive Notes

Subject as provided in Condition (1)(b)(iv) (Form, Denomination, Title and Transfer—Transfers of Registered Subordinated Notes—Exchange of Global Notes for Definitive Notes under limited circumstances) below and to compliance with all applicable legal and regulatory restrictions, upon the terms and subject to the conditions set forth in the Fiscal and Paying Agency Agreement, including the transfer restrictions contained therein, a Definitive Note may be transferred in whole or in part (in the Authorized Denominations). In order to effect any such transfer (A) the Noteholder or Noteholders must (1) surrender the Subordinated Note for registration of the transfer of the Subordinated Note (or the relevant part of the Subordinated Note) at the specified office of a Paying Agent, with the form of transfer thereon duly executed by the Noteholder or Noteholders thereof or its or their attorney or attorneys duly authorized in writing and (2) complete and deposit such other certifications specified in the Fiscal and Paying Agency Agreement and as may be required by such Paying Agent and (B) such Paying Agent shall ensure that the documents are in accordance with the terms of the Fiscal and Paying Agency Agreement. Any such transfer will be subject to such reasonable regulations as the Issuer and the Fiscal and Paying Agent may from time to time prescribe (the initial such regulations being set out in Schedule 5 to the Fiscal and Paying Agency Agreement). Subject as provided above, the Fiscal and Paying Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of such Paying Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Definitive Note of a like aggregate nominal amount to the Subordinated Note (or the relevant part of the Subordinated Note) transferred. In the case of the transfer of only part of a Definitive Note, a new Definitive Note in respect of the balance of the Subordinated Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(iii) Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular, uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(iv) Exchange of Global Notes for Definitive Notes under limited circumstances

(A) A beneficial owner of Book-Entry Notes represented by a Global Note may exchange the Subordinated Notes for (paper) Definitive Notes only if:

(1) DTC has notified the Issuer that it is unwilling or unable to continue as depositary for the Global Note and no alternative clearing system is available; or

(2) DTC has ceased to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and no alternative clearing system is available; or

(3) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Subordinated Notes in definitive rather than global form.

(B) Noteholders of Definitive Notes may exchange such Subordinated Notes for interests in a Global Note of the same type at any time, subject to compliance with all applicable legal and regulatory restrictions and upon the terms and subject to the conditions set forth in the Fiscal and Paying Agency Agreement.

2. Status of the Subordinated Notes; Regulatory Bail-in

(a) *Subordination*

The Subordinated Notes will not be deposits or deposit instruments and will not be insured by the Federal Deposit Insurance Corporation or any German insurance program. The Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and *pari passu* with all other present and future unsecured, unconditional and subordinated obligations of the Issuer that do not, in accordance with their terms or applicable law or regulation, rank junior to the Subordinated Notes. In the event of the insolvency or liquidation of the Issuer, such obligations will be subordinated to the claims of all unsubordinated creditors of the Issuer so that in any such event no amounts shall be payable under such obligations until the claims of all unsubordinated creditors of the Issuer shall have been satisfied in full.

(b) *Regulatory Bail-in*

Prior to any insolvency or liquidation of the Issuer, all respective claims, rights and duties under, or arising out of, the Subordinated Notes shall be subject to any Regulatory Bail-in, and no holder or any holder of any beneficial interest shall have any claim against the Issuer in connection with or arising out of any such Regulatory Bail-in.

"**Regulatory Bail-in**" means a subjection of the claims for payment of principal, interest or other amounts under the Subordinated Notes to a delay or a permanent reduction, including to zero, or a cancellation or a conversion of the Subordinated Notes, in whole or in part, into equity of the Issuer, such as ordinary shares, in each case pursuant to German law (including European Union law as applicable in the Federal Republic of Germany).

(c) *Regulatory Restrictions*

No Noteholder may set off its claims arising under the Subordinated Notes against any claims of the Issuer. No security of whatever kind is, or shall at any time be, provided by the Issuer or any other person to secure rights of the Noteholders under the Subordinated Notes, and any security that, notwithstanding the aforementioned, may have been provided in the past or may be provided in the future by the Issuer or any third party shall not secure the obligations under the Subordinated Notes. No subsequent agreement may limit the subordination pursuant to the provisions set out in these Terms and Conditions or change the Maturity Date to any earlier date or shorten any applicable notice period (*Kündigungsfrist*). If the Subordinated Notes are redeemed before the Maturity Date otherwise than in the circumstances described in these Terms and Conditions or repurchased by the Issuer otherwise than in accordance with the provisions of Section 10(5a) sentence 6 of the German Banking Act (*Kreditwesengesetz*) or the applicable provisions of CRD IV/CRR (as defined below), then any amounts redeemed or paid must be returned to the Issuer irrespective of any agreement to the contrary, unless (i) the Subordinated Notes so redeemed or repurchased have been replaced by other regulatory banking capital (*haftendes Eigenkapital*) of at least equivalent status within the meaning of the German Banking Act or the Relevant Regulator (as defined below) has consented to such redemption or repurchase, or (ii) once CRD IV/CRR has taken effect in the Federal Republic of Germany, CRD IV/CRR, as in effect at the time of such purported redemption or repurchase, provides otherwise. In particular, once CRD IV/CRR has taken effect in the Federal

Republic of Germany, the Subordinated Notes may be redeemed prior to the Maturity Date or repurchased only if the Relevant Regulator has given its consent.

"**Capital Regulations**" means, at any time, the regulations, requirements, guidelines and policies relating to capital adequacy adopted by bodies of the European Union or the Federal Republic of Germany or any other competent authority then in effect in the Federal Republic of Germany and applicable to the Issuer.

"**CRD IV**" means Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, dated June 26, 2013, as amended, supplemented or replaced from time to time.

"**CRD IV/CRR**" means, taken together, (i) CRD IV, (ii) CRR, and (iii) any Capital Regulations relating thereto.

"**CRR**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, dated June 26, 2013, as amended, supplemented or replaced from time to time.

"**Relevant Regulator**" means the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – BaFin) or any other competent authority assuming the relevant supervisory functions performed by BaFin after the date hereof.

3. Interest

(a) *Interest on Fixed Rate Subordinated Notes*

Each Subordinated Note bears interest at the rate of 8.125 per annum from, and including, the Issue Date (the "**Interest Commencement Date**") to, but excluding, the Maturity Date. Interest is payable semi-annually in arrears on March 19 and September 19 ("**Interest Payment Dates**") of each year. The first interest payment shall be due on March 19, 2014. The amount of interest payable on each Interest Payment Date in respect of the interest accrual period ending on such date will amount to the applicable fixed coupon amount.

Interest required to be calculated for a period other than one or more complete years shall be calculated by applying the applicable fixed rate of interest to each Specified Denomination, and multiplying such sum by the Day Count Fraction.

"**Day Count Fraction**" means the fraction calculated on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, on the basis of the actual number of days elapsed. If the last day of the calculation period is the 31st day of a month but the first day of the calculation period is a day other than the 30th or the 31st day of a month, the month that includes that last day shall not be considered to be shortened to a 30-day month. If the last day of the calculation period is the last day of the month of February, the month of February shall not be considered to be lengthened to a 30-day month.

Interest shall be payable in arrears on the Interest Payment Dates; provided that, if any Interest Payment Date would otherwise fall on a date that is not a Business Day, the relevant Interest Payment Date will be postponed to the next day that is a Business Day. No further interest shall accrue as a result of the delay.

"**Business Day**" means a day, other than a Saturday or a Sunday, that is a day on which commercial banks and foreign exchange markets settle payments and are open for general business, including dealing in foreign exchange and foreign currency deposits, in New York City and Frankfurt am Main.

(b) *Interest Payments*

Interest will be paid subject to and in accordance with the provisions of Condition 4 (Payments) below. If the Issuer elects to redeem the Subordinated Notes, interest will cease to accrue on each Subordinated Note on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue thereon (including following any judgment with respect to such interest) at the rate then applicable to the principal amount of the Subordinated Notes, until the day on which all sums due in respect of such Subordinated Note up to that day are received by or on behalf of the Noteholder, however not beyond the 14th day after the date on which the necessary funds have been provided to the Fiscal and Paying Agent and notice thereof has been given by publication in accordance with Condition 11 (Notices).

4. Payments

(a) *Method of Payment*

(i) General

Payments of principal in respect of each Subordinated Note, whether or not in global form, will be made against presentation and surrender, or, in the case of part payment of any sum due, endorsement, of the Subordinated Note at the specified office of any Paying Agent. Such payments will be made by transfer to the Designated Account (as defined below) of the Noteholder, or the first named of joint Noteholders, appearing in the register of Noteholders maintained by the Fiscal and Paying Agent (a) where in global form, at the close of the business day (being for this purpose a day on which DTC is open for business) on the relevant due date, and (b) where in definitive form, at the close of the business day (being for this purpose a day on which banks are open for business in the city where the specified office of such Paying Agent is located) on the relevant due date. Notwithstanding the previous sentence, if (i) a Noteholder does not have a Designated Account or (ii) the principal amount of the Subordinated Notes held by a Noteholder is less than U.S.$200,000, payment will instead be made by a check in U.S. dollars drawn on a Designated Bank (as defined below). For the purposes of this Condition 4(a), "**Designated Account**" means the account maintained by a Noteholder with a Designated Bank and identified as such in the Register, and "**Designated Bank**" means any bank that processes payments in U.S. dollars.

Payments of interest in respect of each Subordinated Note, whether or not in global form, will be made on the relevant due date by a check in U.S. dollars drawn on a Designated Bank and mailed in the city where the specified office of such Paying Agent is located to the Noteholder, or the first named of joint Noteholders appearing in the Register at the close of business on the third business day (being for this purpose a day on which DTC is open for business) before the relevant due date (the "**Record Date**") at its address shown in the Register on the Record Date and at its risk. Upon application of the Noteholder to the specified office of any Paying Agent not less than three business days, in the city where the specified office of such Paying Agent is located, before the due date for any payment of interest in respect of a Subordinated Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest, other than interest due on redemption, in respect of the Subordinated Notes that become payable to the Noteholder who has made the initial application until such time as the Fiscal and Paying Agent is notified in writing to the contrary by such Noteholder. Payment of the interest due in respect of each Subordinated Note on redemption will be made in the same manner as payment of the principal amount of such Subordinated Note.

Noteholders will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Subordinated Note as a result of a check posted in accordance with this Condition 4 arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such Noteholders by the Registrar in respect of any payments of principal or interest in respect of the Subordinated Notes.

If any date for payment of any amount to any Noteholder in respect of any Subordinated Note is not a Payment Day (as defined herein) in the relevant place of presentation, then the Noteholder thereof shall not be entitled to payment of the amount due until the next following Payment Day with respect to such place of presentation and shall not be entitled to any interest or other sum in respect of any such delay.

For these purposes, "**Payment Day**" with respect to any place of presentation means any day, subject to Condition 8 (Prescription) below, on which:

(i) commercial banks and foreign exchange markets settle payments and are open for general business, including dealing in foreign exchange and foreign currency deposits, in the relevant place of presentation; and

(ii) the Federal Reserve System is open.

The name of the Fiscal and Paying Agent and its initial specified offices are set out above. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal and Paying Agent and to appoint additional or other Paying Agents and/or to approve any change in the specified office of any Paying Agent, provided that (i) there will at all times be a Fiscal and Paying Agent and (ii) the Issuer shall at all times maintain a Paying Agent with a specified office outside the European Union or in a European Union Member State ("**Member State**") that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any subsequent meeting of the ECOFIN Council on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive or Directives.

In addition, the Issuer shall immediately appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 4(a) (Payments—Method of Payment) above. Any variation, termination, appointment or change shall only take effect, other than in the case of insolvency, when it shall be of immediate effect, after not less than 30 nor more than 45 days prior notice shall have been given to the Fiscal and Paying Agent and the Noteholders in accordance with Condition 11 (Notices) below.

Payments in respect of the Subordinated Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or described in any agreement between the Federal Republic of Germany and the United States relating to the foreign account provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any agreements, law, regulation or other official guidance implementing an intergovernmental approach thereto (collectively, "**FATCA**").

(ii) In the case of Global Notes

Payments of principal and interest, if any, in respect of Subordinated Notes represented by a Global Note will be made in the manner specified in Condition 4(a)(i) (Payments—Method of Payment—General) above and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent. A record of each payment made on such Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which such Global Note is presented for the purpose of making such payment, and such record shall be *prima facie* evidence that the payment in question has been made.

The Noteholder of the relevant Global Note shall be the only person entitled to receive payments in respect of Subordinated Notes represented by such Global Note, and the Issuer will be discharged by payment to, or to the order of, the Noteholder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of the applicable Clearing System as the Noteholder of a particular nominal amount of Subordinated Notes must look solely to such Clearing System for its share of each payment so made by the Issuer to, or to the order of, the Noteholder of the relevant Global Note. No person other than the Noteholder of the relevant Global Note shall have any claim against the Issuer in respect of any payments due on that Global Note. Neither of the Issuer nor any of the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(iii) In case of Definitive Notes issued under limited circumstances.

Payments of interest, if any, in respect of Definitive Notes will be made in the manner specified in Condition 4(a)(i) (Payments—Method of Payment—General) above and otherwise in the manner specified in the relevant Definitive Note. Payments of principal in respect of Definitive Notes will, subject as provided below, be made against presentation or surrender of such Definitive Notes at any specified office of any Paying Agent. If any Definitive Notes are redeemed or become repayable prior to the Maturity Date, principal will be payable on surrender of each such Subordinated Note together with all unmatured receipts appertaining thereto. Unmatured receipts and receipts presented without the Definitive Notes to which they appertain do not constitute obligations of the Issuer. All payments of principal with respect to Definitive Notes will be made only against presentation and surrender of the relevant Definitive Notes or receipts, except as otherwise provided herein.

Subordinated Notes in definitive form should be presented for payment on or before the relevant redemption date.

Payments will be made in U.S. dollars by credit or transfer to a U.S. dollar account or any other account to which U.S. dollars may be credited or transferred specified by the payee or, at the option of the payee, by a check in U.S. dollars.

If the due date for redemption of any interest bearing Subordinated Note in definitive form is not a due date for the payment of interest relating thereto, interest accrued in respect of such Subordinated Note from, and including, the last preceding due date for the payment of interest, or from the Interest Commencement Date, to, but excluding, such due date for redemption, will be paid against surrender of such Subordinated Note.

5. Redemption and Repurchase

(a) *Final Redemption*

Unless previously redeemed or repurchased and cancelled as provided below, Subordinated Notes will be repaid by the Issuer at 100% of their principal amount in U.S. dollars on the Maturity Date, plus accrued interest to, but excluding, the Maturity Date.

(b) *Early Redemption for Taxation Reasons*

If at any time after the Issue Date as a result of a change in, or amendment to, the laws (or any regulations or rulings issued thereunder) applicable in the Federal Republic of Germany or the United States of America or a change in their official application, the Issuer is required, or at the time of the next succeeding payment due in respect of principal or interest will be required, to pay Additional Amounts as provided in Condition 6(a) (Taxation—Additional Amounts) below, such Issuer will be entitled, upon not less than 30 days' and not more than 60 days' notice (which will be revocable) to be given by publication in accordance with Condition 11 (Notices) below, to redeem all of the Subordinated Notes, in whole but not in part, prior to the relevant redemption date at the Early Redemption Amount (as defined below), provided that, if then required under applicable law or regulation, (i) the Subordinated Notes so redeemed or repurchased have been replaced by other regulatory banking capital (*haftendes Eigenkapital*) of at least equivalent status within the meaning of the German Banking Act, or (ii) any such redemption will be subject to a requirement to give notice to or obtain the consent of the Relevant Regulator to such redemption, and provided further that once CRD IV/CRR has taken effect in the Federal Republic of Germany, the Issuer shall only be permitted to redeem the Subordinated Notes if, when and to the extent not prohibited by CRD IV/CRR as then in effect in the Federal Republic of Germany. In particular, once CRD IV/CRR has taken effect in the Federal Republic of Germany, the Issuer shall not be permitted to exercise its option to redeem any Subordinated Notes in accordance with this Condition 5(b) unless (i)(x) it has demonstrated to the satisfaction of the Relevant Regulator that the change in taxation is material and was not reasonably foreseeable at the time of issuance of the Subordinated Notes or (y) it otherwise complies, to the satisfaction of the Relevant Regulator, with the requirements applicable to a redemption for tax reasons under CRD IV/CRR, and (ii) the Relevant Regulator has given its prior consent to such redemption.

Before any notice of redemption is given pursuant to this Condition 5(b) (Redemption and Repurchase—Early Redemption for Taxation Reasons), the Issuer shall deliver to the Fiscal and Paying Agent (i) an officers' certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the condition or conditions precedent to the right of the Issuer so to redeem have occurred or been satisfied and (ii) an opinion of independent legal counsel satisfactory to the Fiscal and Paying Agent to the effect that the Issuer is entitled to effect the redemption based on the statement of facts set forth in the certificate.

(c) *Early Redemption of the Subordinated Notes due to Capital Disqualification Event*

If at any time after the Issue Date immediately prior to the giving of the notice referred to below, a Capital Disqualification Event (as defined below) has occurred and is continuing, the Issuer will be entitled, upon not less than 30 days' and not more than 60 days' notice (which will be revocable) to be given by publication in accordance with Condition 11 (Notices) below, to redeem all of the Subordinated Notes, in whole but not in part, prior to the relevant redemption date at the Early Redemption Amount, provided that, any such redemption will be subject to a requirement to give notice to or obtain the consent of the Relevant Regulator to such redemption, and provided further that once CRD IV/CRR has taken effect in the Federal Republic of Germany, the Issuer shall only be permitted to redeem the Subordinated Notes if, when and to the extent not prohibited by CRD IV/CRR as then in effect in the Federal Republic of Germany. In particular, once CRD IV/CRR has taken effect in the Federal Republic of Germany, the Issuer shall not be permitted to exercise its option to redeem any Subordinated Notes in accordance with this Condition 5(c) unless (i)(x) the Relevant Regulator considers such Capital Disqualification Event to be sufficiently certain, and the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the Capital Disqualification Event was not reasonably foreseeable at the time of issuance of the Subordinated Notes, or (y) the Issuer otherwise complies, to the satisfaction of the Relevant Regulator, with the requirements applicable to a redemption due to capital disqualification under CRD IV/CRR, and (ii) the Relevant Regulator has given its prior consent to such redemption.

"**Capital Disqualification Event**" shall be deemed to have occurred if, as a result of any amendment or supplement to, or change in, the Capital Regulations which are in effect as of the Issue Date, the Subordinated Notes are fully excluded from Tier 2 Capital (as defined in the Capital Regulations) of the Issuer or the Issuer together with its consolidated subsidiaries.

(d) *Notice Period to the Fiscal Agent*

The Issuer shall give notice to the Fiscal and Paying Agent not less than 15 days before giving the notice to Noteholders referred to in Condition 5(b) (Redemption and Repurchase—Early Redemption for Taxation Reasons) and Condition 5(c) (Redemption and Repurchase—Early Redemption of the Subordinated Notes due to Capital Disqualification Event) above.

(e) *Early Redemption Amounts*

For the purposes of Condition 5(b) (Redemption and Repurchase—Early Redemption for Taxation Reasons) and Condition 5(c) (Redemption and Repurchase—Early Redemption of the Subordinated Notes due to Capital Disqualification Event) above, the Subordinated Notes will be redeemed at an amount (the "**Early Redemption Amount**") equal to 100% of the principal amount of the outstanding Subordinated Notes, together, if appropriate, with interest accrued to, but excluding, the date fixed for redemption or, as the case may be, the date upon which such Subordinated Note becomes due and payable.

Where such calculation is to be made for a period of less than a full year, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed in such incomplete month.

(f) *Repurchases*

For as long as CRD IV/CRR is not in effect in the Federal Republic of Germany, the Issuer may purchase at any time Subordinated Notes in the open market or otherwise (i) for the purposes of market stabilization, in an amount of up to 3% of the total outstanding amount of all subordinated securities qualifying as lower Tier 2 Capital (as defined in the Capital Regulations), provided, however, that the Issuer notifies the BaFin and the German Federal Bank (*Deutsche Bundesbank*), or other competent authority, thereof without undue delay, or (ii) as commission agent (*Einkaufskommissionär*). Once CRD IV/CRR is in effect in the Federal Republic in Germany, the Issuer shall not be permitted to purchase Subordinated Notes in the open market or otherwise unless (i) the Relevant Regulator has given its prior consent to such repurchase and (ii) such repurchase is not prohibited by CRD IV/CRR as then in effect in the Federal Republic of Germany. The Issuer may, at its discretion or if required under applicable law or regulation, treat any Subordinated Notes so purchased beneficially for its own account (other than in connection with dealing in securities) as cancelled, whereupon they will no longer be issued and outstanding.

(g) *Cancellation*

All Subordinated Notes that are redeemed or purchased by the Issuer for the purpose of cancellation will forthwith be delivered to the Fiscal Agent for cancellation and accordingly may not be re-issued or resold.

6. Taxation

(a) *Additional Amounts*

All amounts payable under the Subordinated Notes will be paid without deduction or withholding for or on account of any present or future taxes, duties or governmental charges whatsoever imposed or levied by or on behalf of the Federal Republic of Germany or the United States of America or any respective taxing authority therein, unless the Issuer is compelled by a law or other regulation to deduct or withhold such taxes, duties or governmental charges (the "**Applicable Taxes**"). In that event, the Issuer shall pay such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts after such deduction or withholding shall equal the amounts that would have been payable if no such deduction or withholding had been made. No Additional Amounts shall be payable to any Noteholder for or solely on account of the following:

(i) Applicable Taxes imposed in respect of the Subordinated Notes by reason of the Noteholder (or a fiduciary, settlor, beneficiary, member or shareholder of the Noteholder, if the Noteholder is an estate, a trust, a partnership, a limited liability company or a corporation) having some connection with the Federal Republic of Germany, another member state of the European Union or the United States of America other than the mere holding of the Subordinated Notes or the receipt of payments with respect thereto;

(ii) any Applicable Taxes with respect to a Subordinated Note to which the Noteholder would not be subject if it had presented its Subordinated Notes for payment within 30 days from the due date for payment, or, if the necessary funds were not provided to the Paying Agents when due, within 30 days from the date on which such funds are provided to the Paying Agents and a notice to that effect has been published in accordance with Condition 11 (Notices) below;

(iii) Applicable Taxes which would not be payable if the Subordinated Notes had been kept in safe custody with, and the payments had been collected by, a credit institution;

(iv) Applicable Taxes which are deducted or withheld by a Paying Agent, if the payment could have been made by another Paying Agent without such deduction or withholding or any Applicable Taxes payable otherwise than by deduction of withholding;

(v) any Applicable Taxes that would not have been so imposed but for the failure of the Noteholder or the beneficial owner of the Subordinated Notes (or any financial institution through which the Noteholder or beneficial owner holds the Subordinated Notes or through which payment on the Subordinated Notes is made) to (i) make a declaration of non-residence or any other claim or filing for exemption to which it is entitled or (ii) enter into or comply with any applicable certification, identification, information, documentation, registration or other reporting requirement or agreement concerning accounts maintained by the Noteholder or beneficial owner (or such financial institution) or concerning ownership of the Noteholder or beneficial owner (or such financial institution) or concerning such Noteholder’s or beneficial owner’s (or such financial institution’s) nationality, residence, identity or connection with the jurisdiction imposing such tax (including in this part (v) any Applicable Taxes imposed by reason of FATCA);

(vi) any estate, inheritance, gift, transfer, financial transaction or similar tax, assessment or other governmental charge imposed with respect to the Subordinated Notes;

(vii) any payment to a Noteholder that is a fiduciary or partnership or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the Noteholder;

(viii) any Applicable Taxes which are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the Federal Republic of Germany, another member state of the European Union, the European Union or the United States of America is party, or (iii) any provision of law implementing or complying with, or introduced to conform with, such Directive, regulation, treaty or understanding; or

(ix) any combination of the items listed above.

Any reference to “principal” or “interest” in this Offering Circular with respect to the Subordinated Notes shall be deemed to include any Additional Amounts that may be payable under the Subordinated Notes.

(b) *Supply of Information*

Each Noteholder shall be responsible for supplying to the Paying Agent, in a timely manner, any information as may be reasonably required by the latter in order for it to comply with the identification and reporting obligations imposed on it by European Council Directive 2003/48/EC or any European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any subsequent meeting of the ECOFIN Council on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives.

7. Remedies

(a) *Event of Default*

The Noteholders of at least 25% of the aggregate principal amount of the Series of outstanding Subordinated Notes may give written notice to the Issuer and the Fiscal and Paying Agent that the Subordinated Notes are, and shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount, together, if appropriate, with interest accrued to the date of repayment, if an Event of Default (as defined below) with respect to the Subordinated Note occurs or is continuing.

An “**Event of Default**” with respect to the Subordinated Notes means the opening of insolvency proceedings against the Issuer by a German court having jurisdiction over the Issuer.

There are no other Events of Default under the Subordinated Notes. In particular, the Noteholders will have no right of acceleration in the case of (i) non-payment of interest or principal on the Subordinated Notes, (ii) non-performance of any other obligation of the Issuer under the Subordinated Notes or (iii) the deterioration of the financial condition of the Issuer to the point of non-viability (as defined in the proposed Directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended, supplemented or replaced from time to time) or the application of a Regulatory Bail-in in connection therewith. Neither non-viability nor a Regulatory Bail-in will constitute an Event of Default with respect to the Subordinated Notes. In the case of (iii) above, the Noteholders will not have any right to take any enforcement measures under this Condition 7 or otherwise. Furthermore, if the Issuer becomes subject to German insolvency proceedings, the Noteholder will have no right to file a claim against the Issuer unless the competent insolvency court allows the filing of subordinated claims.

(b) *Right to Institute Suit in Certain Circumstances*

If the Issuer shall fail to pay the principal amount of any Subordinated Note when and as the same shall become due and payable under these Terms and Conditions at the due date pursuant to Condition 5 (Redemption and Repurchase), and such failure shall continue unremedied for a period of 30 days, or if the Issuer shall fail to pay any interest on the Subordinated Notes when and as the same shall become due and payable under these Terms and Conditions, pursuant to Condition 3 (Interest), and such failure shall continue without having been remedied for a period of 30 days, then (subject to the limitations on remedies set forth in Condition 7(a) (Remedies—Event of Default)), (i) such payment obligation (and such payment obligation only) shall be deemed a due and payable payment obligation of the Issuer, and (ii) the relevant Noteholder may institute proceedings against the Issuer to enforce its right to receive such payment.

If the Issuer shall fail to observe or perform any covenant, condition or agreement contained in these Terms and Conditions and such failure either (i) is incapable of remedy or (ii) shall continue unremedied for a period of 60 days after written notice thereof from any Noteholder to the Issuer, then, subject to the limitations on remedies set forth in Condition 7(a) (Remedies—Event of Default), the Noteholder may institute suit to compel specific performance by the Issuer of such covenant.

(c) *Further Limitations on Available Remedies*

Other than the limited remedies specified above, no remedy against the Issuer shall be available to the Fiscal and Paying Agent or the Noteholders whether for the recovery of amounts owing in respect of this Subordinated Note or under the Fiscal and Paying Agency Agreement or in respect of any breach by the Issuer of its obligations under the Fiscal and Paying Agency Agreement or in respect of this Subordinated Note, provided that any payments are subject to the subordination provisions of the Subordinated Notes and any Regulatory Bail-In as set forth above.

No recourse shall be had for the payment of the principal of, premium, if any, or the interest on the Subordinated Notes, for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Fiscal and Paying Agency Agreement or any agreement supplemental thereto, against any incorporator, shareholder, officer or director, as such, past, present or future, of the Issuer or of any successor corporation, either directly or through the Issuer or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

8. Prescription

Claims for payment of principal in respect of the Subordinated Notes shall be prescribed upon the expiration of ten years from the due date thereof, and claims for payment of interest, if any, in respect of the Subordinated Notes shall be prescribed upon the expiration of (i) ten years in the case of Global Notes and (ii) four years in the case of Definitive Notes, in each case, from the due date thereof.

9. Replacement of Subordinated Notes

If any Subordinated Note is mutilated, destroyed, stolen or lost, and after such Subordinated Note or evidence of the loss, theft or destruction thereof (together with any indemnity and/or security interest hereinafter referred to and such other documents of proof as may be required) is delivered to the Fiscal and Paying Agent, a new Subordinated Note of like tenor will be issued by the respective Issuer in exchange for the Subordinated Note so mutilated, or in lieu of the Subordinated Note so destroyed, stolen or lost, but, in such a case, only upon receipt of evidence satisfactory to the Fiscal and Paying Agent and the Issuer that such Subordinated Note was destroyed, stolen or lost, and, if required, upon receipt also of indemnity and/or security interest satisfactory to each of them. All expenses and reasonable charges associated with procuring such indemnity and/or security interest, and with the preparation, authentication and delivery of a new Subordinated Note shall be borne by the owner of the Subordinated Note mutilated, destroyed, stolen or lost.

10. Further Issues

The Issuer reserves the right to issue from time to time without the consent of the Noteholders additional notes with substantially identical terms, so that the same shall be consolidated to form a single series of Subordinated Notes and increase the aggregate principal amount of the Subordinated Notes; provided that such additional notes will be issued with no more than de minimis original issue discount for U.S. federal income tax purposes or be part of a qualified reopening for U.S. federal income tax purposes. The term "**Subordinated Notes**" shall, in the event of such consolidation, also comprise such additionally issued notes.

11. Notices

(a) All notices to the Noteholders of registered Subordinated Notes will be valid if mailed to the addresses of the registered Noteholders.

(b) Until such time as any Definitive Notes are issued, there may, so long as all the Global Notes for a particular Series, whether listed or not, are held in their entirety on behalf of DTC, be substituted, in relation only to such Series, for such publication as aforesaid in Condition 11(a), the delivery of the relevant notice to DTC for communication by it (or its participants) to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the notice was given to DTC.

(c) Notices to be given by any Noteholder shall be in writing and given by delivering the same, together with the relevant Subordinated Note or Subordinated Notes, to the Fiscal and Paying Agent. While any Subordinated Notes are represented by a Global Note, such notice may be given by any Noteholder so represented to the Fiscal and Paying Agent via the applicable Clearing System, in such manner as the Fiscal and Paying Agent and such Clearing System may approve for this purpose.

(d) All notices given to Noteholders, irrespective of how given, shall also be delivered in writing to DTC and, in the case of listed Subordinated Notes, to the relevant stock exchange.

12. Agents

In acting under the Fiscal and Paying Agency Agreement, the Agents will act solely as agents of the Issuer and do not assume any obligations or relationship of agency or trust to or with the Noteholders, except that, without affecting the obligations of the Issuer to the Noteholders, to repay Subordinated Notes and pay interest thereon, funds received by the Fiscal and Paying Agent for the payment of the principal of or interest on the Subordinated Notes shall be held by it in trust for the Noteholders until the expiration of the relevant period of prescription described under Condition 8 (Prescription) above. The Issuer agrees to perform and observe the obligations imposed upon it under the Fiscal and Paying Agency Agreement.

13. Modification and Waiver

(a) *Modification*

No consent of the Noteholders is or will be required for any modification or amendment with respect to a Series of Subordinated Notes requested by an Issuer or by the Fiscal and Paying Agent with the consent of such Issuer to:

(i) add to such Issuer's covenants for the benefit of the Noteholders; or

(ii) surrender any right or power of such Issuer in respect of a Series of Subordinated Notes or the Fiscal and Paying Agency Agreement; or

(iii) provide security or collateral for a Series of Subordinated Notes; or

(iv) cure any ambiguity in any provision, or correct any defective provision, of a Series of Subordinated Notes; or

(v) change the terms and conditions of a Series of Subordinated Notes or the Fiscal and Paying Agency Agreement in any manner that such Issuer and the Fiscal and Paying Agent mutually deem necessary or desirable so long as any such change does not, and will not, adversely affect the rights or interest of any Noteholder of such Subordinated Notes, as certified to the Fiscal and Paying Agent by such Issuer in an Officer's Certificate.

However, no amendment or modification will apply, without the consent of each Noteholder affected thereby, to Subordinated Notes of such Series owned or held by such Noteholder with respect to the following matters:

(i) to change the stated maturity of the principal of or interest on such Subordinated Notes;

(ii) to reduce the principal amount of or interest on such Subordinated Notes;

(iii) to change the currency of payment of principal or interest on such Subordinated Notes; and

(iv) to impair the right to institute suit for the enforcement of any payment in respect of such Subordinated Notes.

In addition, no such amendment or notification may, without the consent of each Noteholder of such Subordinated Notes, reduce the percentage of principal amount of Subordinated Notes of such Series outstanding necessary to make these modifications or amendments to such Subordinated Notes.

No such amendment or notification may have the effect of limiting the provisions with regard to the subordination of the Subordinated Notes, nor may the notice period for the Subordinated Notes be shortened.

The Issuer may also agree to amend any provision of any Series of Subordinated Notes of such Issuer with the holder thereof, but that amendment will not affect the rights of the other Noteholders or the obligations of such Issuer with respect to the other Noteholders.

(b) *Waiver*

With respect to each Series of Subordinated Notes, the Noteholders of not less than a majority in aggregate principal amount of the then outstanding Subordinated Notes of such Series affected thereby, may on behalf of the holders of all Subordinated Notes of such Series, waive compliance by the Issuer with any restrictive covenants as pertain to the Issuer.

The Noteholders of a majority in aggregate principal amount of the outstanding Subordinated Notes of a Series may waive on behalf of the Noteholders of all Subordinated Notes of such Series, any past default and its consequences, except a default in the payment of the principal of or interest, if any, on any such Subordinated Notes of that Series or a default in respect of a covenant or provision which cannot be amended or modified without the consent of the Noteholder of each outstanding Subordinated Note of such Series, as set forth under Condition 13(a) (Modification and Waiver—Modification) above.

14. Governing Law; Consent to Jurisdiction and Service of Process

The Subordinated Notes will be governed by, and construed in accordance with, the internal laws of the State of New York, United States of America; provided, however, that Condition 2(a) (Status of the Subordinated Notes; Regulatory Bail-in—Subordination) of the Subordinated Notes will be governed by, and construed in accordance with, German law.

The Issuer has consented to the jurisdiction of the courts of the State of New York and the U.S. courts located in The City of New York with respect to any action that may be brought in connection with the Subordinated Notes, with respect to the Issuer. The Issuer has appointed the Treasurer of the Branch as its agent upon whom process may be served in any action brought against the Issuer in any U.S. or New York State court.

COMMERZBANK

U.S.$10,000,000,000
COMMERZBANK AKTIENGESELLSCHAFT
(as Issuer)
COMMERZBANK AG, NEW YORK BRANCH
(as Issuer)
U.S. Dollar Senior and Subordinated Medium-Term Note Program

The Notes (as defined below) are being offered from time to time on a continuous basis in one or more Series (as defined below) by each of COMMERZBANK Aktiengesellschaft, a stock corporation (*Aktiengesellschaft*) under German law (the "**Bank**", the "**Company**" or "**COMMERZBANK**" and, together with its consolidated subsidiaries, the "**Group**" or the "**COMMERZBANK Group**") and COMMERZBANK AG, New York Branch, a branch of the Bank licensed by the New York State Department of Financial Services (the "**Branch**" and, together with the Bank, the "**Issuers**" and each, an "**Issuer**").The specific terms of each Series of Notes will be set forth in an offering circular supplement and/or a pricing supplement (each, a "**Pricing Supplement**") to this offering circular. The Notes will be, in the case of the Branch, offered pursuant to the exemption from registration provided by Section 3(a)(2) (the "**3(a)(2) Notes**") of the Securities Act of 1933, as amended (the "**Securities Act**"), or, in the case of the Bank, offered in reliance on the exemption from registration provided by Rule 144A (the "**144A Notes**") under the Securities Act ("**Rule 144A**") only to qualified institutional buyers ("**QIBs**"), within the meaning of Rule 144A. In addition, the Notes may, if specified in the applicable Pricing Supplement, be offered outside the United States to non-U.S. persons (as such term is defined in Rule 904 under the Securities Act (a "**non-U.S. person**")) pursuant to Regulation S ("**Regulation S**") under the Securities Act (the "**Regulation S Notes**" and, together with the 3(a)(2) Notes and the 144A Notes, the "**Notes**"). You should read this offering circular and the applicable Pricing Supplement carefully before you invest.

Investing in the Notes involves certain risks.
See "*Risk Factors*" beginning on page 11.

The 3(a)(2) Notes are not required to be registered under the Securities Act, and have not been registered under the Securities Act or the state securities laws of any state of the United States or the securities laws of any other jurisdiction. The 144A Notes and Regulation S Notes have not been, and will not be, registered under the Securities Act, or the state securities laws of any state of the United States or the securities laws of any other jurisdiction. The 144A Notes and Regulation S Notes may not be offered, sold, pledged or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and in compliance with applicable state securities laws. Prospective purchasers are hereby notified that the seller of the 144A Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers and resales, see *"Notice to Investors"* and *"Notice to Investors Purchasing 144A Notes or Regulation S Notes"*.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUERS AND THE TERMS OF THE NOTES, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC") NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THE NOTES OR DETERMINED THAT THIS OFFERING CIRCULAR OR ANY SUPPLEMENT TO THIS OFFERING CIRCULAR IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFERING CIRCULAR SHALL NOT CONSTITUTE UNDER ANY CIRCUMSTANCES, AND MAY NOT BE USED FOR THE PURPOSES OF, AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THESE NOTES, BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT AUTHORIZED UNDER THE SECURITIES LAWS OF SUCH JURISDICTION OR TO ANY PERSON TO WHOM IT IS NOT AUTHORIZED UNDER THE SECURITIES LAWS OF SUCH JURISDICTION TO MAKE SUCH OFFER, SOLICITATION OR SALE, AND NO ACTION IS BEING TAKEN TO PERMIT AN OFFERING, SOLICITATION OR SALE OF THE NOTES OR THE DISTRIBUTION OF THIS OFFERING CIRCULAR IN ANY JURISDICTION WHERE ANY SUCH ACTION IS REQUIRED.

The Notes constitute unconditional liabilities of the respective Issuers. None of the Notes is a bank deposit or deposit instrument, and none is insured by the Federal Deposit Insurance Corporation, any German insurance program or any other governmental agency.

Commerz Markets LLC, the Lead Dealer for the Notes offered hereby, is a wholly owned subsidiary of the Bank and an affiliate of the Issuers. As a result of this conflict of interest, the offering is being conducted in accordance with the applicable provisions of Rule 5121 of the Financial Industry Regulatory Authority, Inc. See *"Plan of Distribution—Conflicts of Interest"*.

Lead Dealer
Commerz Markets LLC

Dealers

BofA Merrill Lynch	**Barclays**	**Citigroup**
Credit Suisse	**Deutsche Bank Securities**	**Goldman, Sachs & Co.**
HSBC	**J.P. Morgan**	**RBC Capital Markets**
	UBS Investment Bank	

Base offering circular dated September 12, 2013

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This base offering circular amends and restates the base offering circular dated June 12, 2013, amending and restating the base offering circular dated June 7, 2011.

Certain persons participating in any offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes, including stabilizing and syndicate covering transactions. For a description of these activities, see "Plan of Distribution".

*The Issuers expect that the Dealers (as defined hereinafter) for any offering will include one or more of their broker-dealer or other affiliates, including Commerz Markets LLC ("**CMLLC**" or the "**Lead Dealer**", and each of Barclays Capital Inc., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC and UBS Securities LLC, a "**Dealer**" and, collectively with the Lead Dealer and any other dealers for the Notes appointed by the Issuers from time to time, the "**Dealers**"). These broker-dealer or other affiliates also expect to offer and sell previously issued Notes as part of their business and may act as a principal or agent in such transactions, although a secondary market for the Notes cannot be assured. The Issuers or any of their broker-dealer or other affiliates may use this offering circular and any Pricing Supplement in connection with any of these activities, including for market-making transactions involving the Notes after their initial sale.*

*Each original issue of Notes together with any further issue expressed to form a single series with the original issue that are denominated in U.S. dollars and having the same maturity date or redemption month, as the case may be, interest basis and interest payment dates, if any, and the terms of which, save for the issue date, the issue price and the initial interest payment date, if any, are otherwise identical, including whether the Notes are listed, will constitute a series ("**Series**"). The principal amount, maturity, interest rate or interest calculation, issue price and any other terms and conditions not contained herein with respect to such Series of Notes will be established at the time of issuance and set forth in the applicable Pricing Supplement.*

It is not possible to predict whether any of the Notes will trade in any secondary market or, if they do, whether such market will be liquid or illiquid. CMLLC or another Dealer, as applicable, or one or more of its or their affiliates, reserves the right to enter, from time to time and at any time, into agreements with one or more Noteholders to provide a market for the Notes, but neither CMLLC, any other Dealer or its or their affiliates are obligated to do so or to make any market for the Notes and, if any such marketmaking is commenced, it may be discontinued at any time.

After a distribution of a Series of Notes is completed, because of certain regulatory restrictions arising from its affiliation with the Issuers, CMLLC may not be able to make a market in such Series of Notes or, except on a limited, unsolicited basis, effect any transactions for the account of any customer in such Series of Notes. Other broker-dealers unaffiliated with the Issuers will not be subject to such prohibitions.

The 3(a)(2) Notes will be issued in denominations of U.S.$250,000 and integral multiples of U.S.$1,000 in excess thereof.

The 144A Notes and the Regulation S Notes will be issued in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

*The Notes will be issued in book-entry registered form and will be represented by one or more global securities without coupons (each, a "**Book-Entry Note**"). Unless otherwise specified in the applicable Pricing Supplement, Book-Entry Notes representing the Notes will be deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company (together with any successors, "**DTC**"). Beneficial interests in Book-Entry Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants, including Euroclear Bank SA/NV, as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**CBL**"). Book-Entry Notes will not be issuable in definitive form, except under the circumstances described under "Book-Entry Procedures and Settlement*".

Notes may be listed on any stock exchange as may be agreed between the relevant Issuer and the relevant Dealers in respect of each issue. The Issuers do not plan to list the Notes for trading on a stock exchange unless otherwise specified in the applicable Pricing Supplement.

The contents of this offering circular should not be construed as investment, legal or tax advice. This offering circular, as well as the nature of an investment in any Notes, should be reviewed by each prospective investor with such prospective investor's investment advisor, legal counsel and tax advisor.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except in a transaction exempt from or not subject to the registration requirements of the Securities Act and the applicable state securities laws. Each purchaser of Notes will be deemed to have made certain acknowledgments, representations and agreements relating to such restrictions on transfer and resale as more fully described under the headings *"Notice to Investors*" and *"Notice to Investors Purchasing 144A Notes or Regulation S Notes"*. ***Investors should be aware that they may be required to bear the financial risks of their investment for an indefinite period of time.***

Any reproduction or distribution of this offering circular, in whole or in part, or any disclosure of its contents or use of any of its information for purposes other than evaluating a purchase of the Notes is prohibited without the express prior written consent of the Issuers.

ANY FIDUCIARY OF A PENSION PLAN OR OTHER EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO THE PROHIBITED TRANSACTIONS RULES OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (INCLUDING AN IRA), A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN TO WHICH SIMILAR PROHIBITIONS APPLY OR ENTITY HOLDING ASSETS OF ANY OF THE FOREGOING PLANS THAT IS CONSIDERING PURCHASING THE NOTES WITH THE ASSETS OF SUCH A PLAN SHOULD CONSULT WITH ITS COUNSEL REGARDING WHETHER THE PURCHASE, HOLDING OR DISPOSITION OF THE NOTES COULD RESULT IN A "PROHIBITED TRANSACTION" UNDER ERISA, THE CODE OR ANY SUBSTANTIALLY SIMILAR PROHIBITION IN LIGHT OF THE REPRESENTATIONS A PURCHASER OR HOLDER IN ANY OF THE ABOVE CATEGORIES IS DEEMED TO MAKE BY PURCHASING AND HOLDING THE NOTES. THIS IS DISCUSSED IN MORE DETAIL UNDER "*ERISA MATTERS*" BELOW.

No dealer, salesperson or other person has been authorized to give any information or to make any representation other than as contained in this offering circular and, if given or made, such other information or representation must not be relied upon as having been authorized by the Issuers or any underwriter, dealer or agent. This offering circular does not constitute an offer to sell, or the solicitation of an offer to buy, any of the Notes offered hereby by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The delivery of this offering circular at any time does not imply that the information herein is correct as of any time subsequent to its date.

*This base offering circular has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this base offering circular as completed by a Pricing Supplement in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by a Pricing Supplement which specifies that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or a Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither of the Issuers nor any Dealer has authorized, nor does it authorize, the making of any offer of Notes in circumstances in which an obligation arises for either Issuer or any Dealer to publish or supplement a prospectus for such offer. For the purposes of this provision, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended from time to time, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.*

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Notice to Prospective Investors in the United Kingdom

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). Any Notes will only be available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

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NOTICE TO INVESTORS

By its purchase of a Note, the purchaser or transferee thereof (and the person, if any, directing the acquisition of the Note by the purchaser or transferee) will be deemed to represent, on each day from the date on which the purchaser or transferee acquires the Note through and including the date on which the purchaser or transferee disposes of its interest in such Note, either that (a) such purchaser or transferee is not an "employee benefit plan" as defined in section 3(3) of ERISA that is subject to Title I of ERISA ("**ERISA Plan**") or a plan that is not subject to ERISA but to which section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") applies, such as individual retirement account (together with any entities whose underlying assets include the assets of any such plans and with ERISA Plans, "**Plans**")), an entity whose underlying assets include the assets of any Plan, or a governmental, church or non-U.S. plan which is subject to any non-U.S., federal, state or local law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Code or (b) the purchase, holding and disposition of such Note will not result in a prohibited transaction under section 406 of ERISA or section 4975 of the Code (or in the case of a governmental, church or non-U.S. plan, any substantially similar non-U.S., federal, state or local law) unless an exemption is available with respect to such transactions and all the conditions of such exemption have been satisfied.

NOTICE TO INVESTORS PURCHASING 144A NOTES OR REGULATION S NOTES

Because of the following restrictions on 144A Notes and Regulation S Notes, purchasers of Rule 144A Notes and the Regulation S Notes are advised to read the applicable Pricing Supplement carefully and consult legal counsel prior to making any offer, resale, pledge or other transfer of any 144A Notes or Regulation S Notes.

The 144A Notes and the Regulation S Notes have not been, and will not be, registered under the Securities Act or the state securities laws of any state of the United States or the securities laws of any other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the 144A Notes are being offered and sold in the United States only to QIBs in compliance with Rule 144A and the Regulation S Notes are being offered and sold outside the United States only to non-U.S. persons in "offshore transactions" in compliance with Regulation S. The terms "United States", "non-U.S. person" and "offshore transaction" used in this section have the meanings given to them under Regulation S.

Each holder and beneficial owner of 144A Notes and Regulation S Notes acquired in connection with their initial distribution and each transferee of 144A Notes from any such holder or beneficial owner will be deemed to have represented and agreed with the Issuer of such Notes as follows, as may be amended or supplemented in the applicable Pricing Supplement (terms used in this paragraph that are defined in Rule 144A or Regulation S are used herein as defined therein):

(1) It is purchasing the 144A Notes or Regulation S Notes, as the case may be, for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is: (a) a QIB and is aware that the sale to it is being made in reliance on Rule 144A or (b) a non-U.S. person making the purchase in compliance with Regulation S.

(2) It understands and acknowledges that the 144A Notes and the Regulation S Notes have not been, and will not be, registered under the Securities Act or with any state securities regulatory authority and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.

(3) In the case of a purchaser of 144A Notes, it shall not reoffer, resell, pledge or otherwise transfer any of the 144A Notes, unless such reoffer, resale, pledge or transfer is made (a) to the Issuer of such 144A Notes, (b) inside the United States to a QIB in compliance with Rule 144A, or (c) outside the United States in offshore transactions in compliance with Regulation S.

(4) In the case of a purchaser of Regulation S Notes, it acknowledges that until 40 days after the closing of the offering of the Regulation S Notes, any offer or sale of Regulation S Notes within the United States by a broker/dealer (whether or not participating in the offering) not made in compliance with Rule 144A may violate the registration requirements of the Securities Act.

(5) It will, and each subsequent holder or beneficial owner is required to, notify any subsequent purchaser of 144A Notes or Regulation S Notes from it of the restrictions on transfer of such Notes.

(6) It acknowledges that neither the Bank nor the Fiscal and Paying Agent (as defined herein) will be required to accept for registration of transfer any 144A Notes or Regulation S Notes acquired by it, except upon presentation of evidence satisfactory to the Bank and the Fiscal and Paying Agent that the restrictions on transfer set forth herein have been complied with.

(7) Notwithstanding any duty of confidentiality that would otherwise apply, such purchaser authorizes each of Euroclear, CBL and each of their respective participants to disclose to the Bank and the U.S. Internal Revenue Service, upon request, all information in their possession relating to the identity of, positions held and payments received by, participants and holders of interests in Notes issued by Bank.

(8) It acknowledges that the Bank, the Dealers and others will rely upon the truth and accuracy of the foregoing representations and agreements and agrees that if any of the representations or agreements deemed to have been made by its purchase of the 144A Notes or Regulation S Notes are no longer accurate, it shall promptly notify the Bank and the Dealers. If it is acquiring the 144A Notes or Regulation S Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations and agreements on behalf of each such account.

(9) It acknowledges that the foregoing restrictions apply to holders of beneficial interests in the 144A Notes and Regulation S Notes as well as to registered Noteholders of such Notes.

(10) On each day from the date on which it acquires the 144A Notes or Regulation S Notes through and including the date on which it disposes of its interests in such Notes, either that (a) it is not an “employee benefit plan” as defined in section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), subject to Title I of ERISA, a “plan” as defined in section 4975 of the Internal Revenue Code of 1986, as amended (the “**Code**”), to which section 4975 of the Code applies (including individual retirement accounts), an entity whose underlying assets include the assets of any such plan, or a governmental, church or non-U.S. plan which is subject to any non-U.S., federal, state or local law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Code or (b) its purchase, holding and disposition of such Note, will not result in a prohibited transaction under section 406 of ERISA or section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, any substantially similar non-U.S., federal, state or local law) unless an exemption is available with respect to such transactions and all the conditions of such exemption have been satisfied.

The certificates representing the 144A Notes and the Regulation S Notes will bear a legend to the following effect, as may be amended in the applicable Pricing Supplement or Supplements, unless the Bank determines otherwise in compliance with applicable law:

> THE NOTES EVIDENCED HEREBY (THE “NOTES”) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES EVIDENCED HEREBY OR ANY BENEFICIAL INTEREST THEREIN, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES EVIDENCED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) WITHIN THE UNITED STATES PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO ANY OTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) TO THE ISSUER OR ITS AFFILIATES.
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> THE ACQUISITION OF THE NOTES BY, OR ON BEHALF OF, OR WITH THE ASSETS OF ANY “EMPLOYEE BENEFIT PLAN” SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), OR ANY “PLAN” TO WHICH SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”) APPLIES, OR ANY ENTITY PART OR ALL OF THE ASSETS OF WHICH CONSTITUTE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN BY REASON OF DEPARTMENT OF LABOR REGULATION SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) OR OTHERWISE, OR ANY GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO NON-U.S., FEDERAL, STATE OR LOCAL LAW SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA OR SECTION 4975 OF THE CODE IS PROHIBITED UNLESS SUCH PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF THE NOTES WOULD NOT RESULT IN ANY NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR UNDER SECTION 4975 OF THE CODE (OR IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY SUBSTANTIALLY SIMILAR NON-U.S., FEDERAL, STATE OR LOCAL LAW).

LIMITATIONS ON ENFORCEMENT OF CIVIL LIABILITIES

The Bank is a stock corporation *(Aktiengesellschaft)* duly organized and existing under the laws of Germany, and many of its assets are located in Germany. Many of its subsidiaries, legal representatives and executive officers and certain other parties named herein reside in Germany, and substantially all of the assets of these persons are located in Germany. As a result, it may not be possible, or it may be difficult, for a holder or beneficial owner of the Notes located outside of Germany to effect service of process upon the Bank or such persons in the home country of the holder or beneficial owner or to enforce against such persons judgments obtained in non-German courts, including those judgments predicated upon the civil liability provisions of the U.S. federal or state securities laws.

FORWARD-LOOKING STATEMENTS

This offering circular contains forward-looking statements. Forward-looking statements are statements that do not relate to historical facts or events and statements that contain forward-looking expressions identified by words such as “believes”, “estimates”, “assumes”, “expects”, “supposes”, “forecasts”, “intends”, “anticipates” or “could” or other similar terms. This applies in particular to statements in this offering circular regarding the Company’s intentions, beliefs, plans and expectations in relation to the Group’s future earnings; the business and management of the Group; growth, profitability, liquidity; the prospects and strategy of the Group and the Company; general and sector-specific market trends and technological developments as well as the business and regulatory environment and other factors to which the Group is exposed.

The forward-looking statements in this offering circular are based on current assessments and assumptions that the Company has made to the best of its knowledge and belief. However, these forward-looking statements are subject to risks and uncertainties as they are related to events and based on assumptions that may not occur in the future. The Company cautions that these forward-looking statements are no guarantee for the future. The actual results of the Group, including its net assets, financial position and results of operations, and the development of economic conditions may differ materially or prove to be considerably more negative than those expressly or implicitly assumed or described in these statements. The Group’s business activities are subject to a variety of risks and uncertainties that may also result in the fact that a forward-looking statement, opinion or forecast proves to be inaccurate. Investors should therefore ensure that they read the sections *“Risk Factors*”, *“Presentation and Analysis of the Net Assets, Financial Position and Results of Operations*”, *“Description of the COMMERZBANK Group’s Business Activities*” and *“Description of the COMMERZBANK Group’s Business Activities—Recent developments and outlook*”, which include a more detailed outline of the factors influencing the Group’s business performance and the market in which the Group operates. Even if the actual results of the Company or the COMMERZBANK Group, including the net assets, financial position and results of operations and economic and legal conditions are consistent with the forward-looking statements in this offering circular, no guarantee can be given that this will continue to be the case in the future.

In light of the associated risks, uncertainties and assumptions, the future events described in this offering circular may not materialize. Furthermore, the forward-looking assessments and forecasts reproduced in this offering circular from studies by external sources may prove to be inaccurate. The Company and its Board of Managing Directors can, therefore, not accept any responsibility for the future accuracy of the opinions set out in this offering circular nor for the actual occurrence of the predicted developments.

EXCHANGE RATE AND CURRENCY INFORMATION

In this offering circular, references to “euro”, “EUR” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. References to “$”, “U.S.$” and “U.S. dollars” are to United States dollars. Certain financial information contained herein is presented in euros. On September 6, 2013, the Noon Buying Rate in New York City for cable transfers in foreign currencies as certified by the Federal Reserve Bank of New York (the “**Noon Buying Rate**”) was U.S.$ 1.32 per one euro.

The following table shows the period-end, average, high and low Noon Buying Rates for the euro, expressed in U.S. dollars per one euro, for the periods and dates indicated.

Month **U.S. dollars per one euro**	**Period End**	**Average***	**High**	**Low**
September 2013 (through September 6)	1.32	1.32	1.32	1.31
August 2013	1.32	1.33	1.34	1.32
July 2013	1.33	1.31	1.33	1.28
June 2013	1.30	1.32	1.34	.1.30
May 2013	1.30	1.30	1.32	1.28
April 2013	1.32	1.30	1.32	1.28
March 2013	1.28	1.30	1.31	1.28
February 2013	1.31	1.33	1.37	1.31
January 2013	1.36	1.33	1.36	1.30
December 2012	1.32	1.31	1.33	1.29
November 2012	1.30	1.28	1.30	1.27
October 2012	1.30	1.30	1.31	1.29
Year **U.S. dollars per one euro**				
2012	1.32	1.29	1.35	1.21
2011	1.30	1.40	1.49	1.29
2010	1.33	1.33	1.45	1.20
2009	1.43	1.40	1.51	1.25
2008	1.39	1.47	1.60	1.24

∗ The average of the Noon Buying Rates on the last business day of each month (or portion thereof) during the relevant period for annual averages and on each business day of the month (or portion thereof) for monthly averages.

Fluctuation in exchange rates that has occurred in the past is not necessarily indicative of fluctuation in exchange rates that may occur at any time in the future. No representations are made herein that the euro or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or euros, as the case may be, at any particular rate.

INFORMATION OBTAINED FROM EXTERNAL SOURCES, STATISTICAL DATA, NOTES ON SOURCES OF MARKET DATA AND ESTIMATES

Unless otherwise indicated, statements in this offering circular relating to the market environment, market developments, growth rates, market trends and the competitive situation in the markets and sectors in which the Company and COMMERZBANK Group operate are based on data, statistical information, sector reports and studies by external sources and on the Company's estimates. The following studies or sources are cited:

- Bank Statistics, Statistical Supplement 1 to the February 2013 monthly report of the German Bundesbank (download available at: http://www.bundesbank.de/Redaktion/DE/Downloads/Veroeffentlichungen/Statistische_Beihefte_1/2013/2013_02_bankenstatistik.pdf?__blob=publicationFile) ("**German Bundesbank, Monthly Report February 2013**");

- International Monetary Fund, World Economic Outlook January 2013 (download available at: http://www.imf.org/external/pubs/ft/weo/2013/update/01/index.htm) ("**IMF World Economic Outlook Update, January 2013**");

- ESMA, Press Release dated October 31, 2011 (ESMA/2011/360) ("**ESMA, Press Release dated October 31, 2011**");

- The Largest Banks in Poland by Total Assets, as of January 5, 2013 (download available at: http://www.moneystockstycoons.com/bank-lists/poland-banks/) ("**The Largest Banks in Poland by Total Assets**");

- Federal Statistical Office, National Accounts dated February 22, 2013 (download available at: https://www.destatis.de/DE/Publikationen/Thematisch/VolkswirtschaftlicheGesamtrechnungen/Inlandsprodukt/InlandsproduktsberechnungVjPDF_2180120.pdf?__blob=publicationFile) (“**Federal Statistical Office, National Accounts**”);

- World Trade Organization, Press Release dated September 21, 2012 (download available at: http://www.wto.org/english/news_e/pres12_e/pr676_e.htm) (“**World Trade Organization, Press Release dated September 21, 2012**”).

The Company confirms that the information taken from external sources in this offering circular has been reproduced correctly and that no facts have been omitted from this offering circular that would make the information reproduced incorrect or misleading as far as the Company is aware and is able to deduce from the information published. Investors should nevertheless consider this information carefully. Market reports are frequently based on information and assumptions that may not be accurate or technically correct, and their methodology is by nature forward-looking and speculative. The Company has not verified the external data and the figures, market data and other information on which these external sources based their reports. The Company, therefore, assumes no responsibility or guarantee for the accuracy of the external data and information taken from third-party reports that is included in this offering circular.

Furthermore, this offering circular contains estimates and analyses performed by the Company on specialized information. The Company believes that it has prepared these estimates and analyses with due care, and that the estimates and analyses present the external information in neutral terms. Although the Company believes that its estimates and analyses are reliable, they have not been examined or verified by an external source. The Company does not guarantee the accuracy of the information derived from external sources. It should also be noted that the Company’s estimates and analyses of information obtained from external sources may differ from assessments performed by its competitors and from future reports by other independent sources.

PRESENTATION OF FINANCIAL INFORMATION

The Branch does not separately produce complete financial statements and, therefore, unless otherwise indicated, any reference in this offering circular to the “Financial Statements” is to the consolidated financial statements, including the notes thereto, of the Bank and its consolidated subsidiaries as at December 31, 2012, December 31, 2011 and December 31, 2010 and for the years ended December 31, 2012, December 31, 2011 and December 31, 2010, or the condensed, consolidated interim financial statements, including the notes thereto, of the Bank and its consolidated subsidiaries as of June 30, 2013. The Financial Statements include the results of the Bank and those of the Branch.

The audited consolidated financial statements as at December 31, 2012, December 31, 2011 and December 31, 2010 and for the years ended December 31, 2012, December 31, 2011 and December 31, 2010 have been prepared in accordance with the International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board (“**IASB**”), as adopted by the European Union and additionally in accordance with the requirements of German commercial law pursuant to Section 315a(a) of the German Commercial Code (HGB). The Company’s condensed consolidated interim financial statements as of June 30, 2013 were prepared in accordance with IFRS issued by the IASB, as adopted by the European Union and additionally in accordance with the provisions of Section 37w(3) of the German Securities Trading Act (WpHG). The requirements of IAS 34 in respect of the preparation of interim reports were also taken into account in this regard.

IFRS differs in certain significant respects from generally accepted accounting principles in the United States (“**U.S. GAAP**”). The Group has made no attempt to quantify the impact of those differences. In making an investment decision, investors must rely upon their own examination of the COMMERZBANK Group, the terms of any offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP, and how those differences might affect the information herein. The Group’s fiscal year ends on December 31, and references in this offering circular to any specific fiscal year are to the twelve-month period ended December 31 of such year.

In this offering circular, all references to “billions” are references to one thousand million. Due to rounding, the numbers presented throughout this offering circular may not add up precisely, and percentages may not reflect precisely absolute figures.

SUMMARY

The following summary does not purport to be complete and is qualified by the remainder of this offering circular and, in relation to the terms and conditions of any particular Series of Notes, the applicable Pricing Supplement. Except as provided in *"Terms and Conditions of the Notes"* below, any of the following including, without limitation, the kinds of Notes that may be issued hereunder, may be varied or supplemented as agreed between the relevant Issuer, the relevant Dealers and the Fiscal and Paying Agent (as defined herein). Words and expressions defined in *"Terms and Conditions of the Notes"* shall have the same meanings in this summary.

COMMERZBANK Aktiengesellschaft and the COMMERZBANK Group

COMMERZBANK Aktiengesellschaft is a stock corporation under German law. The Bank's registered office is located in Frankfurt am Main and its head office is at Kaiserstrasse 16 (Kaiserplatz), 60311 Frankfurt am Main, Federal Republic of Germany (telephone: +49 (0)69 136-20). The Bank is registered in the commercial register of the lower regional court (*Amtsgericht*) of Frankfurt am Main under the number HRB 32 000.

Based on total assets as of June 30, 2013, the COMMERZBANK Group believes that it is the second largest bank in Germany. At present it has approximately 1,200 branches, one of the most extensive branch networks of all private German banks, serving customers from every customer group. The focus of its activities is on the provision of a wide range of financial services to private, small and medium-sized corporate and institutional customers in Germany, including account administration, payment transactions, lending, savings and investment products, securities services, and capital market and investment banking products and services. As part of its comprehensive financial services strategy, the Group also offers other financial services in association with cooperation partners, particularly building savings loans, asset management and insurance. The Group is continuing to expand its position as one of the most important German export financiers. Alongside its business in Germany, the Group has a firmly established market position in Poland through its subsidiary BRE-Bank. Outside of Germany, the COMMERZBANK Group is also represented through 23 operational foreign branches, 35 representative offices and seven significant subsidiaries in 53 countries as of June 30, 2013. The focus of its international activities lies in Poland and on the goal of providing comprehensive services to German SME customers in Western Europe, Central and Eastern Europe and Asia. Since the completion of the acquisition of Dresdner Bank in 2009, COMMERZBANK has integrated its business divisions with those of Dresdner Bank. The bank-wide integration project has been largely completed. As of June 30, 2013, the COMMERZBANK Group employed a total of 53,543 employees, 41,653 of which are in Germany and 11,890 of which are abroad.

The Branch

The Bank operates the Branch pursuant to a license issued by the Superintendent of Banks of the State of New York (the "**Superintendent**"). The Branch conducts an extensive banking business serving U.S. customers and the Bank's German clients and their U.S. subsidiaries. The Branch is located at 2 World Financial Center, New York, New York 10281, and its telephone number is 212-266-7000.

Use of Proceeds

The Issuers expect to use the net proceeds from the sale of Notes offered hereunder for general banking purposes of the COMMERZBANK Group.

THE PROGRAM

Issuers	COMMERZBANK Aktiengesellschaft (the "**Bank**") and COMMERZBANK AG, New York Branch (the "**Branch**").
Offered Amount	The Issuers may use this offering circular to offer up to an aggregate principal amount outstanding at any one time of U.S.$10,000,000,000 of Notes, less the aggregate principal amount of any medium-term notes then outstanding issued by the Bank and the Branch under this program.
Maturities	The Notes will be offered on a continuing basis and will mature on any day nine months or more from the date of issue in the case of Senior Notes (as defined herein) or five years or more from the date of issue, or in any case such other minimum maturity as may be required from time to time by the relevant regulatory authority, in the case of Subordinated Notes (as defined herein). No maximum maturity is contemplated, and Notes may be issued with no specified maturity dates; provided, however, that Notes will be issued only in compliance with all applicable legal and regulatory requirements.
Issue Price	Notes may be issued at par or at a discount from, or premium over, par and either on a fully paid or partly paid basis.
Denominations	The authorized denominations of each 3(a)(2) Note will be U.S.$250,000 and integral multiples of U.S.$1,000 in excess thereof. A 3(a)(2) Note may be issued with a denomination of less than U.S.$250,000 only if the issue of such Note is not in violation of any U.S. federal or New York State banking law or regulation. The authorized denominations of each 144A Note and each Regulation S Note will be U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Currencies	Notes shall be denominated in U.S. dollars.
Form of Notes	Unless otherwise specified in the applicable Pricing Supplement, Notes will be issued in the form of one or more fully registered global securities, without coupons, registered in the name of a nominee of DTC and deposited with a custodian for DTC. You may hold a beneficial interest in Notes through Euroclear, CBL or DTC directly as a participant in one of those systems or indirectly through financial institutions that are participants in any of those systems. Owners of beneficial interests in Notes generally will not be entitled to have their Notes registered in their names, will not be entitled to receive Notes in definitive form ("**Definitive Notes**") and will not be considered the Noteholder of any Notes under the Fiscal and Paying Agency Agreement (as defined herein) for the Notes. Notes to be issued pursuant to this offering circular will be either unsubordinated notes or subordinated notes, as described below.
Status of the Senior Notes	Unsubordinated notes ("**Senior Notes**") will constitute direct, unconditional and unsecured obligations of the Bank acting directly or through the Branch, and will rank *pari passu* without any preference among themselves and at least *pari passu* with all other present and future unsecured, unconditional and unsubordinated obligations of the Bank, including deposits of customers of the Bank, other than statutorily preferred exceptions. Senior Notes to be issued pursuant to this offering circular will not be deposits or deposit instruments and will not be insured by the Federal Deposit Insurance Corporation or any German insurance program.

Status of the Subordinated Notes	Subordinated notes ("**Subordinated Notes**") will constitute direct, unconditional, unsecured and subordinated obligations of the Bank acting directly or through the Branch, and will rank *pari passu* without any preference among themselves and *pari passu* with all other present and future unsecured, unconditional and subordinated indebtedness of the Bank. Generally, the Issuer will intend, if set forth in the applicable Pricing Supplement, that the Subordinated Notes qualify as lower Tier 2 capital under the German Banking Act (*Kreditwesengesetz*) or, once the CRD IV package (which comprises Directive 2013/36/EU and Regulation (EU) No 575/2013, each dated June 26, 2013) has become effective on January 1, 2014, as Tier 2 capital. Accordingly, in the event of bankruptcy or insolvency, dissolution, liquidation or winding up of the Bank, such obligations will be subordinated to the claims of all unsubordinated creditors of the Bank so that in any such event no amounts shall be payable under such obligations until the claims of all unsubordinated creditors of the Bank shall have been satisfied in full. No Noteholder may set off its claims arising under the Subordinated Notes against any claims of the Bank. Subordinated Notes to be issued pursuant to this offering circular will not be deposits or deposit instruments and will not be insured by the Federal Deposit Insurance Corporation or any German insurance program.
Fixed-Rate Notes	Fixed-rate notes ("**Fixed-Rate Notes**") will bear interest at the rate or rates set forth in the applicable Pricing Supplement. Fixed-rate interest will be payable on the dates specified in the applicable Pricing Supplement and on redemption. The applicable fixed-rate interest rate may vary during the lifetime of the relevant Series of Notes. Fixed-Rate Notes may also have a step up in interest rate or a step down in interest rate, as specified in the applicable Pricing Supplement. Interest will be calculated on the basis of the Day Count Fraction (as defined herein) agreed to between the relevant Issuer and the relevant Dealers and specified in the applicable Pricing Supplement.
Floating-Rate Notes	Floating-rate notes ("**Floating-Rate Notes**") will bear interest at a rate or rates calculated: (i) on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service; or (ii) on any other basis agreed to in writing between the relevant Issuer and the relevant Dealers and set forth in the applicable Pricing Supplement. Floating-Rate Notes may also have a maximum interest rate, a minimum interest rate or both. The applicable interest rate may vary during the lifetime of the relevant Series of Notes. The margin, if any, in respect of the floating interest rate will be agreed to between the relevant Issuer and the relevant Dealers. Interest on Floating-Rate Notes will be payable and will be calculated as specified prior to issuance in the applicable Pricing Supplement. Interest will be calculated on the basis of the Day Count Fraction agreed to between the relevant Issuer and the relevant Dealers and set forth in the applicable Pricing Supplement.
Zero Coupon Notes	Zero coupon notes ("**Zero Coupon Notes**") will not bear interest other than, in the case that the relevant Issuer fails to provide the necessary funds for the redemption of such Notes when due, in relation to interest due after the maturity date.
Other Notes	Terms applicable to any other kinds of Note that the relevant Issuer and any Dealers may agree from time to time to issue will be set forth in the applicable Pricing Supplement.
Redemption and Purchase	The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity, other than for taxation reasons or, in the case of

	unsubordinated Notes, following an Event of Default (as defined herein), or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving notice to the Noteholders or to such Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms, if any, agreed to between such Issuer and the relevant Dealers and set forth in the applicable Pricing Supplement.
	Other than for taxation reasons (excluding in relation to taxes, duties or governmental charges which are deducted or withheld in respect of Subordinated Notes in the form of Tier-3 capital of the Bank) or if the Subordinated Notes cease to qualify as lower Tier 2 capital or Tier 2 capital, as the case may be, in each case as set forth herein or any applicable Pricing Supplement, no part of any Subordinated Notes may be redeemed prior to five years, or in any case such other minimum period as may be required from time to time by the relevant regulatory authority, from the relevant issue date. No subsequent agreement may limit the subordination pursuant to the applicable subordination provisions or change the maturity date in respect of the Subordinated Notes to any earlier date or shorten any applicable notice period (*Kündigungsfrist*). If the Subordinated Notes are redeemed before the maturity date or repurchased by the Bank otherwise than in accordance with applicable law, then any amounts redeemed or paid must be returned to the Bank irrespective of any agreement to the contrary. See *"Risk Factors—Additional Risks Related to Subordinated Notes—74. The obligations under the Subordinated Notes are subordinated"*.
Negative Pledge and Cross Default	The Notes will contain no negative pledge and no cross default clause.
Rating	Moody's Investors Service has given the following ratings to the program: "(P)Baa1" for Senior Notes, "(P)Ba2" for Subordinated Notes and "(P)P-2" for short-term Notes. Standard & Poor's has given the following ratings to the program: "A-" for Senior Notes with a maturity of one year or more, "A-2" for Senior Notes with a maturity of less than one year and "BB+" for dated Subordinated Notes.
	A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. Neither the rating agency nor the relevant Issuer is obligated to provide you with any notice of any suspension, change or withdrawal of any rating.
Listing	Notes may be listed or quoted on any stock exchange subject to the requirements of the relevant stock exchange or automated quotation systems or other authority. Unlisted Notes may also be issued. The Pricing Supplement for each issue of Notes will state whether, and on what stock exchanges, if any, the relevant Notes will be listed.
Governing Law	The Notes will be governed by, and construed in accordance with, the laws of the State of New York; provided, however, that any subordination provisions of the Notes will be governed by, and construed in accordance with, German law.
Distribution	The Issuers may sell Notes (i) to or through underwriters or dealers, whether affiliated or unaffiliated, (ii) directly to one or more purchasers, (iii) through the Dealers, or (iv) through a combination of any of these methods of sale.
	Each Pricing Supplement will explain the ways in which the relevant Issuer intends to sell a specific issue of Notes, including the names of any underwriters, agents or dealers and details of the pricing of the issue of Notes, as well as any commissions, concessions or discounts such Issuer is granting the underwriters, agents or dealers, and whether they will be offered pursuant to Section 3(a)(2) of the Securities Act, in reliance on Rule 144A and/or pursuant to Regulation S.
Fiscal and Paying Agent	Deutsche Bank Trust Company Americas.
Calculation Agent	COMMERZBANK Aktiengesellschaft or as specified in the applicable Pricing Supplement.

No Registration; Transfer Restrictions	The 3(a)(2) Notes are not required to be registered under the Securities Act, and have not been registered under the Securities Act or the state securities laws of any state of the United States or the securities laws of any other jurisdiction. The Bank has not registered, and will not register, the 144A Notes or the Regulation S Notes under the Securities Act or the state securities laws of any state of the United States or the securities laws of any other jurisdiction. Accordingly, the Notes may not be offered or sold except pursuant to an exemption from the registration requirements of the Securities Act and any applicable state securities laws. See *“Notice to Investors*” and *“Notice to Investors Purchasing 144A Notes or Regulation S Notes*”. The applicable Pricing Supplement may contain additional restrictions on transfer required by any applicable securities laws.
Taxation	Investors are urged to consult with their own tax advisors as to the tax impact of holding interests in the Notes. Certain German and U.S.-law tax considerations relating to the Notes are described under *“Taxation*”.
Risk Factors	An investment in the Notes involves certain risks. These risks include risks that the Bank may not be able to implement the strategies outlined in this base offering circular; that the Bank’s exposure to economic conditions and/or changes in interest rates may adversely impact its financial condition. In addition, there are risks associated with many types of Notes anticipated to be sold under this Program. See *“Risk Factors*”.
Conflicts of Interest	Commerz Markets LLC, the Lead Dealer for the Notes offered hereby, is a wholly owned subsidiary of the Bank and an affiliate of the Issuers. As a result of this conflict of interest, the offering is being conducted in accordance with the applicable provisions of Rule 5121 of the Financial Industry Regulatory Authority Inc. See “*Plan of Distribution—Conflicts of Interest*”.

RISK FACTORS

The purchase of Notes is associated with certain risks. The discussion below is of a general nature and is intended to describe various risk factors associated with an investment in any Notes issued under this offering circular. The factors that will be of relevance to the Notes will depend upon a number of interrelated matters including, but not limited to, the nature of the issue of Notes. Prospective purchasers should carefully consider the following discussion of risks and any risk factors in any applicable Pricing Supplement before deciding whether to invest in the Notes. However, these risk factors do not disclose all possible risks associated with an investment in the Notes, and additional risks may arise after the date of the offering.

No investment should be made in the Notes until after careful consideration of all those factors that are relevant in relation to the Notes.

Risks Related to COMMERZBANK and its affiliates

Market and Company-related risks

1. The macroeconomic environment prevailing over the past few years continues to negatively affect the Group's results, and the Group's heavy dependence on the economic environment, particularly in Germany, may result in further substantial negative effects in the event of a possible renewed economic downturn.

The Group's results of operations are currently being adversely affected by the macroeconomic environment that has prevailed since the outbreak of the financial crisis, which is characterized by low interest rates, a high level of volatility in the capital markets and a high level of uncertainty both in the capital markets and in the real economy. While global economic growth, and particularly the situation on the financial markets, somewhat improved at the beginning of 2012, the sovereign debt crisis continues to weigh down the economy, the confidence of financial market participants and the activity levels of customers in the banking business within the Eurozone. Restrictive fiscal policies and overall high unemployment rates are having a negative impact on the Eurozone. The debt reduction process initiated by many states and households will initially lead to weak credit demand and increase the pressure on the deposit business.

The Group's increased focus on its customer-oriented businesses in the Core Bank (see risk factor 5: "*There is a risk that the Group may not be able to implement its Strategic Agenda or may be able to do so only in part or at a higher cost than planned, and that the implementation of planned measures may not lead to the achievement of the strategic objectives sought to be obtained*") heightens the role that the demand for credit, investment and banking products and the overall interest rate environment play as key factors in determining the Group's revenue streams. The ongoing historically low interest rate levels have led to low margins, particularly in the Group's deposit business in the Private Customers and Mittelstandsbank segments. An increase in interest rates is not currently foreseeable. The uncertainty in the financial markets has led to hesitance on the part of customers and consequently to a decline in earnings from the volume-dependent securities business. Due to the negative developments in many national economies and the rather cautious or even negative outlook, among other things, demand for loans in the Mittelstandsbank segment may remain below expectations. Furthermore, while the easing of the sovereign debt crisis seen since the summer of 2012 has largely restored liquidity to the markets, one effect of this has been that some of the Group's customers, particularly in the Mittelstandsbank, increasingly have the opportunity to finance themselves directly through the capital markets (to the extent that they have an need for funding at all), further driving down demand for bank loans. In an unfavorable interest rate environment, a level of credit demand that is too low in proportion to the level of COMMERZBANK's deposits could have an adverse effect on the Group's net interest income. The uncertainty in the financial markets has also led to considerable caution with regard to higher-risk and long-term capital investments in the Private Customers segment. This has resulted in customers turning to less risky forms of investment, the sales of which generally generate only lower commissions. Likewise, widespread uncertainty in the capital markets may lead to a significant decline in customer activities in the Corporates & Markets segment, which may put a strain on the segment's operating results.

International trade volumes were severely negatively affected by the financial crisis. Although total volume in 2010 had returned to the pre-crisis level of 2007, trade growth has since leveled off, with the World Trade Organization estimating modest growth of 3,3% in 2013 (source: World Trade Organization, Press Release dated April 10, 2013). As an export-oriented country, Germany is highly dependent upon international trade. A prolonged period of weak growth, a stagnation or a fall in international trade volumes could have material adverse effects on COMMERZBANK, particularly its SME business, which is highly dependent on the German export market. Additionally, such a development in international trade could exacerbate the already difficult situation in the shipping industry, which in turn could have material adverse effects on COMMERZBANK and its ship finance portfolio (see risk factor 8: "*The run-down of the ship finance portfolio is exposed to considerable risks in view of the current difficult market environment and the volatility of ship prices and the default risk* *(credit risk) affected thereby, as well as the risk of substantial changes in the value of ships held as collateral and directly owned*").

The further development of these and other macroeconomic conditions is subject to considerable uncertainty. A renewed recession, particularly in the United States where the automatic budget cuts (sequester) effective as of March 1, 2013 may jeopardize the nascent economic recovery, or a substantial decline in growth in China, combined with a downturn in international trade (including as a result of protectionist tendencies), would have a disproportionately high impact on export-oriented countries like Germany. This, in turn, could have material adverse effects on COMMERZBANK and particularly its SME business. At the same time a recession could in turn contribute to an escalation of the financial market and sovereign debt crises and thereby magnify their impact.

The massive amount of liquidity provided to national economies by central banks in order to stabilize the financial system in the wake of the sovereign debt crisis, in particular at the end of 2011 and in the first quarter of 2012, could trigger a rise in inflation (see risk factor 2: "*The global financial crisis and the sovereign debt crisis, particularly in the Eurozone, have had a significant material adverse effect on the Group's net assets, financial position and results of operations. There can be no assurance that the Group will not suffer further material adverse effects in the future as well, particularly in the event of a renewed escalation of the crisis. Any further escalation of the crisis within the European Monetary Union may have material adverse effects on the Group, which, under certain circumstances, may even threaten the Group's existence*"). This may have material adverse effects on economic growth, not least due to central banks limiting the supply of liquidity and taking measures to increase interest rates in order to fight inflation, thereby slowing economic growth.

Negative developments in the macroeconomic environment may, in particular, lead to the need to increase loan loss provisions and the incurrence of losses from defaults on loans, as corporate insolvencies and therefore loan defaults become more likely, and interest and amortization payments could remain outstanding for a longer period in some cases. This may have a material adverse effect on the Group's net assets, financial position and results of operations. Given economic developments, the Group expects that loan loss provisions will continue to increase in the current financial year (see also risk factor 7: "*The Group is exposed to default risk (credit risk), including in respect of large individual commitments, large loans and commitments concentrated in individual sectors, referred to as "cluster" risk, as well as loans to debtors that may be particularly affected by the Sovereign Debt Crisis*"). Furthermore, in addition to low interest rates, weak or negative economic growth (in Germany and Poland in particular) may place a strain on the Group's results of operations and profitability, as demand for its products (such as loans from the Mittelstandsbank or the Polish BRE Bank SA ("**BRE Bank**"), the Corporates & Markets segment's products and the Private Customers segment's investment products) may decline.

Due to the European sovereign debt crisis, COMMERZBANK expects economic growth to remain muted in the Central and Eastern European region in 2013. It is expected that falling infrastructure investment and weak private consumption will continue to weaken the Polish economy in 2013. The monetary policy committee in Poland already began easing monetary policy in 2012, and continued this policy in the first half of 2013. This interest rate environment and the economic environment more generally could lead to pressure on the development of the local banking sector's results of operations. Any of these factors may impair the business operations of BRE Bank in Poland, and thereby have an adverse effect on the COMMERZBANK Group's net assets, financial position and results of operations.

Due to the large portion of COMMERZBANK's business activities in Germany, a recession in this market would have substantial material adverse effects on the Group's net assets, financial position and results of operations. In the event of a deep recession lasting several years, this may even pose a threat to the Group's existence. Moreover, since the Polish economy is significantly influenced by the state of the German economy, such a recession could also have material adverse effects on the business operations of BRE Bank in Poland, which could lead to further significant material adverse effects on the Group's net assets, financial position and results of operations.

2. The global financial crisis and the sovereign debt crisis, particularly in the Eurozone, have had a significant material adverse effect on the Group's net assets, financial position and results of operations. There can be no assurance that the Group will not suffer further material adverse effects in the future as well, particularly in the event of a renewed escalation of the crisis. Any further escalation of the crisis within the European Monetary Union may have material adverse effects on the Group, which, under certain circumstances, may even threaten the Group's existence.

Since the middle of 2007, international financial markets and financial institutions have been suffering from the severe negative effects of the global financial crisis. The financial crisis had a material adverse effect on the Group's net assets, financial position and results of operations, with the result that COMMERZBANK – like many of its international competitors – was forced to call upon state support at the end of 2008. After a widespread stabilization of financial markets in 2010 and at the beginning of 2011, markets have again come under severe pressure since the middle of 2011 as a result of a deterioration in the credit ratings of a number of countries (particularly within the Eurozone). These negative developments raised serious doubts as to the ability of those national economies to meet their sovereign debt obligations (the “**Sovereign Debt Crisis**”).

This development was accompanied by a series of ratings downgrades, some considerable, of the countries concerned by Standard & Poor’s Financial Services LLC (“**Standard & Poor’s**”), Moody’s Investors Service, Inc. (“**Moody’s**”) and Fitch Ratings, Inc. (“**Fitch**”). In comparison to the very good ratings that were still in place at the beginning of 2010, by the end of July 2013, the ratings of Italy had been downgraded by up to six notches and Spain by up to nine notches. The ratings downgrades also affected sovereign bonds, the market value of which had not previously declined, or had declined only to small extent. Downgrades can, in addition to other factors, bring about a further widening of spreads or a reduction in the market price of outstanding bonds issued by public-sector entities (“**Sovereign Debt**”). Consequently, they can bring about an increase in the cost of financing for certain states, as certain investors must (due, in part, to applicable laws or internal rules) sell financial instruments when a rating falls below a certain level.

Greece, Portugal and Ireland became partly unable to refinance their maturing Sovereign Debt and ongoing financing needs on the capital markets as early as 2010, requiring the European Union, other countries in the Eurozone and the International Monetary Fund to provide support. For this purpose, the member states of the European Union, together with the International Monetary Fund to some extent, established a “Bailout” package, i.e., a set of mechanisms enabling the countries concerned to be supported through the granting of loans. However, the Bailout has not been able to dispel the doubts regarding the stability of the affected countries on a sustainable basis. Despite successive increases, the fear remains that its volume will not be sufficient if the crisis spreads to other large European countries (particularly Italy and Spain). This is the case because, in particular, European governments have disagreed to some extent as to the consequences to be drawn from the Sovereign Debt Crisis for the economic and financial policy of Europe and the Eurozone, and corresponding doubts remain as to whether policy-makers will react decisively enough in the event of a renewed escalation of the crisis.

The Sovereign Debt Crisis has thereby led to the affected states’ existing bonds suffering substantial losses in value. Greek bonds were the most severely affected, with their market value declining to less than 30% of their nominal value during the course of 2011. In March 2012, Greek bonds were exchanged, or were required to be exchanged, by private bondholders (among them COMMERZBANK) for new bonds with a substantially reduced nominal value, longer terms and a reduced interest rate. In addition, the market values of the bonds of a number of other states in the Eurozone, particularly Italy, Spain, Portugal and Ireland, also declined considerably in 2010 and 2011. Countries outside the Eurozone, particularly in Eastern Europe (especially Hungary), have also been affected. At the same time, the trading liquidity of all affected Sovereign Debt has decreased, in some cases substantially. Despite the restructuring of Greece’s debt in March 2012 and a measure of easing after the stabilization of the value of Italian and Spanish Sovereign Debt, in particular due to the verbal intervention of the European Central Bank (“**ECB**”) in the summer of 2012, there remains a substantial risk that the crisis will intensify and spread to other countries. Public demonstrations, election results and the resulting changes in government in certain countries could influence those countries’ willingness to agree to austerity measures and reforms tied to rescue packages, thereby increasing the likelihood of a renewed escalation in the Sovereign Debt Crisis. In addition, the continued uncertainty, with positive developments repeatedly followed by setbacks, has resulted in a general aversion to risk on the part of many market participants, with volumes in many businesses in which COMMERZBANK engages dropping to and remaining at levels consistently below pre-crisis levels.

European banks in particular, including COMMERZBANK, sustained substantial losses due to the impairments on Greek Sovereign Debt and in the course of the restructuring, which has led to a weakening of their capital bases (see also risk factor 3: “*The Group holds substantial volumes of Sovereign Debt. Impairments and revaluations of such Sovereign Debt to lower fair values have had material adverse effects on the Group’s net assets, financial position and results of operations in the past, and may have further adverse effects in the future*”). The risk of sustaining further losses on the Sovereign Debt of other countries has also triggered doubts as to the stability of some banks that hold sizeable portfolios of such Sovereign Debt. As in the financial crisis, this has resulted in a considerable strain on the interbank lending market and a widespread loss of confidence, making it more difficult and expensive for banks to obtaining funding. The limited ability to recoup these losses through volume business in traditionally less volatile areas of the banking business has made the situation worse.

The effects of the financial crisis and the Sovereign Debt Crisis and the resulting deterioration in the business environment have had a material adverse effect on the Group’s net assets, financial position and results of operations. Among the most important adverse effects have been: an increased need for loan loss provisions and impairments in relation to net investment income, net trading losses and increases in financing costs as well as declining income. It can be assumed that material adverse consequences may also result for the Group in the future, particularly in the event of a renewed escalation of the crises. At the same time, it is to some extent not possible, or only possible with great difficulty, for the Group to hedge against risks related to the financial crisis and the Sovereign Debt Crisis (see also risk factor 23: “*The Group’s hedging strategies may prove to be ineffective, result in costs and entail risks*”).

If further member states of the European Union ("**EU**") were to experience payment problems or even become insolvent, the risks relating to the Sovereign Debt Crisis would be significantly greater, even threatening the Group's existence under certain circumstances. The exit of individual countries from the European Monetary Union, in particular the exit of one of the major economic powers such as Germany, Italy, Spain or France, or the complete break-up of the European Monetary Union, would have extremely far-reaching consequences for financial markets and the real economy. Furthermore, potential funding restrictions imposed by local central banks could in this case lead to funding shortfalls and additional foreign currency risks (see also risk factor 20: "*The Group is exposed to currency risks*"). It can be assumed that such a scenario would have extremely significant material adverse effects on the Group's net assets, financial position and results of operations, and could even threaten the Group's existence under certain circumstances.

3. The Group holds substantial volumes of Sovereign Debt. Impairments and revaluations of such Sovereign Debt to lower fair values have had material adverse effects on the Group's net assets, financial position and results of operations in the past, and may have further adverse effects in the future.

The Group holds substantial volumes of Sovereign Debt, i.e., bonds issued by a state or other public-sector entities, largely through its Hypothekenbank Frankfurt AG ("**Hypothekenbank Frankfurt**") subsidiary, formerly Eurohypo Aktiengesellschaft. These include bonds issued by Italy, Spain and Portugal, and, until the first half of 2012, also by Greece. Adverse developments prompted the Group to reduce its holdings of such Sovereign Debt during the 2010, 2011 and 2012 financial years and accept losses as a consequence. As of June 30, 2013, the Group's exposure at default ("**EaD**") to public-sector entities was €47 billion. Of this amount, Italy accounted for €9.4 billion, Spain for €2.6 billion and Portugal for €0.8 billion, thereby totaling €12.8 billion. For securities in the Public Finance portfolio, EaD is equal to the nominal value of those securities. These EaD values take into account hedging through the Group's acquisition of Credit Default Swaps ("**CDSs**"), *i.e.*, the EaD values have been reduced by the hedged amount. Since it is not assured in every case that CDSs will effectively hedge against the risks from Sovereign Debt, the Group's exposure to the risks from Sovereign Debt may be higher than those indicated by the EaD values (see risk factor 4: "*Credit default swaps (CDSs) on Sovereign Debt acquired by the Group could fail to fulfill their hedging purpose. Furthermore, the Group has issued CDSs on Sovereign Debt, thereby assuming the default risk of the Sovereign Debt held by third parties. The risk from CDSs the Group has issued may materialize even if CDSs the Group has acquired fail to fulfill their hedging purpose at the same time*").

Sovereign Debt is assigned to two separate categories in the COMMERZBANK Group depending, among other factors, on the availability of liquid markets. A large portion of the Sovereign Debt (with a nominal value of €19.6 billion as of June 30, 2013) is recognized in the Loans and Receivables ("**LaR**") category. The rest (with a nominal value of €17.9 billion as of June 30, 2013) is recognized in the Available for Sale ("**AfS**") category. Sovereign Debt is reported in accordance with the IAS 39 categories. The portion that became illiquid in 2008 and 2009 is assigned to the LaR category and reported at amortized cost; once illiquidity has been determined, the previous changes in fair value are frozen, or as the case may be, released by maturity. Even if markets again become liquid, bonds in the LaR category may not be adjusted for changes in their fair value; an impairment (recognized through profit or loss) only takes place if certain objective circumstances exist. In the case of securities assigned to the AfS category, the carrying values are adjusted to fair value by recording an adjusting entry (which may be positive if the fair value increases or negative if the fair value decreases) on the asset side of the balance sheet and reclassifying this amount to the revaluation reserve, thus changing reported equity accordingly. The revaluation of securities assigned to the AfS category is generally not recognized through profit or loss. However, impairments (for both LaR Sovereign Debt and AfS Sovereign Debt) are recognized through profit or loss if objective evidence of an impairment resulting from loss events exists that results in a decrease in the expected cash flows from the Sovereign Debt. Additionally, the Group has largely hedged its Sovereign Debt against interest rate and inflation risks through derivative instruments. A fall in the value of the Sovereign Debt can have a corresponding adverse impact on the value of these hedging instruments, leading to further significant adverse effects on results of operations (see risk factor 23: "*The Group's hedging strategies may prove to be ineffective, result in costs and entail risks*").

Other than in respect of Greek Sovereign Debt (in 2012, all Greek Sovereign Debt was exchanged for new Greek Sovereign Debt and sold) and municipal bonds, in particular of the City of Detroit, no impairments have been made to date, as COMMERZBANK did not believe that the conditions that required the impairment of the Greek Sovereign Debt and the Detroit municipal bonds, namely objective evidence of a decrease in the expected cash flows of the respective debt instruments, existed in respect of the Sovereign Debt of other countries as of June 30, 2013. The revaluation reserve with regard to Sovereign Debt, i.e., the difference between the Sovereign Debt held as AfS and the fair value, amounted to €0.9 billion as of June 30, 2013. The difference between the Sovereign Debt held as LaR and the fair value, to the extent lower than the respective carrying value, amounted to €3.2 billion as of June 30, 2013 (referred to as hidden liabilities).

As can be seen from the high negative revaluation reserve and the high hidden liabilities in respect of Sovereign Debt as of June 30, 2013, market participants no longer believe that it will be possible to recover the full value of various

Sovereign Debt, in particular that of Italy, Spain and Portugal, but also that of a number of United States municipalities, and not all of this is fully reflected in the COMMERZBANK Group's key financial figures. Should the view of market participants be confirmed, the Sovereign Debt held by the COMMERZBANK Group would be subject to significant impairments, and further negative valuation effects from the interest and inflation hedging instruments would need to be booked through profit or loss. This would have material adverse effects on the Group's net assets, financial position and results of operations.

On the other hand, the Group's options for reducing the risks arising out of its Sovereign Debt holdings, whether through sales or other measures, are limited or would require the acceptance of considerable losses. This is because market values lie in some cases very considerably below carrying values, the ability and the willingness of the market to absorb Sovereign Debt is limited and many market participants, particularly banks, are attempting to sell such debt. The downward spiral generated thereby may lead to further material adverse effects on the Group's net assets, financial position and results of operations.

4. Credit default swaps (CDSs) on Sovereign Debt acquired by the Group could fail to fulfill their hedging purpose. Furthermore, the Group has issued CDSs on Sovereign Debt, thereby assuming the default risk of the Sovereign Debt held by third parties. The risk from CDSs the Group has issued may materialize even if CDSs the Group has acquired fail to fulfill their hedging purpose at the same time.

As of June 30, 2013, the Group had acquired a total of €1.6 billion in CDSs for the Sovereign Debt of Italy, Spain and Portugal, as well as a total of €0.9 billion in CDSs for the Sovereign Debt of other countries. Italy accounted for €1.0 billion thereof, Spain for €0.4 billion and Portugal for €0.2 billion. At the same time, the Group has issued a total volume of €1.6 billion in CDSs for the Sovereign Debt of Italy, Spain and Portugal (in addition to a total volume of €0.9 billion in CDSs for the Sovereign Debt of other countries), thereby assuming the credit risk of the hedged Sovereign Debt of its counterparties to that extent. Italy accounted for €1.2 billion thereof, Spain for €0.3 billion and Portugal for €0.2 billion.

However, the value of the acquired CDSs depends on the respective counterparty's ability to pay. This ability to pay may be impaired if the counterparties fail to hedge their own risk positions effectively or if other substantial risks arising from Sovereign Debt materialize, particularly in the event of a sovereign insolvency. In addition, the contractual terms of the hedging instruments may not cover the particular event triggering the debtor's non-payment. In other circumstances, it may however be the case that the hedging provided by the CDSs fails to fulfill its purpose, therefore exposing the Group to risks that it believed it had hedged.

Furthermore, in respect of several countries, the CDSs issued by the Group do not provide the same coverage in terms of amounts and contractual arrangements (e.g., with respect to currencies and terms) as the CDSs acquired by the Group. Therefore, even in the case of full performance of the CDSs by the counterparty, the acquired CDSs would not fully offset the risk arising from the issued CDSs (see also risk factor 23: "*The Group's hedging strategies may prove to be ineffective, result in costs and entail risks*").

A payment default by even just one of the countries whose Sovereign Debt is the subject of CDS coverage provided by the Group or whose Sovereign Debt positions held by the Group are hedged against through CDSs may have material adverse effects on the Group's net assets, financial position and results of operations, in addition to the adverse effects based on the Sovereign Debt of these countries directly held by the Group.

5. There is a risk that the Group may not be able to implement its Strategic Agenda or may be able to do so only in part or at a higher cost than planned, and that the implementation of planned measures may not lead to the achievement of the strategic objectives sought to be obtained.

COMMERZBANK is planning to further adapt its business model to the changing conditions in the financial industry in the coming years, and the targets it is pursuing as part of its Strategic Agenda 2016 include the following: COMMERZBANK intends to invest more than €2.0 billion by 2016 in the profitability of its core business in the Private Customers, Mittelstandsbank, Corporates & Markets and Central & Eastern Europe segments (the Core Bank). In the Private Customers segment, COMMERZBANK plans to invest approximately €1.0 billion by 2016 in platforms, the product and service offering, the advisory process and the qualification of employees in order to increase average revenue per customer and increase the number of customers by one million. Moreover, additional efficiency measures are intended to keep costs stable and further improve capital resources. The target thereby is to achieve a return on equity (RoE) of more than 10% and to reduce the cost/income ratio (CIR) to approximately 60% in the Core Bank by 2016. COMMERZBANK is aiming to achieve a Common Equity Tier 1 ratio, under fully phased-in Basel 3 rules expected to be in effect only as of 2019, of 9% as early as the end of 2014. Lastly, the Public Finance, Commercial Real Estate (CRE) and Ship Finance portfolios bundled in the Non-Core Assets ("**NCA**") segment are intended to be reduced, mainly without divestments and in a value-optimizing manner, by approximately 40%, from EaD of €151 billion as of December 31, 2012 to EaD of under €90 billion by December 31, 2016.

Internal structures for managing cost-reduction programs have been implemented in order to adjust the cost base, and the implementation of the respective measures has been initiated in all units. COMMERZBANK and the employee committees have agreed on a reduction of 5,200 full-time equivalents through the year 2016. In the first quarter of 2013, restructuring expenses in the amount of €493 million were booked for these personnel measures. These expenses will largely accrue to the Private Customers segment and to the service and Group management units.

The materialization of any number of macroeconomic risks, including, for example, continuing low interest rates, continuing reluctance of customers to invest in securities or procure loans, high volatility and general uncertainty in the markets, a slowing of global economic growth (particularly in Germany and Poland), and a re-escalation of the financial market or sovereign debt crises, could prevent COMMERZBANK from attaining some or all of the targets set forth in its Strategic Agenda. See also risk factor 1: "*The macroeconomic environment prevailing over the past few years continues to negatively affect the Group's results, and the Group's heavy dependence on the economic environment, particularly in Germany, may result in further substantial negative effects in the event of a possible renewed economic downturn*", and risk factor 2: "*The global financial crisis and the sovereign debt crisis, particularly in the Eurozone, have had a significant material adverse effect on the Group's net assets, financial position and results of operations. There can be no assurance that the Group will not suffer further material adverse effects in the future as well, particularly in the event of a renewed escalation of the crisis. Any further escalation of the crisis within the European Monetary Union may have material adverse effects on the Group, which, under certain circumstances, may even threaten the Group's existence*", as well as risk factor 24: "*The Group's income and profit from its brokerage business and other commission-based or fee-based business may decrease further*".

Additionally, the Group is exposed to the risk that key assumptions underlying the success of the Strategic Agenda may prove to be partly or fully incorrect and therefore that some or all of the targets may not be reached. For example, it is possible that one or more of the Private Customers, Mittelstandsbank and Central & Eastern Europe segments will not achieve the desired growth in customer volume due, in particular, to heavy competition (see risk factor 28: "*The markets in which the Group is active, particularly the German market (and, in particular, the private and corporate customer business and investment banking activities) and the Polish market, are characterized by intense competition on price and on transaction terms, which results in considerable pressure on margins*"). Without an increase in the customer base and business volume, it would be difficult for COMMERZBANK to achieve the Strategic Agenda's targets.

Furthermore, the Group is exposed to the risk that the planned investment of over €2.0 billion cannot be implemented successfully or, if implemented, will not be successful in achieving the strategic targets sought. It is possible, for example, that there will be little customer demand for the new products and services in which COMMERZBANK is investing or that customers will remain reluctant to take advantage of banking products and services in general, and therefore the expected increases in income do not occur. It is also possible that, despite the additional investment made, COMMERZBANK will be unable to attract the appropriately qualified personnel it requires in its growth areas (see also risk factor 42: "*The Group may be unable to attract and retain qualified staff in the future*").

The Group is also exposed to the risk that the amount of financial resources and/or time allocated for implementing the Strategic Agenda will be insufficient or that, despite a successful implementation of the measures planned, its targets cannot be achieved. The more than €2.0 billion earmarked for carrying out the Strategic Agenda may prove insufficient to bring the plan to fruition. Implementation of the Strategic Agenda may also take longer than expected, with its targets being achieved only after 2016 or not at all. For example, the plan is to run down the non-core activities transferred to the NCA segment over the course of time, mainly without divestments and in a value-optimizing manner. In accordance with its overall downsizing strategy, however, the Company will consider divestments of sub-portfolios or individual exposures even if losses will be realized (in particular cases not insubstantial) if the specific transaction is expected to result in capital relief (despite a loss on the income statement) or for the purpose of avoiding a foreseeable deterioration of the risk situation in respect of the relevant sub-portfolios or individual exposures. For example, in July 2013, a Commercial Real Estate portfolio in the United Kingdom was sold to a consortium comprising Wells Fargo and Lone Star Funds. The transaction encompasses commercial real estate loans totaling €5.0 billion including the relevant interest-rate and currency hedging derivatives, as well as the entire operational business of Hypothekenbank Frankfurt in the United Kingdom. COMMERZBANK expects that the overall result in 2013 will see charges of €179 million as a consequence of the transaction (€134 million in the second quarter of 2013; approximately €45 million in the second half of 2013). It cannot be excluded that the expected portfolio sales and the implementation of the run-down of the NCA portfolios will not succeed, will succeed only partially or will succeed only later than planned.

Furthermore, the Group is exposed to the risk that certain factors that could undermine the Strategic Agenda's success have been underestimated, or that unexpected circumstances could prevent the Group from reaching its stated targets. Operational risks may materialize in implementing the Strategic Plan, which could cause the plan to fail for reasons completely unrelated to its original underlying assumptions. Additionally, it is possible that the Group's future results could be negatively affected by one-time or special effects or developments that offset the positive effects of the Strategic Agenda. For example, certain assets in the NCA portfolio may require significant future write-downs that were not foreseen in the planning process.

In addition, the Group is exposed to the risk that the cost-saving measures may not be achieved. For example, it is possible that the intended reduction of 5,200 full-time equivalents could be delayed in its implementation and/or result in higher costs than initially anticipated. In the event that the planned cost-saving measures cannot be realized, the Strategic Agenda's targets may not be reached.

Regulatory requirements (both existing and future requirements), particularly with respect to capital adequacy, may also impede or frustrate the achievement of the strategic goals (see also risk factor 45: *"Ever stricter regulatory capital and liquidity standards and procedural and reporting requirements may call into question the business model of a number of the Group's activities, adversely affect the Group's competitive position, or make the raising of additional equity capital necessary*").

The implementation of the Strategic Agenda is also complicated by limitations based on conditions attached to stabilization assistance granted to the Group by the Financial Market Stabilization Fund (*Sonderfonds zur Finanzmarktstabilisierung*) ("**SoFFin**") (see risk factor 51: *"The Group may be unable to fulfill the requirements imposed by the European Commission in connection with its utilization of the state stabilization measures on time or to a sufficient degree, and it may suffer economic disadvantages in connection with the fulfillment of these requirements*"). These conditions can impair the Group's strategic plans and goals, in particular the envisioned medium-term growth in the Core Bank.

If the Group does not succeed or only partially succeeds in implementing its Strategic Agenda, or if the costs associated with implementing these plans are higher than expected, or if the implementation of planned measures does not lead to achieving the desired targets, this may have material adverse effects on the Group's net assets, financial position and results of operations.

6. The Group's results fluctuate significantly and are heavily influenced by volatile individual items and special effects. As a result, results for any period can serve as indications of results for subsequent periods to only a limited extent.

The Group's results are extremely volatile and are heavily influenced by special effects. The main drivers of results in the recent past have been loan loss provisions, net investment income, in particular write-downs and sales of bonds issued by public-sector entities (see also risk factor 3: *"The Group holds substantial volumes of Sovereign Debt. Impairments and revaluations of such Sovereign Debt to lower fair values have had material adverse effects on the Group's net assets, financial position and results of operations in the past, and may have further adverse effects in the future*"), net trading income (e.g., structured finance transactions, valuation of own credit spread) and tax expenses (e.g., from write-downs/write-ups of deferred tax assets).

The following special effects in the past should also be particularly noted:

- Restructuring expenses and integration costs arise largely through shifts in strategy and organizational changes. However, restructuring expenses tend to be one-time expenses in the period in which the restructurings are communicated. Integration costs (e.g., increased write-downs, conclusion of part-time working agreements for older employees, advertising, investment in the new strategy) are incurred during the restructuring period and booked as an expense over several periods. For example, in the first half of 2013, COMMERZBANK reported restructuring expenses in the amount of €493 million for its current strategy.
- The valuation of the Company's own credit spread arises from the market valuation of the Company's own liabilities for which the fair value option was applied (for the prevention or significant reduction of recognition and measurement congruencies). As of December 31, 2012, these showed a total book value of €5.4 billion (comprising €0.2 billion in liabilities to banks, €1.8 billion in liabilities to customers, and €3.4 billion in securitized liabilities). Due to external market forces, the valuation of the Company's own credit spread is subject to substantial fluctuations that are reflected directly in net trading income. In the first half of 2013, an income of €46 million was recorded. In 2012, it was necessary to report a charge of €332 million in net trading income, while in 2011 income of €293 million was recorded.
- Impairments on deferred tax assets arise largely from reductions in future taxable income, which in turn is determined by the planning figures. Thus, in 2012 it was necessary to book an impairment of €673 million for the COMMERZBANK Group, while in 2011 and 2010 write-ups of €500 million and €244 million, respectively, were carried out.

Due to volatility, the result for the financial year cannot be extrapolated from the result generated in any one quarter. A large number of external and macroeconomic factors such as the development of the global and national economies and gross domestic product, the development in base rates and the development of the equity and other securities markets (i.e., factors over which the Group has very little or no control) have an effect on the COMMERZBANK Group's results. Negative developments among these factors may have material adverse effects on the Group's net assets, financial position and results of operations.

7. The Group is exposed to default risk (credit risk), including in respect of large individual commitments, large loans and commitments concentrated in individual sectors, referred to as "cluster" risk, as well as loans to debtors that may be particularly affected by the Sovereign Debt Crisis.

The Group is exposed to default risk (credit risk) in connection with its lending business with customers and credit institutions (primarily comprised of loans to private and corporate customers, real estate finance and ship finance, as well as loans and advances to banks, insurance companies, financial service providers, states and public-sector entities), its substitute credit business (i.e., structured credit products), the financial instruments in its investment portfolio (e.g., bonds issued by industrial companies, banks, insurance companies and sovereigns), other financial instruments, derivatives and transactions with central counterparties. The Group defines credit risk as the risk associated with possible losses in value that may be caused by changes in credit ratings or the inability of a counterparty to make payments (for example, due to insolvency). In addition to credit rating risk and default risk, other subcategories of credit risk include settlement risk, counterparty risk and country risk. A worsening of a borrower's economic circumstances, payment defaults and impairments in the value of posted collateral could result in a need to increase loan loss provisions to cover acute and latent credit default risk, or in an increase in the Group's capital charge due to an increase in risk-weighted assets. Although loan loss provisions decreased from €2.50 billion in the 2010 financial year to €1.39 billion in the 2011 financial year, they increased to €1.66 billion in the 2012 financial year, primarily in connection with the sub-portfolios sensitive to economic growth. Loan loss provisions in the first half of 2013 amounted to €804 million.

The Group's loan portfolio exhibits concentration risk in certain sectors. As of June 30, 2013, the EaD of Public Finance still accounted for 16% of the Group's loan portfolio, even after the substantial write-downs in this portfolio in the 2011 financial year, the losses arising on exchange and disposal in the first half of 2012 and a significant reduction in exposure over the course of 2012 and the first half of 2013. Of this percentage, Financial Institutions accounted for 31% and sovereigns for 66%, with the Private Finance Initiative portfolio accounting for the remaining 4%. As of June 30, 2013, the Public Finance portfolio was subdivided as follows (in each case, EaD): Germany €23 billion, the remainder of Western Europe €33 billion (thereof Italy, Spain, Portugal and Ireland €16 billion in total); Central and Eastern Europe €2 billion, North America €11 billion and Other €2 billion. For specific risks concerning commitments with public-sector entities and financial institutions, see also risk factor 3: *"The Group holds substantial volumes of Sovereign Debt. Impairments and revaluations of such Sovereign Debt to lower fair values have had material adverse effects on the Group's net assets, financial position and results of operations in the past, and may have further adverse effects in the future*". There are additional positions relating to financial institutions in addition to those in Public Finance mentioned above, largely in the Mittelstandsbank and Corporates & Markets segments, as well as in Treasury. As of June 30, 2013, the total Financial Institutions portfolio made up 16% of the Group's loan portfolio.

Commercial Real Estate finance accounted for 9% of the total loan portfolio as of June 30, 2013, with Spain, the United Kingdom and the United States together accounting for 22% of the Commercial Real Estate portfolio. The Deutsche Schiffsbank portfolio accounted for 3% of the total loan portfolio as of June 30, 2013, with approximately 21% of the Deutsche Schiffsbank's total portfolio concentrated among the ten largest borrowers.

In light of the continuing uncertainty on the financial markets and the increasing regulatory burdens, COMMERZBANK decided in June 2012 to accelerate its strategy of focusing on customer-driven and profitable core business, minimizing risks and reducing complexity and to completely wind down Commercial Real Estate, Deutsche Schiffsbank and Public Finance Group over time. These portfolios were therefore transferred in their entirety to the NCA segment. For the specific risks relating to the ship finance portfolio, see also risk factor 8: *"The run-down of the ship finance portfolio is exposed to considerable risks in view of the current difficult market environment and the volatility of ship prices and the default risk (credit risk) affected thereby, as well as the risk of substantial changes in the value of ships held as collateral and directly owned*". For the specific risks relating to commitments in Commercial Real Estate finance, see also risk factor 9: *"The run-down of the Commercial Real Estate finance portfolio is exposed to particular risks in view of the current difficult market environment in many markets and volatility of real estate prices and the default risk (credit risk) affected thereby, as well as the risk of substantial changes in the values of directly-owned real estate and private and commercial real estate held as collateral*".

Further exacerbating the risks described above are risk concentrations in respect of individual large borrowers or counterparties. These risk concentrations are attributable on the one hand to "large loans" as defined in and determined pursuant to statutory regulations (Section 13b of the German Banking Act), and on the other hand to the following "cluster risks" as defined in and determined pursuant to the Group's internal rules.

The Group has extended a considerable number of large loans within the meaning of Section 13b of the German Banking Act. Under the German Banking Act, an aggregate large loan exposure exists if the total loans to a single borrower reach or exceed 10% of own capital. Four such large loans existed as of December 31, 2011 and three existed as of December 31, 2012. The largest chargeable amount of these loans was €5.2 billion as of December 31, 2011 and €4.8 billion as of December 31, 2012, corresponding to 20% of core capital as of December 31, 2011 and 17.5% of core capital as of December 31, 2012. Together, the amount of these large exposures to be charged against the large exposure limit amounted to €10.3 billion as of December 31, 2011 and €5.6 billion as of December 31, 2012, corresponding to 39.3% of core capital as of December 31, 2011 and 20.7% of core capital as of December 31, 2012. The materialization of default risk (credit risk) in respect of any one of these large exposures would have material adverse effects on the Group's Tier 1 capital (core capital) and regulatory capital ratios, as well as on the Group's net assets, financial position and results of operations.

Since the beginning of 2011, cluster risks have been monitored through a standardized definition based on the "all-in" concept. The "all-in" concept encompasses all of the credit lines granted to an individual customer by the Group in their full amount, irrespective of the amount currently drawn. Furthermore, the definition is not dependent on the use of statistically modeled parameters and thus better reflects the maximum potential for loss arising out of credit risk in respect of the customer in question than the previous criteria. However, it is to be noted that settlement risks, analogous to their treatment in EaD, are not included, while reverse repos, derivatives, etc. are included in the "all-in" concept only after appropriate netting.

The "all-in" entry threshold (Group) in respect of cluster risk has been set at €1 billion and applies across all segments, product categories and accounting items. However, so-called "exceptional debtors" (such as central banks and supranational financial institutions) are excluded from this analysis. On the basis of this definition, EaD in respect of cluster risk amounted to €79 billion, or 17% of total Group EaD as of June 30, 2013. The establishment or, as the case may be, prolongation of a position exceeding the cluster risk threshold requires the approval of the full Board of Managing Directors. As of June 30, 2013, the cluster risks were focused in the Financial Institutions (approximately 42% of cluster exposure) and Public Finance (approximately 31% of cluster exposure) portfolios. Two very large commitments, or 4% of the cluster exposure as of June 30, 2013, are attributable to the industrial, specifically the automotive, sector. The materialization of default risk in respect of one or more of the borrowers, issuers or counterparties of high-volume financial instruments could have material adverse effects on the Group.

Finally, the Group is exposed to credit risks related to financial institutions and companies particularly affected by the financial market and sovereign debt crises, for example because they are located in, or have operations focusing on, countries with high levels of debt such as Greece, Italy, Spain, Portugal or Ireland, because they have a high level of credit exposure to highly indebted countries or because they have issued a substantial amount of CDSs relating to the Sovereign Debt of these countries (see risk factor 2: "*The global financial crisis and the sovereign debt crisis, particularly in the Eurozone, have had a significant material adverse effect on the Group's net assets, financial position and results of operations. There can be no assurance that the Group will not suffer further material adverse effects in the future as well, particularly in the event of a renewed escalation of the crisis. Any further escalation of the crisis within the European Monetary Union may have material adverse effects on the Group, which, under certain circumstances, may even threaten the Group's existence*").

A worsening of the economic environment or an escalation of the financial market and sovereign debt crises, in particular, may call into question the continued economic viability of some of these counterparties. A possible worsening could acutely affect financial institutions in particular, as they are affected by higher defaults on loans or write-downs of securities or because, in the case of a material worsening of the economic environment, a substantial need for impairments in respect of real estate loan portfolios may occur or a substantial volume of customer deposits may be withdrawn. If the confidence in the creditworthiness of these financial institutions falls because of these factors, then their ability to refinance themselves through the market may be impaired, threatening their liquidity. As a result, affected financial institutions would be more heavily dependent on the refinancing facilities or other monetary policy support instruments of central banks, or would have to be supported through governmental stabilization measures at a national or European level. Should such measures prove to be unachievable or insufficiently effective, this could lead to the collapse of those financial institutions and thereby indirect economic harm for COMMERZBANK.

The materialization of one or more of the risks described above could have material adverse effects on the Group's net assets, financial position and results of operations.

8. The run-down of the ship finance portfolio is exposed to considerable risks in view of the current difficult market environment and the volatility of ship prices and the default risk (credit risk) affected thereby, as well as the risk of substantial changes in the value of ships held as collateral and directly owned.

Deutsche Schiffsbank includes the loan portfolios and ship finance activities of COMMERZBANK, the former Dresdner Bank AG and the former Deutsche Schiffsbank AG, and is contained (together with Commercial Real Estate and Public Finance) in the NCA segment. The goal of Deutsche Schiffsbank, as for all Group divisions within the NCA segment, is the value-optimizing run-down of the segment's assets, irrespective of the current risk level of the individual financings. The exposure to ship financing in the Deutsche Schiffsbank portfolio was reduced from €21 billion as of December 31, 2011 to €19 billion as of December 31, 2012, and to €17 billion as of June 30, 2013 (EaD including Default Portfolio).

The ships furnished as collateral to the Group in connection with its ship financing activities as well as ships that are directly owned are subject to structural value fluctuations. The ships' value is influenced on the one hand by their features (type, age, technology, size) and, on the other, particularly by their capacity utilization and the charter rates realized. Capacity utilization and charter rates are in turn dependent on the performance of international trade and the related state of the supply of and demand for transportation capacity (see also risk factor 1: *"The macroeconomic environment prevailing over the past few years continues to negatively affect the Group's results, and the Group's heavy dependence on the economic environment, particularly in Germany, may result in further substantial negative effects in the event of a possible renewed economic downturn*"). The significant decline in charter rates resulting from intense competitive pressures on the supply side (increased transportation capacity) and significantly higher bunker costs led to charter shipping companies suffering losses and significant liquidity outflows in 2011. The increase in capacity in 2011 significantly exceeded the increase in international trade, which weakened significantly in the second half of 2011 and in 2012, particularly as a result of the deteriorating economy. Market developments in 2012 were characterized by a further escalation of the shipping crisis, which manifested itself in a further sharp decline in charter rates. This resulted in significant declines in the value of ships, which in some cases, depending on the shipping segment, fell below the nominal amount of the loan extended against them. Even if the situation on the shipping market were to improve in the future, it is possible that certain ship types (such as smaller container ships) would not benefit from this. The rising insolvency rates observed in 2012 and in the first half of 2013 will likely continue due to the persistently low level of charter rates expected. Against the background of the ongoing shipping crisis and its associated effects on the ship finance business, in November 2012, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "**BaFin**") established a focal point for review pursuant to Section 30 of the German Banking Act for the annual audits of various German banks, including that of COMMERZBANK. The focal point for review related to testing the recoverability of claims and collateral in the ship finance portfolio. The Company cannot currently predict whether BaFin will consider taking further regulatory steps based on the results that are available to it. A worsening of the Sovereign Debt Crisis or the financial crisis, and the negative economic development that would accompany it, would have additional material adverse effects on charter rates, capacity utilization and, consequently, on ship values. See also risk factor 2: "*The global financial crisis and the sovereign debt crisis, particularly in the Eurozone, have had a significant material adverse effect on the Group's net assets, financial position and results of operations. There can be no assurance that the Group will not suffer further material adverse effects in the future as well, particularly in the event of a renewed escalation of the crisis. Any further escalation of the crisis within the European Monetary Union may have material adverse effects on the Group, which, under certain circumstances, may even threaten the Group's existence*".

An adverse change in ship values can lead to a devaluation of the ships directly owned by the Group. This risk also applies to ships that the Group intends to operate with partners through a self-generated restructuring platform on a temporary basis in the future. Additionally, with regard to ships that it owns directly, the Group is potentially exposed to further risks, including liability risk, relating to any damage events. Each of these risks may have material adverse effects on the Group's net assets, financial position and results of operations.

The prolonged shipping crisis led to a marked increase in loan loss provisions and the amount allocated to the default portfolio (the "**Default Portfolio**") in COMMERZBANK's ship finance business in 2012 and in the first half of 2013. Loan loss provisions in the ship finance business amounted to €741 million in the 2012 financial year, compared to €232 million in the 2011 financial year. This result was partly attributable to a sharp increase in portfolio valuation adjustments due to the effects of adjusting and recalibrating the parameters for calculating loan loss provisions. It is possible that additional parameter adjustments may be required in the future, which could result in the need to increase loan losses provisions in COMMERZBANK's ship finance business. Additionally, a further rise in liquidations, or in individual liquidations with considerable volumes may lead to significantly higher loan loss provisions. In turn, these higher losses may have a negative impact on the parameters for calculating loan loss provisions and capital. See also risk factor 44: "*The Group may be exposed to risks that are either not identified or inadequately assessed by its existing risk management*". Loan loss provisions in the first half of 2013 amounted to €248 million. Moreover, it can be expected that loan loss provisions will remain at a high level if the economic situation does not change.

Due to the economic reasons described above, the collateral posted for the loan portfolios of the ship finance business are subject to considerable fluctuations in value. Impairments in respect of collateral may on the one hand necessitate an increase in loan loss provisions to cover acute and latent credit default risk. This may also, however, lead to the collateral no longer being adequate to cover the outstanding loan volume in the event it is realized. Such a case would require valuation adjustments. All this may have material adverse effects on the Group's net assets, financial position and results of operations.

9. The run-down of the Commercial Real Estate finance portfolio is exposed to particular risks in view of the current difficult market environment in many markets and volatility of real estate prices and the default risk (credit risk) affected thereby, as well as the risk of substantial changes in the values of directly-owned real estate and private and commercial real estate held as collateral.

Success in reducing the Group's Commercial Real Estate finance portfolio depends to a large extent on the performance of real estate markets, which have been marked by considerable uncertainty in recent years. In addition to these risks, the profitability of real estate and the price developments in the affected segment of the real estate sector, credit risk in respect of real estate finance also depends on the general state of the economy. As a result of the financial crisis and the economic downturn, the market values of many real estate properties have been subject to substantial fluctuations for a prolonged period and in some cases have declined sharply. This has had a correspondingly negative impact on the Group's activities. Real estate prices in key markets, particularly Spain, the United Kingdom and the United States, declined significantly between 2007 and 2010. While most real estate markets (with the exception of the EU countries in southern Europe) stabilized or in a few cases even showed signs of a modest recovery during the course of the 2011 financial year, there has been no obvious recovery in real estate markets, in particular due to the Sovereign Debt Crisis, corrections to the housing markets and consolidation in the banking sector. Although the uncertainties linked to the Sovereign Debt Crisis continued to abate in 2012 and in the first half of 2013, the persistent recession in the Eurozone is still weighing heavily on real estate markets, above all in the southern peripheral countries. The development of market values for real estate in these countries in particular has remained clearly negative, the more so as rental markets continue to slump. The solid demand for high-value real estate is supporting price levels. However, only liquid markets are able to profit from this. Lower-value properties, in contrast, are much harder to sell in the market. Factors that may have a long-lasting influence on the real estate market include, in particular, the relationship between the supply of commercial real estate and demand, tenants' ability to pay and/or availability, the investment behavior of investors, refinancing possibilities and general cyclical fluctuations in the real estate market.

Due to the economic reasons described above, the value of directly-owned real estate as well as the collateral posted for the loan portfolios of the Commercial Real Estate finance business are subject to considerable fluctuations in value. Impairments in respect of collateral may on the one hand necessitate an increase in loan loss provisions to cover acute and latent credit default risk. This may also lead, on the other hand, to the result that the collateral may no longer be adequate to cover the outstanding loan volume in the event of that it is realized. Such a case would require additional valuation adjustments. See also risk factor 5: "*There is a risk that the Group may not be able to implement its Strategic Agenda or may be able to do so only in part or at a higher cost than planned, and that the implementation of planned measures may not lead to the achievement of the strategic objectives sought to be obtained*". All this may have material adverse effects on the Group's net assets, financial position and results of operations.

10. The Group has a substantial number of non-performing loans in its portfolio, and these defaults may not be sufficiently covered by collateral or by write-downs and provisions previously taken.

As of June 30, 2013, the outstanding loans and advances assigned to the Group's Default Portfolio amounted to €17.8 billion (based on EaD). The Mittelstandsbank segment accounted for €2.6 billion thereof, the Corporates & Markets segment for €1.4 billion, the Central & Eastern Europe segment for €1.0 billion and the Private Customers segment for €1.0 billion. The NCA segment accounted for €11.7 billion (Public Finance: €0.0 billion, Commercial Real Estate: €7.1 billion and Deutsche Schiffsbank: €4.6 billion). On a Group-wide basis these loans and advances are covered to an average of 48% by collateral valued on the basis of realization criteria, and a further 45% by write-downs conducted as part of the recognition of loan loss provisions (including General Loan Loss Provisions). For the loan volume not covered in this regard, predominantly in the Corporates & Markets segment, the Group expects to be able to generate further revenue from the positions in the Default Portfolio, for example because successful debt restructuring can still be effected or because some collateral having value could not be taken into consideration under the principles of Basel II or Basel III. It is possible that the assumptions made in this regard may in retrospect prove to be inaccurate or no longer congruent with future developments, such that the quality of the collateral does not meet current estimations. This could be the case, for example, if macroeconomic developments continue to deteriorate and restructurings were to fail. In that event the Group could be faced with further significant losses from the Default Portfolio, which may have a material adverse effect on its net assets, financial position and results of operations.

11. The Group continues to hold a substantial portfolio of securities that are characterized by poor liquidity, low, volatile or unavailable market prices and uncertainty regarding their value, and that the Group plans to reduce. It is possible that in the future the Group may have to further significantly impair these securities or sustain further significant losses in the downsizing of such portfolios.

The Group holds portfolios of structured financial instruments, some of which are highly complex, which declined considerably in value during the financial crisis that began in the second half of 2007 (and more severely in 2008). Since then, liquid trading in these instruments has taken place only to a limited extent or in phases.

In recent years, the Group has experienced both negative effects on profit (in terms of impairments and/or loan loss provisions as well as losses in net trading income) and additional charges to the revaluation reserve in relation to these securities. Until June 2012, the majority of these products were held by the Portfolio Restructuring Unit ("**PRU**") segment, the task of which was the active and transparent management and downsizing of such portfolios and positions. As of July 1, 2012, the PRU segment was dissolved as an independent segment and the remaining portfolio (with a nominal volume of €16.5 billion and total assets of €9.1 billion) was transferred to the Corporates & Markets segment. The public infrastructure financing sub-portfolio (nominal volume €4.1 billion and total assets €1.5 billion) was excluded from the transfer and is now assigned to the NCA segment.

As of December 31, 2011, the nominal volume of such financial instruments in the former PRU segment amounted to €23.5 billion and total assets were €9.6 billion. As of June 30, 2013, the nominal volume amounted to €9.9 billion and total assets stood at €6.2 billion (in each case in the Corporates & Markets segment). In addition, COMMERZBANK holds an additional small amount of such financial instruments in other segments.

To the extent that structured financial instruments are secured by real estate mortgages, the risk (among others) of impairments of the performance of the obligations thereunder has increased, as real estate prices in some markets have fallen considerably in recent years and no lasting improvement in the state of such real estate markets is in sight (see risk factor 9: "*The run-down of the Commercial Real Estate finance portfolio is exposed to particular risks in view of the current difficult market environment in many markets and volatility of real estate prices and the default risk (credit risk) affected thereby, as well as the risk of substantial changes in the values of directly-owned real estate and private and commercial real estate held as collateral*"). As a result, borrowers may not be in a position to completely, or even partially, refinance loans secured by real estate mortgages when they fall due. Consequently, loans underlying structured financial instruments may become non-performing. This situation could be aggravated by the fact that a large number of loans secured by real estate mortgages will mature in the next few years.

The Group is exposed to the risk of further reductions in value and losses in relation to the aforementioned financial instruments. This risk persists despite some phases of market recovery. A further increase of these risks is possible, particularly in the case of a renewed escalation of the financial market and sovereign debt crises, as, following the reductions carried out in the past, those financial instruments that remain can for the most part only be disposed of with greater difficulty or by incurring larger losses in comparison to the already reduced positions. At the same time, increasing numbers of market participants, in particular other banks, are also attempting to sell these kinds of financial instruments. In addition to the risks and value developments of the respective instruments over their full term, the Group has, since the fourth quarter of 2011, also taken into account the regulatory capital tied up by the positions to be reduced. Therefore, losses realized upon disposition may be tolerated if capital is freed up.

Further losses in value on any of the structured financial instruments held by the Group may have material adverse effects on the Group's net assets, financial position and results of operations.

12. The Group is exposed to the risk of changes in the fair value of the financial instruments it holds.

A considerable portion of the Group's assets and liabilities consists of financial instruments that must be reported at fair value in the Company's consolidated financial statements. This includes U.S. subprime and other structured financial instruments (see risk factor 11: "*The Group continues to hold a substantial portfolio of securities that are characterized by poor liquidity, low, volatile or unavailable market prices and uncertainty regarding their value, and that the Group plans to reduce. It is possible that in the future the Group may have to further significantly impair these securities or sustain further significant losses in the downsizing of such portfolios*"). For some of these financial instruments reported at fair value there are no objective market prices. In these cases, fair value is determined using appropriate valuation methods for these instruments.

The carrying value of the financial instruments held by the Group whose fair value is determined using factors not based on observable market data (Level 3 assets under IFRS 7.27A(c)) was €3.4 billion as of June 30, 2013. The carrying value of the financial instruments held by the Group whose fair value is determined using factors observable either directly or indirectly (Level 2 assets under IFRS 7.27A(b)) was €197.8 billion as of June 30, 2013.

The use of valuation methods employing non-observable market data for determining fair value requires making assumptions and estimates that depend on the characteristics of the relevant instrument and the complexity and liquidity of the underlying market. Decisions must be made in the selection of the modeling process and the model parameters, for example. If individual assumptions and estimates change as a result of negative market developments or for other reasons, revaluations of the relevant instruments may lead to significant changes in fair value, potentially resulting in substantial losses.

This also includes the risk that previously recorded write-downs may not suffice to cover later defaults on amortization and interest payments. In determining the fair value of the relevant financial instruments based on the actual market prices or indicative values that may be available in the future, considerably lower fair values may result if the market prices should turn out to be substantially below the level of the model prices. This may lead to a corresponding loss and a charge to the revaluation reserve. Sales of portfolios of structured products at a very high discount to market values may also lead to price formation at very low levels.

Furthermore, it is important to note that any loss in connection with fair value adjustments to an asset or a liability will be netted against any profits from related risk-hedging transactions. However, such profits are not realized until the settlement of the transaction, and it is possible that in future periods, stated profits may be offset in full or in part by losses, for example, due to a deterioration in the credit rating of the counterparty. Even if these losses are not necessarily caused by changes in the fair value of the underlying asset, they can nonetheless have material adverse effects on the Group's net assets, financial position and results of operations.

The materialization of one or more of the risks described above may have material adverse effects on the Group's net assets, financial position and results of operations.

13. Changes in the classification of assets, relevant accounting standards, the regulatory environment or ratings from rating agencies may lead to changes in the value of the Group's assets, which could have an adverse affect on the Group's net assets, financial position and results of operations.

Assets are valued on the basis of differing criteria depending on their classification. For example, financial instruments are reported on the balance sheet either at amortized cost or at fair value, depending on the category to which they are assigned. Changes in the categorization or reclassifications of assets may therefore lead to a revaluation and, consequently, also to a valuation adjustment or to a valuation at amortized cost, depending on the circumstances. A change in the relevant accounting standards may also prompt a reclassification or a change to the valuation of assets. As has been made clear by the requirements of the European Banking Authority ("**EBA**") regarding the provision of a capital buffer for Sovereign Debt, regulatory changes may also make a revaluation necessary. If there are changes in relevant accounting standards, the regulatory environment or rating agencies' criteria or their interpretation, the Group may be required to recalibrate the valuation of its assets, the amount of its loan loss provisions or the models used to value them. For example, the Group may have to change its existing models for valuing U.S. subprime products, other structured financial instruments and other financial assets and its accounting of financial instruments in inactive markets, and accordingly may also have to change their fair value. Negative changes in the values of the aforementioned assets can have a decisive effect on the profitability of some of the Group's business divisions and therefore have material adverse effects on the Group's net assets, financial position and results of operations.

14. Contracts with bond and credit insurers, particularly monoline insurers, are exposed to a significant risk of default as these insurance companies are threatened by insolvency.

The Group is exposed to the default risk associated with OTC derivatives (non-standardized derivatives that are not traded on a stock exchange, but "over the counter") vis-à-vis bond and credit insurers, including monoline insurers and Credit Derivative Product Companies ("CDPCs"). Some of these OTC derivatives are CDSs. These are reported in the balance sheet at fair value. Factors affecting the fair value of CDSs include the expected default risk of the financial instrument underlying the hedge and that of the party issuing the CDSs (see also risk factor 4: "*Credit default swaps (CDSs) on Sovereign Debt acquired by the Group could fail to fulfill their hedging purpose. Furthermore, the Group has issued CDSs on Sovereign Debt, thereby assuming the default risk of the Sovereign Debt held by third parties. The risk from CDSs the Group has issued may materialize even if CDSs the Group has acquired fail to fulfill their hedging purpose at the same time*").

The financial crisis adversely affected the risk-bearing capacity of the monoline insurers and the CDPCs that are also active in this segment. The Group took this occasion to revalue the CDSs entered into with monoline insurers and CDPCs as well as the receivables from similar transactions. The condition of monoline insurers and CDPCs continues to remain critical owing to rating downgradings, their need to raise fresh capital in the market, and potential legal and regulatory changes. In the event of a continuing deterioration in the financial condition of bond and credit insurers in general, and that of monoline insurers and CDPCs in particular, the Group may be forced to make further adjustments to the values of the CDSs entered into with these companies and the receivables from similar transactions. This may have material adverse effects on the Group's net assets, financial position and results of operations.

Moreover, the entire hedging transaction may also be revalued and terminated, as has already occurred in the past with respect to a particular monoliner that was assessed to be in especially critical condition. As a result, in addition to the loss resulting from the write-offs, the Group would be fully exposed to the risks of the underlying transactions that no longer benefited from third-party hedging. This may have material adverse effects on the Group's net assets, financial position and results of operations.

15. The Group is exposed to credit risk related to reductions in the value of collateral that is not real property, particularly in the case of financial instruments.

The Group engages significantly in the repo and derivatives business, primarily with financial institutions. The value of the collateral posted in connection therewith may fluctuate unexpectedly and, in the event of a simultaneous default by the borrower, lead to unexpected losses, particularly if the valuation of the securities underlying the transactions correlates to the borrower's credit rating. Such a loss may have a material adverse effect on the Group's net assets, financial position and results of operations.

In general, the value of the collateral provided to the Group for hedging against credit risk is subject to fluctuations under certain circumstances. This applies to collateral that is not real property, and in particular to securities the values of which are subject to significant fluctuations in volatile markets. Write-downs on collateral provided may necessitate an increase in loan loss provisions to cover acute and latent loan default risks, or an increase in risk-weighted assets may increase the Group's capital charge, which may have a material adverse effect on its net assets, financial position and results of operations.

16. In addition to its traditional lending business, the Group is also exposed to credit risk extending significantly beyond the risks from traditional bank lending.

The Group conducts business exposing it to the risk that third parties who owe money, securities or other assets to companies of the COMMERZBANK Group may not meet their obligations. In addition, the Group is also exposed to credit risk in many business areas outside the traditional banking business activities of deposit-taking and lending.

In particular, many of the Group's divisions in which the Group is active within the Corporates & Markets segment engage in credit transactions that are often entered into to supplement other transactions. Credit risk outside the traditional lending business may arise, for example, from holding securities for third parties or entering into swap agreements or other derivative transactions in which counterparties have payment obligations to the Group. Other examples are futures, currency and commodity transactions that are not settled at the agreed time due to the counterparty's non-performance or due to the realization of a settlement risk, i.e., due to system malfunctions on the part of a clearing agent or stock markets, clearing houses or other financial intermediaries. The granting of loans within the framework of other agreements is a further example.

As is the case for counterparties to trading transactions, the parties to these contracts may fail to meet their obligations to the Group as a result of insolvency, political and economic events, liquidity shortages, operational failures or for other reasons. This may have an adverse effect on the Group's net assets, financial position and results of operations.

Credit risk outside the traditional banking business also exists for the Group in the field of derivative transactions. Many of the Group's derivative transactions are negotiated on an individual basis and are not standardized. This may complicate the winding-up, transfer or settlement of the resulting positions. Certain credit derivatives require the Group to deliver the underlying security, loan or other liability to the counterparty in order to receive payment. In some cases, the Group may not hold the underlying asset or may be unable to procure it. This may result in the Group not receiving the payments owed to it or at least in a delay in settling the transaction, which may in turn have a negative impact on the Group's reputation and limit its ability to enter into future transactions. As a result, the Group may also incur increased costs, which may also have material adverse effects on the Group's net assets, financial position and results of operations.

17. The Group is exposed to market risk in the valuation of equities and investment fund units.

Despite the improved market situation following the amelioration of the Sovereign Debt Crisis at some points during 2012, there remains a significant risk that a renewed flare-up of the crisis could occur, accompanied by corresponding negative developments on the financial markets. Share prices and prices of investment fund units may also be heavily affected, which could lead to a decline in the value of the equities and investment fund units held in the Group's investment and/or trading portfolios, and could have material adverse effects on the Group's net assets, financial position and results of operations.

18. The Group is exposed to market risk in the form of interest rate risks.

The Group is exposed to the risk of a change in interest rates when the amount or type of interest (fixed/variable) on assets and liabilities in individual maturity brackets do not match, thereby creating open interest rate positions in assets and in liabilities. In the case of open fixed interest rate liability positions, falling market interest rates lead to a decline in the market values of the liabilities and a potential decline in the interest rate spread. In the case of open fixed interest rate asset positions, rising market interest rates lead to a decline in the market values of the assets and a potential decline in the interest spread due to the possible increase in the price of refinancing on the liabilities side. There is no market value risk from interest rate changes for products with variable interest rates, but a change in market interest rates does lead to a change in interest expense or income. Risks can also arise if there are fixed and variable interest rate items in the same maturity brackets, as this may result in open interest rate positions on either the asset or liability side. If the Group is not successful in efficiently controlling its open interest rate position in line with market developments and within prescribed limits, this may have significant effects on the Group's profitability, its risk-bearing capacity, its core capital and its equity ratios. Alongside its own interest risk, the Group is also exposed to model risks from the internal deposit base models for the deposit taking business underlying the management of interest risk. These models model the extent to which customer deposits are available to the Group over and beyond the contractual term. The model risk is the risk that deposits are withdrawn in greater volumes than expected.

Changes in market interest rates may lead to a flat or even inverse yield curve. This can generally impair a bank's ability to generate positive net interest income from term transformations by refinancing long-term assets using short-term liabilities, referred to as a structural contribution. Whether and to what extent this risk materializes depends on the actual term transformation position of the bank in question. A flat or inverse yield curve, particularly over an extended period, may have a material adverse effect on the Group's interest margin and profitability. The Group is also exposed to basis risk resulting from differing time point or frequency determinations, as the case may be, in respect of variable interest rates in a currency (tenor basis risk). The materialization of one or more of the risks described above may have material adverse effects on the Group's net assets, financial position and results of operations.

19. The Group is exposed to market risk in the form of credit spread risks.

The uncertainty in the financial markets initiated by the financial crisis in 2008 and aggravated by the worsening of the Sovereign Debt Crisis in the second half of 2011 and the shortage of liquidity have led to a sharp increase in spreads, i.e., the difference in yield over investments viewed as risk-free. Since the beginning of 2012, however, spreads have narrowed again, particularly as a result of the successful implementation of the Greek debt restructuring and the ECB's two 3-year Longer Term Refinancing Operations ("**3y-LTRO**"). However, there still remains the risk of a default on the Sovereign Debt of one or more countries within the Eurozone, in particular in southern Europe (see also in each case risk factor 2: "*The global financial crisis and the sovereign debt crisis, particularly in the Eurozone, have had a significant material adverse effect on the Group's net assets, financial position and results of operations. There can be no assurance that the Group will not suffer further material adverse effects in the future as well, particularly in the event of a renewed escalation of the crisis. Any further escalation of the crisis within the European Monetary Union may have material adverse effects on the Group, which, under certain circumstances, may even threaten the Group's existence*"). Sovereign debt generally cannot be viewed as risk free.

If spreads on Sovereign Debt or other instruments should widen again, this would lead to a renewed decline in market values and thus to a loss in the cash value of outstanding bonds in the event of divestment and a corresponding negative impact on results. Furthermore, negative income statement effects may also result from fair value revaluations of securities held in the trading portfolio, and balance sheet effects may result from fair value revaluations of AfS securities through the revaluation reserve and the effects of write-downs of both LaR and AfS securities. With respect to the effects that have already occurred in respect of Sovereign Debt and other public-sector entity bonds in the 2012 financial year, see risk factor 3: "*The Group holds substantial volumes of Sovereign Debt. Impairments and revaluations of such Sovereign Debt to lower fair values have had material adverse effects on the Group's net assets, financial position and results of operations in the past, and may have further adverse effects in the future*". All of the above may have material adverse effects on the Group's net assets, financial position and results of operations.

20. The Group is exposed to currency risks.

Group subsidiary companies based outside the Eurozone prepare their individual financial statements in foreign currencies. Currency fluctuations between the euro and the respective local currencies (in particular the U.S. dollar (USD), British pound sterling (GBP), Polish zloty (PLN), and Russian ruble (RUB)) may result in the exchange rates used to convert non-euro items in the individual entities' financial statements for the purpose of preparing the consolidated financial statements differing from those used in previous reporting periods. These translation differences may have an adverse effect on the Group's equity through the income statement and the currency translation reserve. In addition, the Company and other Group companies located in the Eurozone enter into transactions in currencies other than the euro, for example ship financings, which are generally denominated in USD. A relative appreciation or depreciation of the respective foreign currency against the euro may result in correspondingly higher expenses or lower income from the foreign-currency transactions. If this risk is not hedged, this can result in a material adverse effect on the Group's net assets, financial position and results of operations. Moreover, an increase in currencies in which the Group holds risk positions can lead to an increase in risk-weighted assets ("**RWA**") and consequently to an increase in the need for regulatory capital.

Consumers in many Central and Eastern European countries have taken out a substantial number of loans in foreign currencies, particularly in Swiss francs. The Group has also extended such loans. Due to the relative decline of the currencies of these countries, some of these loans are now nonperforming or are on the verge of becoming so. This situation may be aggravated if these currencies continue to decline.

There is a particular danger of such currency fluctuations occurring if the Sovereign Debt Crisis worsens (see risk factor 2: "*The global financial crisis and the sovereign debt crisis, particularly in the Eurozone, have had a significant material adverse effect on the Group's net assets, financial position and results of operations. There can be no assurance that the Group will not suffer further material adverse effects in the future as well, particularly in the event of a renewed escalation of the crisis. Any further escalation of the crisis within the European Monetary Union may have material adverse effects on the Group, which, under certain circumstances, may even threaten the Group's existence*").

The onset of one or more of the risks described above may have material adverse effects on the Group's net assets, financial position and results of operations.

21. The Group is exposed to market risk in the form of volatility and correlation risks.

The Group engages in the structuring and trading of financial derivatives. Derivatives are subject to price fluctuations caused by changes in the volatility in the prices of the underlying assets (for example, shares, currencies, interest rates and commodities). To the extent that derivatives are based on two underlying assets or a portfolio of underlying assets (for example, two currencies or an equity portfolio), the prices of these derivatives are subject to what is referred to as "correlation fluctuations". Correlation is a statistical measure for the linear interaction of two underlying assets – the higher the correlation coefficient, the more the two assets move in unison. To the extent that derivative items are not against changes in volatility or correlation fluctuations or cannot be hedged against such factors (as is the case for the PRDC portfolio because of its long term), losses may arise that could have material adverse effects on the Group's net assets, financial position and results of operations. Such losses have occurred in the past in the PRDC portfolio. While the portfolio caused a lower loss in 2012 than in the prior year, higher losses could also materialize in the future if the U.S. dollar and the Australian dollar do not improve sustainably against the Japanese yen, or if they worsen again.

In the 2011 financial year the valuation models for interest rate hedging transactions were refined, leading to greater volatility in the valuation of interest-rate and cross-currency and similar hedging derivatives.

Each of these effects may have material adverse effects on the Group's net assets, financial position and results of operations.

22. The Group is exposed to market risk in the form of commodity price risks.

In its operating business, the Group is exposed to market risk in the trading of commodity-related derivatives, certificates and spot transactions. The underlying commodities are generally precious metals, industrial metals, energy and agricultural commodities. The prices of these financial instruments may rise or fall due to a number of factors, including the general state of the economy, market trends, exchange rate trends and changes in legal and political conditions. To the extent that items are not fully hedged against these risks, losses may arise that may have a material adverse effect on the Group's net assets, financial position and results of operations.

23. The Group's hedging strategies may prove to be ineffective, result in costs and entail risks.

The Group utilizes a range of instruments and strategies to hedge risks. If these instruments and strategies prove to be partly or entirely ineffective, the Group may sustain losses that were actually intended to have been hedged. In addition, hedging strategies incur costs and may give rise to additional risks.

Unforeseen market developments, such as the financial market and sovereign debt crises, may have a significant impact on the effectiveness of hedging measures adopted by the Group. Gains and losses from ineffective risk-hedging measures can increase the volatility of the income generated by the Group, which may result in material adverse effects on its net assets, financial position and results of operations.

The terms and conditions of a hedging instrument may not cover the specific trigger for the materialization of the risk. There is also a risk that the counterparty to a hedging transaction becomes insolvent or is otherwise unable to make payments that become due. In such cases, the hedges do not fulfill their purpose and the Group is exposed to risks that it assumed had been hedged. The Group incurs such risks particularly with instruments that are meant to hedge the risks arising out of the Sovereign Debt held by the Group (see also risk factor 3: "*The Group holds substantial volumes of Sovereign Debt. Impairments and revaluations of such Sovereign Debt to lower fair values have had material adverse effects on the Group's net assets, financial position and results of operations in the past, and may have further adverse effects in the future*". and risk factor 4: "*Credit default swaps (CDSs) on Sovereign Debt acquired by the Group could fail to fulfill their hedging purpose. Furthermore, the Group has issued CDSs on Sovereign Debt, thereby assuming the default risk of the Sovereign Debt held by third parties. The risk from CDSs the Group has issued may materialize even if CDSs the Group has acquired fail to fulfill their hedging purpose at the same time*").

Instruments used to hedge interest, currency and inflation risks can result in losses if the underlying financial instruments are sold or if valuation adjustments must be undertaken because of doubts about the debtor's creditworthiness. Where hedging transactions are linked to financial instruments in a documented hedge relationship (hedge accounting), a valuation adjustment must also be implemented in hedge accounting in parallel to the valuation adjustments in the underlying transaction.

Results may also be negatively affected when, in the event of a positive development in the credit rating of a debtor of financial instruments, the resulting increase in value of these financial instruments is booked only in the revaluation reserves, while the corresponding loss in value of interest rate hedges causes a loss in the income statement.

Finally, the Group is, in some cases, able to hedge against risks related to the financial market and sovereign debt crises only with difficulty or inadequately. The effects of the crises on different counterparties and the assessment of those counterparties by the markets also depend on psychological factors. These assessments may to some extent vary sharply within a short period of time, thereby leading to fluctuations in market values, liquidity of instruments and risks. This may have material adverse effects on the Group's net assets, financial position and results of operations.

24. The Group's income and profit from its brokerage business and other commission-based or fee-based business may decrease further.

The developments of recent years may result in a further decrease in the Group's income and profit from its brokerage business and other commission-based and fee-based business. The continuing uncertainty concerning the further course of the financial crisis, the Sovereign Debt Crisis and the slowdown in economic growth prospects have led to a decline in the number and volume of transactions that the Group executes for its customers. Non-interest income has fallen as a result. Fees earned by the Group for managing securities portfolios depend primarily on the value and performance of the holdings being managed. The market situation and a change in investor behavior may reduce the value of these securities portfolios. This may lead to a drop in income generated by the securities business in the Private Customers segment. A negative or weak performance by the Group's investment funds may also result in lower income from the securities business.

At the same time, the statutory requirements for investment advisory services have risen, mainly in the Private Customers segment. For example, the requirement to complete consultation logs requires additional time and effort, sometimes quite considerable, and also involves increased compliance risks. It is possible that the Group will not succeed in passing on the associated costs or offsetting these costs in the brokerage area through other additional income over the long term. It is also possible that competition will force the Group to introduce a flat-fee model in the brokerage business in the future, pursuant to which no transaction-based costs are payable but payments are based solely on the amount held in a securities deposit account. A fee-paying consultation service could also be introduced. Each of these potential changes may have lasting adverse effects on the results from this business, which in turn could have material adverse effects on the Group's net assets, financial position and results of operations.

25. The Group may incorrectly assess the size of its customer base and therefore base its planning and risk assessments on inaccurate assumptions.

The Group does not yet have an information technology ("**IT**") infrastructure in place for all Group companies that enables it to consolidate customer numbers throughout the Group and thereby avoid double counting. In particular, it is not possible to electronically compare the pool of customers of comdirect bank Aktiengesellschaft ("**comdirect bank**") with COMMERZBANK's pool of customers without error. Therefore, it is possible that the existing estimates of customer figures are incorrect as a result of double counting. The Group's budgeting may therefore be based on inaccurate assumptions and the economic targets may turn out to be unrealistic. In addition, it cannot be ruled out that the Group may fail to recognize or may incorrectly assess connections between customers or interdependencies between customers or risk clusters, as the case may be. Both of these may have material adverse effects on the Group's net assets, financial position and results of operations.

26. There is a risk that products developed by the Group cannot be placed in the market, that the products that are placed do not perform as expected and that investments made in these products therefore prove to have been wasted, or that liability risks or financing commitments result therefrom.

The Group develops a variety of products such as funds and certificates. Developing these types of products involves costs. Considerable expenses are sometimes incurred in advance of the launch of the product, for example, for the purchase of assets that are to be combined in a fund. If the product cannot then be placed, for example due to a change in market conditions, these expenses may prove to have been wasted. This can lead to the result that the assets can be disposed of only at a lower price or must be written off.

In other cases a product which is developed by the Group or a third party but marketed and placed by the Group may over the course of time perform differently than expected. If the entire product is not placed in the market, then the Group is exposed to the corresponding risks from the remaining portion held by it. In respect of the portion that is placed, the negative performance of the product may lead to claims by investors against the Group. The negative performance of the product may also lead to draw downs of commitments (e.g., capital or liquidity guarantees) made by the Group with respect to the product.

The materialization of any of the aforementioned risks may have material adverse effects on the Group's net assets, financial position and results of operations.

27. The sales partnership between Allianz and the Group regarding asset management and insurance products may not yield the expected benefits, and may result in financial burdens.

As part of the acquisition of Dresdner Bank from Allianz SE (together with its consolidated subsidiaries, "**Allianz**"), and the sale of cominvest Asset Management GmbH, cominvest Asset Management S.A., Münchener Kapitalanlage Aktiengesellschaft and MK LUXINVEST S.A. (referred to collectively as the "**cominvest Group**") to the Allianz Group, a long-term sales partnership was entered into between the Group and Allianz regarding sales of asset management and insurance products. Structural changes in customer demand along with regulatory and tax changes that alter the relative attractiveness of investment and retirement products may have an adverse effect on the sales of asset management and insurance products, such that the actual business development and the targeted commission income fall behind plan. Should certain contractually determined targets not be met, the Company could additionally be obligated to make compensation payments to Allianz. The materialization of any of these risks could have material adverse effects on the Group's net assets, financial position and results of operations.

28. The markets in which the Group is active, particularly the German market (and, in particular, the private and corporate customer business and investment banking activities) and the Polish market, are characterized by intense competition on price and on transaction terms, which results in considerable pressure on margins.

The German banking sector is characterized by intense competition – significantly more intense, for example, than in the other EU member states. It is often conducted under conditions that result in margins that are economically unattractive or are not commensurate with the associated risks.

The private customers business is subject to pressures on income that may further intensify in the future as many competitors are placing a stronger focus on retail banking as their core business as a result of the financial crisis. In addition, banks are seeking to reduce their dependency on the interbank market by refinancing themselves to a greater extent through deposits from private customers. This could also increase the intensity of competition even further. Competitors are increasingly seeking to attract new customers with very favorable conditions (in particular high interest on deposit accounts) for limited introductory periods. Competition on terms in respect of existing customers may, however, also intensify further due to the effects of customers becoming accustomed to these terms.

German banks are competing with a range of foreign providers in the corporate customer business and also in the field of investment banking. Some of these providers have considerably increased their presence in the German market in recent years. Therefore, there is a risk that the intensity of competition will increase even further. The Group believes that some competitors do not always adequately take into consideration the default risk associated with the extension of credit (risk-adjusted pricing). As a result of this intense competition, attractive margins and commissions are hard to achieve in individual market segments or sub-segments.

The banking sector in Poland is also characterized by intense competition and the resulting pressure on margins. Additionally, since the Polish economy is significantly influenced by the state of the German economy, an economic downturn in Germany could have material adverse effects on BRE Bank's business operations in Poland, which could adversely affect the Group's net assets, financial position and results of operations.

If another economic downturn were to occur, competitive pressures may increase even further, for example through increased pressure on pricing and lower business volumes. See risk factor 5: "*There is a risk that the Group may not be able to implement its Strategic Agenda or may be able to do so only in part or at a higher cost than planned, and that the implementation of planned measures may not lead to the achievement of the strategic objectives sought to be obtained*".

If the Group does not succeed in providing its products and services on competitive terms and in achieving margins that at least compensate for the costs and risks associated with its business activities, this may have a material adverse effect on the Group's net assets, financial position and results of operations.

29. Measures by governments and central banks to combat the financial crisis and the Sovereign Debt Crisis have a significant impact on the competitive environment.

As a response to the financial crisis and the Sovereign Debt Crisis, governments and central banks intervened in the financial sector to a considerable extent. These intervention measures included making direct investments in individual financial institutions, in particular in Germany, the United States, the United Kingdom, the Netherlands, Belgium and Switzerland, supplying other forms of equity capital, assuming liability guarantees or acquiring non-performing assets from financial institutions and the long-term provision of liquidity on very favorable terms. In some cases, individual financial institutions were nationalized. Such measures influence the competitive environment. Irrespective of the fact that COMMERZBANK itself was also the recipient of state stabilization measures, if the Group's competitors receive state stabilization measures, the Group may have to compete in various business areas and regions with financial service providers that, under certain circumstances, including as a result of state stabilization measures, are sometimes larger and better capitalized than the Group. If the Group does not succeed in providing products and services in these areas on competitive terms and thereby achieve profitable margins, this may have material adverse effects on the Group's net assets, financial position and results of operations.

30. The Group is dependent on the regular supply of liquidity, and a market-wide or company-specific liquidity shortage could have material adverse effects on the Group's net assets, financial position and results of operations. Currently, the liquidity supply for banks and other players in the financial markets is heavily dependent on extensive central bank measures.

The Group regularly requires liquidity in order to refinance its business activities and is therefore generally subject to liquidity risk, i.e., the risk that it is unable meet its current and future payment commitments at all or in a timely manner, or that it can only refinance itself at exorbitantly high costs.

As a bank located in the Eurozone, COMMERZBANK obtains medium and long-term refinancing funds predominantly in the euro capital markets. Any required refinancing funds in other currencies is obtained either directly, by tapping the respective currency markets, or indirectly, by tapping the euro capital markets and subsequently converting by way of suitable currency derivatives (e.g., cross currency swaps).

Liquidity risk can take various forms. For example, the Group may be unable to meet its payment obligations from its own liquid funds on a particular day and may have to obtain liquidity from the markets at short notice and on expensive terms, or may even fail to obtain liquidity. Furthermore, deposits may be withdrawn or lending commitments unexpectedly drawn down. A market-wide or company-specific liquidity shortage may have a material adverse effect on the Group's business activities and thus the Group's net assets, financial position and results of operations.

A resurgence of the financial market and sovereign debt crises may result in downward pressure on the share prices and creditworthiness of financial institutions, oftentimes without respect to their financial strength, and of other capital markets participants, and impair their ability to refinance themselves through the capital markets at favorable conditions in the short, medium and long-term. To a significant extent, banks in the Eurozone are still continuing to make use of the liquidity supplied by the ECB through the Longer-Term Refinancing Operations (LTRO) launched in 2011 and 2012.

European banks were thus provided with a large volume of liquidity in connection with the 3y-LTRO. This allowed participating banks to post lower quality collateral than in past refinancing operations. Consequently, in the event of an escalation in the Sovereign Debt Crisis, there is a risk that the ECB may suffer losses on its 3y-LTRO positions, or that it may consider itself forced to conduct further measures to support the banks in order to avoid losses of its own. This in turn may have a negative impact on the competitive environment (see risk factor 29: "*Measures by governments and central banks to combat the financial crisis and the Sovereign Debt Crisis have a significant impact on the competitive environment*").

The COMMERZBANK Group has fully repaid the funds provided to it from the 3y-LTRO.

In addition, banks and other financial market participants are currently generating a significant volume of liquidity in the context of repo transactions by employing the same assets (including Sovereign Debt) from multiple market participants as collateral on multiple levels (re-hypothecation). If these collateral chains were to be broken as a result of potential decreases in the value of these assets, liquidity could thereby be lost on multiple levels at the same time. If liquidity supplies cannot be secured elsewhere, in particular through central banks, the very existence of the participants in these collateral chains could be threatened. The materialization of this risk may have material adverse effects on the Group's net assets, financial position and results of operations.

In the event of refinancing difficulties, the Group could be forced to dispose of assets held by it for less than their book values and to limit its business activities. Measures of this nature may have material adverse effects on the Group's net assets, financial position and results of operations.

31. The Group's options for securing longer-term refinancing through the Pfandbrief markets, which to date have been carried out through Hypothekenbank Frankfurt, are impaired as a result of this entity's difficult situation and impending winding-up, and could be complicated even further by an impairment of the liquidity of the Pfandbrief markets.

The issuance of Pfandbriefe is an important element of the Group's medium and long-term refinancing activities. As of June 30, 2013, the total volume of Pfandbriefe issued by the Group externally amounted to €40.5 billion. Hypothekenbank Frankfurt accounted for 89.7% this amount. The requirement of the European Commission to run down Hypothekenbank Frankfurt (with the exception of a limited volume of core business in the Commercial Real Estate division), the subsequent strategic decision taken by COMMERZBANK to completely wind down its commercial real estate and ship financing activities in a value-optimizing manner, and the material risks to which Hypothekenbank Frankfurt is exposed due to its extensive Sovereign Debt portfolios, among other things (see also risk factor 3: "*The Group holds substantial volumes of Sovereign Debt. Impairments and revaluations of such Sovereign Debt to lower fair values have had material adverse effects on the Group's net assets, financial position and results of operations in the past, and may have further adverse* *effects in the future*"), may impair the ability of Hypothekenbank Frankfurt to issue Pfandbriefe on reasonable terms. COMMERZBANK is currently able to issue only ship Pfandbriefe (*Schiffspfandbriefe*) and public-sector Pfandbriefe (*Öffentliche Pfandbriefe*) on the basis of the cover pools taken over in the course of the merger of Deutsche Schiffsbank with COMMERZBANK. COMMERZBANK issued its inaugural public-sector Pfandbrief in the first half of 2013. COMMERZBANK currently meets the prerequisites for issuing German mortgage Pfandbriefe (*Hypothekenpfandbriefe*) and is aiming for a first issuance within 2013. However, the possibilities for the Group to refinance through the Pfandbrief markets are still limited at present.

In addition, an impairment of the liquidity of the Pfandbrief market – for example, through a limit on the refinancing volume available or a deterioration in conditions on the Pfandbrief market or stricter cover requirements imposed by rating agencies – could further restrict the issuance of Pfandbriefe. To the extent that the Group's business operations are thereby limited, this could have material adverse effects on the Group's net assets, financial position and results of operations.

32. A downgrade in the rating of COMMERZBANK and its subsidiaries may make refinancing more difficult or more expensive and entitle counterparties to terminate derivative transactions or demand additional collateral.

The rating agencies Standard & Poor's, Moody's and Fitch perform creditworthiness assessments to determine whether a potential borrower will be in a position to meet its contractually agreed credit obligations in the future. A key element of the assigned rating is the assessment of the borrower's net assets, financial position and results of operations. A downgrade of COMMERZBANK's rating would have a negative impact on the cost of the Group's equity and debt capital and could result in the materialization of new liabilities or the acceleration of repayment obligations under existing liabilities that depend on the maintenance of a specific rating. In addition, COMMERZBANK's rating is also an important comparative element in competition with other banks. It also has a considerable influence on the ratings of COMMERZBANK's significant subsidiaries. A downgrade or the mere possibility of a downgrade of COMMERZBANK's rating or the rating of one of its subsidiaries may have a detrimental effect on the respective company's customer relationships and sales of products and services. A downgrade may also have a negative impact on the availability and cost of COMMERZBANK's refinancing.

Rating agencies' assessments depend on a number of factors that are driven in particular by franchise value (revenue potential), capitalization, risk positioning, profitability and by refinancing opportunities or liquidity. In light of the existing government shareholding and the national systemic relevance of COMMERZBANK, different rating agencies at present also assume, to COMMERZBANK's benefit, an elevated willingness of the German government to rescue the Company in the event of a crisis. If this factor were not taken into consideration, COMMERZBANK's rating would be lower. Irrespective of any continuation of the government's shareholding, it is possible that future ratings will not place such a significant emphasis on government support, which in COMMERZBANK's case could have a negative impact on its rating. A dilution of SoFFin's current 17% share in the Company's share capital could lead to a further downgrade in COMMERZBANK's rating.

On May 28, 2013, Standard & Poor's downgraded COMMERZBANK's senior unsecured debt rating one notch to "A-" with a negative outlook and its nondeferrable senior subordinated debt rating two notches to "BB+" with a negative outlook. Standard & Poor's expects a deterioration in German and European economic conditions which could, through the existing portfolios in COMMERZBANK's Non-Core Assets segment (in particular in Commercial Real Estate and Ship Finance), lead to negative effects on future results.

On April 23, 2013, Moody's downgraded COMMERZBANK's long-term senior debt and deposit rating from "A3" to "Baa1" with a stable outlook and its senior subordinated debt rating from "Ba1" to "Ba2" with a stable outlook. As the basis for the downgrade, Moody's pointed to the ongoing challenging environment in the German market for private customers and, in Moody's view, the continued high risks of COMMERZBANK relating to commercial real estate, ship finance and the Sovereign Debt of peripheral countries in southern Europe.

Furthermore, it is possible that, following any further downgrade, the Group might be required to furnish additional collateral in connection with rating-dependent collateral agreements for derivative transactions or would no longer be considered as a counterparty for derivative transactions. Should the rating of COMMERZBANK or one of its subsidiaries be downgraded to a rating below the four highest rating levels (investment grade), this could significantly impair the operating businesses of COMMERZBANK or of the subsidiary concerned and, consequently, also the funding costs for all Group companies (see risk factor 30: *"The Group is dependent on the regular supply of liquidity, and a market-wide or company-specific liquidity shortage could have material adverse effects on the Group's net assets, financial position and results of operations. Currently, the liquidity supply for banks and other players in the financial markets is heavily dependent on extensive central bank measures*". and risk factor 31: "*The Group's options for securing longer-term refinancing through the Pfandbrief markets, which to date have been carried out through Hypothekenbank Frankfurt, are* *impaired as a result of this entity's difficult situation and impending winding-up, and could be complicated even further by an impairment of the liquidity of the Pfandbrief markets*").

Any of the aforementioned risks may have material adverse effects on the Group's net assets, financial position and results of operations.

33. The Group is exposed to a large number of operational risks, including the risk that employees will enter into excessive risks on behalf of the Group or violate compliance-relevant regulations in connection with the conduct of business activities and thereby cause considerable losses to appear suddenly, which may also lead indirectly to an increase in regulatory capital requirements.

As part of its normal business activities, the Group conducts a large number of complex transactions in a wide range of jurisdictions and is exposed to a variety of related operational risks. These risks include, in particular, the possibility of inadequate or erroneous internal and external workflows and systems, regulatory problems, violations of compliance-relevant regulations and provisions in connection with the conduct of its business activities, human error and deliberate violations of law, such as fraud. The compliance-relevant regulations and provisions include, among other things, conduct, organization and transparency obligations in respect of securities services. Violations of these obligations may lead to regulatory investigations and corresponding sanctions. Furthermore, these also include regulations for the prevention of money laundering and the financing of terrorism in various countries. Purported violations of such regulations may lead to criminal investigations and, as a result, to financial penalties.

The New York County Attorney General, the U.S. Department of Justice and other agencies are currently investigating whether the Group and other banks might have violated U.S. sanctions (in particular against Iran) and in connection therewith, whether false or incomplete books and records were kept (see also risk factor 57: "*Proceedings brought by regulators, supervisory authorities and prosecutors may have material adverse effects on the Group*"). The European Commission has initiated an antitrust investigation against COMMERZBANK (see also risk factor 63: "*The European Commission is investigating several companies in the financial sector as part of an antitrust investigation relating to the market for financial information on credit default swaps*").

As several spectacular cases relating to competitors have illustrated, banks can suffer significant sudden losses if employees take on excessive risks with the intent to cause damage or in circumvention of internal rules and controls, and these risks materialize. Such risks and losses may sometimes be recognized only after a delay of several years. It cannot be ruled out that the Group will also be affected by such risks or losses. Internal regulations and control and safety mechanisms for the prevention of such incidents may prove to be insufficient in this respect or may be intentionally circumvented. More recently, cases of suspected manipulation relating to the determination of reference rates such as LIBOR and EURIBOR have led to regulatory investigations and, in some cases, substantial financial penalties and reputational damage among competitors. COMMERZBANK is one of the approximately 40 panel banks participating in the determination of EURIBOR. To COMMERZBANK's knowledge, its employees are not currently subject to any specific suspicions of manipulation relating to the determination of EURIBOR. However, it cannot be excluded that ongoing or future investigations into suspicions of manipulation relating to reference rates may be conducted against COMMERZBANK employees or that such suspicions may be confirmed, which may also lead to considerable reputational damage for the Group.

It is also conceivable that external events such as natural disasters, terrorist attacks, wars, pandemics or other states of emergency may significantly impair the environment in which the Group is active and thus indirectly affect the Group's internal processes. Such events may result in the Group incurring substantial losses, as well as reputational damage. Furthermore, the Group may be forced to dismiss staff, which could also have a detrimental impact on the Group's business. The Group endeavors to hedge operational risks by implementing appropriate control processes tailored to its business and the market and regulatory environment in which it operates. Nevertheless, it is possible that these measures will prove to be ineffective in relation to particular or even all operational risks to which the Group is exposed. While the Group endeavors to insure itself against the most significant operational risks, it is not possible to obtain insurance coverage on the market for all operational risks at commercially acceptable terms.

For modeling the "fat tail" of the loss distribution – i.e., the financial risks of rare major loss events – external loss data from Operational Riskdata eXchange Association, Zurich (ORX), a data consortium of international banks, are used in addition to internal data. In this respect, individual major loss events incurred by other participating banks may result in an increase in COMMERZBANK's regulatory capital requirements for operational risks.

Should certain or all of the aforementioned risks materialize, this may have a material adverse effect on the Group's net assets, financial position and results of operations.

34. The Group is highly dependent on complex IT systems whose ability to function may be impaired by internal and external circumstances.

The Group's extensive institutional banking operations are highly exposed to dangers and risks such as, for example, computer viruses, damage, other external threats, operational errors and software or hardware errors. Furthermore, regular enhancements are required for all IT systems to meet the demands imposed by constant changes in business, accounting and regulatory requirements. In particular, compliance with Basel II regulations made substantial demands on the functionality of the Group's IT systems and will continue to do so, just as COMMERZBANK anticipates that Basel III will again increase the demands made on IT systems. The onset of any of these risks may have a material adverse effect on the Group's net assets, financial position and results of operations.

35. The Group is required to make significant investments in order to ensure a competitive IT landscape in the short and medium term. There can be no assurance that new IT systems will function properly or that the targeted IT competitiveness can be achieved through investments.

Not least as a result of the focus of IT capacity on the integration of Dresdner Bank and its IT systems, there is a rather substantial need in several of the Group's segments to catch up in order to ensure a competitive IT landscape for the short and medium term. This applies, for example, to the Private Customers segment's online banking business, the Mittelstandsbank's transaction banking, and the Corporates & Markets segment's individual electronic trading platforms. These investment needs alone may have material adverse effects on the Group's net assets, financial position and results of operations.

There can be no assurance that new or updated IT systems will function properly in every case. Likewise, there can be no assurance that these new or updated IT systems will meet the particular requirements and that the desired competitiveness of the IT systems can thereby be achieved.

Each of the aforementioned risks may have material adverse effects on the Group's net assets, financial position and results of operations.

36. The growing significance of electronic trading platforms and new technologies may have an adverse effect on the Group's business operations.

The employment of modern technologies is of central importance for the banking sector and the Group's business. Continuous growth in electronic trading and the introduction of related technologies are changing the manner in which banking business is conducted and are giving rise to new challenges. Securities, futures and options trading is increasingly carried out electronically. Some of the electronic trading platforms through which these transactions are carried out compete with the systems currently used by the Group, and it is foreseeable that the further encroachment of electronic trading platforms that is expected will intensify this competition in the future. In addition, the increasing use of low-cost electronic trading platforms by the Group's customers offering them direct access to trading markets could lead to a reduction in the brokerage commissions and margins generated by the Group, which may have material adverse effects on the Group's net assets, financial position and results of operations.

37. COMMERZBANK is exposed to particular risks in respect of the value and management of equity investments in listed and unlisted companies.

The Group holds a number of equity investments in listed and unlisted companies. The efficient management of a portfolio of listed and unlisted companies entails corresponding refinancing costs, which may not be offset, in whole or in part, by the dividends obtainable from these investments. To the extent that the Group has only minority shareholdings, it may be more difficult to promptly procure the information necessary to counteract potential undesirable developments due to the fact that the shareholding is a minority one. Even where the Group holds a majority stake, minority shareholders can block important decisions under certain circumstances. It cannot be ruled out that further impairments will need to be made with respect to the Group's investment portfolio in the future. In addition, COMMERZBANK continues to aim to dispose of non-strategic investments. Here too, it cannot be ruled out that the Group may be unsuccessful in disposing of its equity investments on the stock market or off-market at adequate prices. Losses and risks with regard to equity investments and unfavorable business or market conditions, in particular low liquidity, could make it more difficult to obtain an adequate price from the sale of these assets. They may also prevent such a sale altogether.

In addition, an investment in another company may not prove to be recoverable, may not under certain circumstances generate the anticipated return, or may force certain further investments whose economic success is not foreseeable, or the participation may in other ways demand substantial management resources.

Each of these risks may have material adverse effects on the Group's net assets, financial position and results of operations.

38. It is possible that the goodwill reported in the Group's consolidated financial statements will have to be fully or partly written down as a result of impairment tests.

As of June 30, 2013, the goodwill reported in the consolidated financial statements amounted to €2.1 billion, of which €1.7 billion was accounted for by goodwill related to the acquisition of Dresdner Bank. The expected future economic benefits of these assets are reassessed at the level of the individual underlying cash-generating units on at least each balance sheet date. In this process, the carrying among of the cash-generating units (including the attributed goodwill) is compared with its recoverable amount. The recoverable amount is the higher of the value in use and fair value less costs to sell, and is based on the expected cash flows from the unit in accordance with the business plan, discounted using a risk-adjusted interest rate. If there are objective indications that the economic benefits originally identified may no longer be realized, an impairment charge will have to be taken. The "Dresdner Bank" brand was fully written off on a straight-line basis to the end of the second quarter of 2010. No further need for impairments to goodwill were identified in the 2010, 2011 and 2012 financial years or to brand names in the 2010 and 2011 financial years. In connection with the divestment of the Public Joint Stock Company "Bank Forum", Kiev, Ukraine ("**Bank Forum**"), an impairment to the brand name in the amount of €9 million was recorded in 2012. The next regularly scheduled full impairment test is scheduled for the end of 2013. As of June 30, 2013, COMMERZBANK conducted a high level impairment test (IAS 30, 90) and sees no necessity for any impairment of goodwill. If an impairment review on a future balance sheet date results in a significant impairment of the goodwill or trademark rights recognized in the balance sheet, this may have material adverse effects on the Group's net assets, financial position and results of operations.

39. COMMERZBANK is subject to risks arising out of the possibility that claims may be made under letters of support it has issued.

COMMERZBANK has issued letters of support for a number of its subsidiaries. Depending on the formulation in the letter of support these may give rise to claims from creditors of these subsidiaries and, under certain circumstances, against COMMERZBANK directly. Should creditors of subsidiaries enforce such claims, this may have material adverse effects on COMMERZBANK's net assets, financial position and results of operations.

40. The Group is exposed to risks on account of direct and indirect pension obligations.

COMMERZBANK and its subsidiaries have various direct and indirect pension obligations towards their current and former staff. These obligations constitute uncertain liabilities for accounting purposes, as the precise timing and duration of the payment obligation is not fixed. These obligations therefore entail various risks. In issuing a commitment to grant direct pension payments, the Group assumes risks that are similar to those of a life insurance company (for example, fluctuation risks, balance sheet valuation risks, longevity risks, administrative risks, inflationary risk). The assets set aside to meet future pension payments (so-called plan assets) are subject to risks typically associated with a capital investment. The magnitude of existing pension provisions may increase on account of judicial rulings and legislation (for example with reference to factors such as equal treatment, adjustment, non-forfeitability and the pensionable age). Balance sheet risks may also arise as a result of accounting changes and changes in the discount rate. For example, the change in accounting for pension provisions under the German Commercial Code ("**HGB**") resulted in a substantial increase in the pension obligations recorded in COMMERZBANK's HGB financial statements for the 2010 financial year. In the 2012 financial year, there was a reduction in "unrecognized actuarial profits/losses" in the consolidated financial statements in the amount of €5 million due to amortization. Obligations similar to pensions (such as obligations in respect of early retirement, part-time employment for older employees and long-service anniversaries) are subject to similar risks. Each of these risks may have materially adverse effects on the Group's net assets, financial position and results of operations.

As of June 30, 2013, the pension obligations in COMMERZBANK's consolidated financial statements amounted to €6.95 billion (December 31, 2012: €7.27 billion) and provisions for pensions and similar obligations amounted to €831 million (December 31, 2012 (published): €210 million) (see "*Presentation and Analysis of the Net Assets, Financial Position and Results of Operations—Significant accounting policies—Provisions for pensions*"). The pension obligations are backed by plan assets (liquid funds, shares, fixed income securities, fund units and other assets) with a fair value of €6.37 billion as of June 30, 2013 (December 31, 2012: €6.49 billion).

The amended rules (IAS 19) to be applied as of January 1, 2013 require the abolition of the corridor method for valuing pension obligations and a direct offsetting with equity capital (including regulatory capital). This will result in a decrease in equity capital (including regulatory capital) and, consequently, to higher volatility, mainly as a result of the discount rate for the pension obligations and the change in the market value of the plan assets. With respect to risks relating to insufficient regulatory equity capital, see risk factor 45: "*Ever stricter regulatory capital and liquidity standards and procedural and reporting requirements may call into question the business model of a number of the Group's activities, adversely affect the Group's competitive position, or make the raising of additional equity capital necessary*".

Any change in value of pension obligations or plan assets and the modified accounting regulations may have material adverse effects on COMMERZBANK's net assets, financial position and results of operations.

41. A further increase in the contributions to the German Pensions Protection Fund would put considerable strain on the Group's financial position and results of operations.

In the case of the insolvency of a company, the German Pensions Protection Fund will, subject to certain conditions, assume the obligations arising out of existing occupational pension schemes. It is financed through annual contributions aligned to the losses arising from insolvencies in a given year. An increasing number of corporate insolvencies in Germany has recently led to a considerable increase in these contributions. A further increase in the number of corporate insolvencies could lead to further considerable increases in contributions, particularly for large companies. Such an increase would also have a very significant adverse effect on COMMERZBANK and its German subsidiaries. The resulting burdens may have materially adverse effects on the Group's net assets, financial position and results of operations.

42. The Group may be unable to attract and retain qualified staff in the future.

Across all its business divisions, the Group needs to attract and retain highly qualified staff. The Group endeavors to counteract the risk of losing know-how as a result of the departure of key employees through various measures, in particular through talent, management and career development measures. Despite these measures, the Group may not succeed in attracting or retaining highly qualified employees in the future. This risk is further increased by the Group's current plan to downsize its workforce (see risk factor 5: "*There is a risk that the Group may not be able to implement its Strategic Agenda or may be able to do so only in part or at a higher cost than planned, and that the implementation of planned measures may not lead to the achievement of the strategic objectives sought to be obtained*"). In addition, there are plans at the EU level to legally limit the level of variable compensation payable to employees of European banks in the future. Pursuant to these plans, variable compensation would not be permitted to exceed the amount of the fixed salary unless the respective bank's Annual General Meeting expressly consents to a higher share of variable compensation. Even though the expected future restriction on variable compensation will affect the entire banking industry in the EU, it cannot be excluded that it may ultimately increase the risk that the Group will be unable to attract and/or retain highly qualified staff.

The risk of being unable to retain staff applies in particular with respect to employees in the NCA segment. As the NCA segment is dedicated to running down the portfolios transferred to it without entering into any new business, it is possible that the Group will face difficulties in retaining qualified staff in this segment, as talented employees may perceive their opportunities for advancement within the COMMERZBANK Group as very limited due to the cessation of their businesses.

If the Group's efforts to attract and/or retain employees should fail, this may have a material adverse effect on the Group's net assets, financial position and results of operations.

43. The Group is exposed to various reputational risks.

The financial crisis, the Sovereign Debt Crisis and the currently prevailing political and public sentiment in respect of financial institutions in general, and COMMERZBANK in particular, the development in COMMERZBANK's share price, the need for refinancing and a possible need for further state support, have resulted in a considerable amount of negative reporting in the media and in negative statements from regulatory authorities and politicians.

These negative reports and other public statements may unsettle customers, lenders and investors and affect the morale and motivation of COMMERZBANK's employees. Moreover, the Group's plan to further reduce its workforce could exacerbate this risk (see risk factor 5: "*There is a risk that the Group may not be able to implement its Strategic Agenda or may be able to do so only in part or at a higher cost than planned, and that the implementation of planned measures may not lead to the achievement of the strategic objectives sought to be obtained*"). Each of these risks may have material adverse effects on the Group's net assets, financial position and results of operations.

Negative reporting and other public statements asserting legal violations of any kind often lead to investigations by regulatory authorities or even court proceedings, regardless of the actual basis for these allegations. Irrespective of the outcome of these proceedings, defending and responding to such investigations and proceedings is time-consuming and expensive, and may occupy the time and attention of the COMMERZBANK management team, diverting them from their actual duties. Negative media reporting and investigative and court proceedings may have a negative effect on COMMERZBANK's reputation and on the morale and performance of the Group's employees, which in turn may have a material adverse effect on the Group's net assets, financial position and results of operations.

Reputational risks are also present in respect of all business incidents that lower confidence in the Group from the public, customers, business partners, investors or rating agencies (see also risk factor 33: "*The Group is exposed to a large number of operational risks, including the risk that employees will enter into excessive risks on behalf of the Group or violate compliance-relevant regulations in connection with the conduct of business activities and thereby cause considerable losses to appear suddenly, which may also lead indirectly to an increase in regulatory capital requirements*"). In general, each of the risks described above entails reputational risks. As is the case for other non-quantifiable risks, the Group has therefore established processes and responsibilities intended to enable it to identify reputational risks at an early stage and to react to them. However, these procedures may prove to be ineffective. Should this lead to the materialization of such risks, this could have materially adverse effects on the Group's net assets, financial position and results of operations.

44. The Group may be exposed to risks that are either not identified or inadequately assessed by its existing risk management.

The Group has developed and implemented principles, procedures and evaluation methods for the monitoring and identification of risks. Nevertheless, the establishment of these monitoring systems cannot fully prevent the Group from being exposed to various types of risks that it fails to identify or predict. Some of the quantitative measurement methods and categories in risk management are based empirical values gained from COMMERZBANK's experience of historical market developments. Statistical and other methods are applied to these empirical values in order to quantify the risks to which the Group is exposed. These measurement methods and categories were unable to predict some of the losses sustained in the volatile market environment of the financial market and sovereign debt crises. In this respect, insufficient data quality, in particular, may result in misjudgments. This could also be the case in relation to significant future risks. In addition, the quantitative risk management model does not take all risks into consideration and makes numerous assumptions in respect of the market environment that are not based on concrete events. The application of models outside their defined scope of application may result in inaccurate estimation. As a result, risks have arisen from factors which were not foreseen by the statistical models applied or which were not appropriately assessed, and these risks could also continue to arise. This has impaired the ability of COMMERZBANK to monitor risks and could lead to further impairments. Therefore, the losses sustained were, and in the future could also be, considerably higher than those indicated by historical data.

Models are used extensively in COMMERZBANK's risk management not only for the measurement of risks, but also for the calculation of risk-bearing capacity. These models could in hindsight prove to be faulty and they could significantly overestimate or underestimate risks. This applies to liquidity risk, for example. Accordingly, model assumptions with respect to the interest rate sensitivity of depositors or with respect to their deposit behavior could prove to be inaccurate.

Further, COMMERZBANK's predominantly qualitative approach to the management of those risks that are not covered by quantitative methods could prove to be inadequate, which could result in considerable unforeseen losses. Should current or future customers or business partners consider COMMERZBANK's risk management to be inadequate, there is a risk that business will be lost to other banks or that transactions will be limited. This could impair both the reputation of COMMERZBANK and its income and profits.

COMMERZBANK is also exposed to a so-called "tail risk" in relation to the management of risks. Tail risk describes, as an example, the form of market risk that arises if the possibility that a portfolio of assets will deviate more than three standard deviations from the mean is greater than that which corresponds to a normal distribution. Should COMMERZBANK underestimate the tail risk in its portfolios, it would be exposed to higher losses than forecast by its portfolio models.

Each of these risks could have a material adverse effect on the Group's net assets, financial position and results of operations.

Risks arising from bank-specific regulation

45. Ever stricter regulatory capital and liquidity standards and procedural and reporting requirements may call into question the business model of a number of the Group's activities, adversely affect the Group's competitive position, or make the raising of additional equity capital necessary.

The national and international regulations of various legislators, supervisory authorities and standard-setting bodies (e.g., the European Commission, the German legislature, BaFin, the Basel Committee on Banking Supervision and the EBA) have made regulatory capital and liquidity standards as well as procedural and reporting requirements for financial institutions increasingly stricter in recent years. In some cases, this took place in close cooperation with the affected institutions over suitably long implementation periods. In other cases, it took place without consultation and over very short implementation periods. It can be expected that such measures may also be carried out with longer or shorter implementation periods in the future.

The business volumes and business activities of the Group's various business divisions are materially affected by the regulatory capital requirements, which are based on the relationship between particular capital components and RWA (a measure of default risk, market risk and operational risk relevant for regulatory purposes, which must be backed with regulatory capital). The same applies to rules on liquidity management in respect of guidelines for liquidity buffers and, once effective, any non-risk-based maximum leverage ratio.

In addition to the recommendation on the preservation of capital of the EBA from July 2013, various rules to strengthen regulatory capital and liquidity standards are under discussion or are already being implemented. This is particularly applicable to the "Basel III" framework, which will be implemented at a European level through the "CRD IV" package. The

CRD IV package comprises Regulation (EU) No 575/2013 and Directive 2013/36/EU, each dated June 26, 2013 and published in the Official Journal of the EU on June 27, 2013. The CRD IV package will enter into force on January 1, 2014. It will replace, among other things, the regulatory capital and bank directives currently in force. The regulation will be directly applicable to institutions in the European Union and need not be implemented into national law, whereas the directive must be implemented into national law in each EU member state. The CRD IV package contains detailed rules on regulatory capital, stricter liquidity standards, the introduction of a non-risk-based leverage ratio, stricter capital requirements for counterparty credit risk and revised large exposure limits. According to these rules, banks must hold 6.0% instead of 4.0% of their RWA as Tier 1 capital as of January 1, 2015. Instead of the previous 2% of RWA, 4.5% thereof must comprise Common Equity Tier 1 capital. For 2014, the CRD IV package provides for certain transitional rules with regard to the required percentage. The current total minimum capital ratio remains unchanged at 8% of RWA. However, Tier 3 capital will no longer be creditable. In addition, hybrid capital instruments will no longer be recognized as core capital, or will be recognized only for a transitional period. Further adjustments to regulatory capital are also being made, such as, for example, the deduction of certain deferred tax assets or a negative revaluation reserve. At the same time, stricter risk-weighting rules will lead to an increase in RWA. The introduction of additional capital buffers in the form of Common Equity Tier 1 capital is regulated in the directive and, consequently, must be implemented into national law. If a bank does not meet its obligation to maintain these capital buffers to the full extent, dividend payments and share buybacks, discretionary payments on other Tier 1 capital instruments and discretionary bonuses to bank employees are no longer permitted, or are permitted only to a limited extent. In the future, banks will be required to maintain a "capital conservation buffer" in the amount of 2.5% of RWA above the minimum as a permanent capital buffer. Additionally, each member state may establish a "countercyclical buffer" of up to 2.5% of RWA in order to prevent overheating of the economy and excessive lending growth. Furthermore, member states may establish a "systemic buffer" for their banks of between 1% and 3% of RWA (or up to 5% of RWA with respect to domestic and third-country exposures) in order to counteract non-cyclical or systemic risks to the financial system or the real economy. Member states may set an even higher "systemic buffer" with the consent of the European Commission. Further capital buffers may be established for banks with global systemic importance or other systemically important banks (see also risk factor 47: "*COMMERZBANK's qualification as a "domestic systemically important financial institution" could have negative effects on the Group's business operations or have consequences for the Group's structure*").

Pursuant to the CRD IV package, member states may under certain conditions also establish stricter regulatory requirements for banks under their supervision for up to two years, in order to counteract increased risks to the stability of the financial system. These stricter requirements may apply in particular to regulatory capital requirements, liquidity requirements, large exposure limits, the capital conservation buffer and banks' public disclosure requirements. Finally, the CRD IV package sets out a non-risk-based maximum leverage ratio. The details of the leverage ratio remain to be determined following an observation phase lasting until December 31, 2016. The ratio is to apply from January 1, 2018 in the form of a binding minimum requirement. The introduction of such a non-risk-based maximum leverage ratio may affect COMMERZBANK's ability to grow in the future or even require COMMERZBANK to reduce its business volumes.

The 2013 EBA recommendation on the preservation of capital replaces the short-term requirements issued by EBA in December 2011. In particular, the new recommendation proposes that the relevant national authorities ensure that the banks they oversee maintain a capital floor in terms of a nominal amount corresponding to the amount of capital needed to meet the requirements set in the December 2011 recommendation (*i.e.*, 9% core Tier 1 capital calculated as of June 30, 2012). The recommendation applies since July 22, 2013. Further, EBA recommends that national authorities require financial institutions to submit their capital plans and monitoring templates to the national authority by November 29, 2013.

New supervisory regulations could require greater deductions from regulatory capital than currently planned. In this respect, capital deductions arising from securitization positions, the negative revaluation reserve and deferred tax assets are particularly relevant for COMMERZBANK.

As various relevant regulations required to implement the CRD IV package currently exist in draft form only, revisions may be made during the ongoing implementation process. Consequently, COMMERZBANK cannot at present make any definitive statements in respect of a need for the additional regulatory capital. Based on preliminary estimates, however, COMMERZBANK expects that additional RWA of between €25 and 30 billion will arise at the Group level as a result of new regulatory regulations, even taking into account appropriate countermeasures. This increase in RWA increases the amount of capital necessary to meet the stricter regulatory requirements concerning the amount and composition of own capital.

Since COMMERZBANK's different business operations generate risk assets and use equity and liquidity to varying degrees, stricter own capital and liquidity requirements could force COMMERZBANK to cease potentially profitable but disproportionately capital-intensive business operations and to switch to potentially less profitable areas. It cannot be excluded that overall business volumes may have to be reduced as a result of new regulations. In addition to regulatory provisions, the market could require financial institutions such as COMMERZBANK to maintain capital levels above the regulatory minimum, which could exacerbate the aforementioned effects on COMMERZBANK or, should

COMMERZBANK not increase its capital to the level demanded, lead to the perception in the market that it is generally undercapitalized in comparison to its competitors. To the extent that COMMERZBANK does not succeed in implementing stricter regulatory requirements within the potentially short transition periods allocated by establishing a sufficient amount of capital, it may be forced to reduce the RWA it holds beyond its current plans. This could lead to a deterioration in the Group's results of operations. Moreover, the requirements to increase capital ratios could force COMMERZBANK to pursue a strategy that is focused on capital conservation and raising instead of generating revenue and profit growth, and that would entail a further reduction of profitable RWA.

COMMERZBANK could also be forced to raise additional equity capital, or Tier 1 capital, through capital measures. This could lead to the dilution of shareholders. Additionally, the market's willingness to participate in such capital raising measures may be limited, for example if COMMERZBANK's competitors carry out similar capital raising measures at the same time in order to comply with the stricter regulatory capital requirements, or because COMMERZBANK has already carried out capital measures on numerous occasions in the past. Should COMMERZBANK not succeed in improving its capital ratios by raising fresh capital or by some other means, this could have repercussions for the Group's business model and/or its net assets, financial position and results of operations.

Further planned regulations relate to liquidity management and guidelines on necessary liquidity buffers for banks. COMMERZBANK could be forced to adapt its financing structure and business model to comply with the modified regulations in this respect. The requirement to hold additional liquidity is likely to be tied to higher financing costs.

The materialization of one or more of the aforementioned risks may have material adverse effects on the Group's net assets, financial position and results of operations.

46. Other regulatory reforms proposed in the wake of the financial crisis – for example, requirements such as the bank levy, a possible financial transaction tax, the separation of proprietary trading from the deposit-taking business, or stricter disclosure and organizational obligations – may materially influence the Group's business model and competitive environment.

The financial crisis prompted German and foreign governments, regulators and other authorities to propose a variety of reforms of the regulatory framework governing the financial sector. In an effort to improve the ability of the financial sector to withstand future crises, some of these proposals go beyond stricter regulatory capital and liquidity requirements. Alongside restrictions on remuneration policy, the range of additional legislative proposals includes restrictions on proprietary trading (such as, for example, its separation from the deposit-taking business in accordance with the Act on the Separation of Risks and on Recovery and Resolution Planning for Credit Institutions and Banking Groups from January 31, 2014 onwards) (*Gesetz zur Abschirmung von Risiken und zur Planung der Sanierung und Abwicklung von Kreditinstituten und Finanzgruppen*) (the "**Bank Separation Act**"), registration obligations and operational requirements and disclosure and clearing obligations for derivative transactions, an extension of the powers of supervisory authorities, the banning of deposit-taking for certain business areas, in addition to very far-reaching interventions such as a financial transaction tax, the statutory separation of the classic banking business from investment banking in order to make the traditional credit and deposit business independent from investment banking, the splitting up of financial institutions that supervisory authorities consider too big to fail in order to reduce the risk of their collapse, or even the nationalizing of banks.

In the USA, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") was enacted in July 2010. The Dodd-Frank Act contains numerous provisions that would have substantial extraterritorial effects according to the implementing proposals of the relevant U.S. agencies. Those extraterritorial effects would include considerable compliance efforts that must be met by non-U.S. banks even outside of the USA in order to verify that they comply with the so-called "Volcker Rule". In the EU, the Regulation on OTC derivatives, central counterparties and trade repositories ("**EMIR**") entered into force on August 16, 2012. Although some of the particular effects of the legal changes brought about by the Dodd-Frank Act and the EMIR may not yet be foreseeable, many elements of this new legislation could lead to changes which would affect the profitability of the Group's business activities, require it to adjust its commercial practices or increase its costs (including compliance costs). This also applies to the stricter disclosure and organizational obligations of the U.S. Foreign Account Tax Compliance Act (FATCA) for the prevention of tax evasion by bank clients. Furthermore, implementing the necessary changes could also take up management's attention and resources to a significant extent.

On February 14, 2013, following the request of eleven member states (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain), the European Commission proposed a draft directive to implement a financial transaction tax due to come into force on January 1, 2014. On July 3, 2013, the European Parliament passed a non-binding resolution proposing further amendments to the draft directive. In view of the fact that the directive is still at the draft stage, the specific scope and scale of the planned financial transaction tax is uncertain. Moreover, the United Kingdom has filed a legal challenge against the planned financial transaction tax. Depending on the outcome of the legal challenge and the definitive regulations, if any, the planned financial transaction tax may have a material adverse effect on the Group's net assets, financial position and results of operations, in particular in respect of implementation costs and possible market reaction.

Other proposals, in particular those aiming at farther-reaching reform, are still being discussed at the political level. However, it is currently still unclear in many cases which of these potential proposals will be implemented into law and, if they are, to what extent and on what conditions. The effects of these regulatory changes or new levies or tax burdens on COMMERZBANK may be limited to additional administrative expenses or the implementation and observation of new regulations. They may, however, also adversely affect the profitability of the COMMERZBANK Group or lead to higher financing or capital costs, or even to limitations of the businesses which COMMERZBANK is permitted to conduct.

Should proposals that would require COMMERZBANK to substantially change its business model be adopted, the resulting changes may impair the Group's business and therefore have a material adverse effect on the Group's net assets, financial position and results of operations.

Initial measures have already been implemented in various countries, for example the Restructuring Act in Germany providing new possibilities for bank restructurings. The Restructuring Act also provides for the restructuring fund to be financed by a bank levy in the form of mandatory annual contributions, which may lead to a considerable financial burden for COMMERZBANK.

47. COMMERZBANK's qualification as a "domestic systemically important financial institution" could have negative effects on the Group's business operations or have consequences for the Group's structure.

On November 4, 2011, the Financial Stability Board published a list of banks, including COMMERZBANK, classified as globally systemically important. On November 1, 2012, the Financial Stability Board updated this list of global systemically important banks. According to the current list, COMMERZBANK is no longer classed as globally systemically important. The Financial Stability Board will update this list again in November 2013. However, COMMERZBANK does fall into the domestic systemically important bank category.

In respect of systemically important banks, the CRD IV package will differentiate between global systemically important institutions ("**G-SIIs**") and other systemically important institutions ("**O-SIIs**", systemically important for the European Union or individual member states). G-SIIs must maintain a capital buffer of between 1% and 3.5% of RWA. The specific level of this capital buffer will be determined for each bank based on a scoring system to establish its systemic relevance. For O-SIIs, member states can prescribe capital buffers of up to 2% of RWA. It cannot be excluded that COMMERZBANK may have to build up a further capital buffer as a result of being categorized as systemically important on a domestic level. This would also apply if the Financial Stability Board designates COMMERZBANK as a G-SII in its yearly update to the list of global systemically important banks.

Domestic systemically important banks could be made subject to further regulatory measures, in particular relating to crisis management and the winding up of these financial institutions in a crisis situation.

For example, BaFin has called upon COMMERZBANK to draw up and implement emergency plans for recovery in a crisis. Currently, the European legislative plans to regulate the restructuring and winding up of financial institutions have not yet been concluded. At the start of June 2012, the European Commission published its proposal for a Directive establishing a framework for the recovery and resolution of credit institutions and investment firms (see also risk factor 50: "*The European Commission's proposal for a Directive establishing a framework for the recovery and resolution of credit institutions and investment firms may result in regulatory consequences that could limit COMMERZBANK's business operations and lead to higher refinancing costs*"). Furthermore, on May 17, 2013 the German Parliament, and on June 7, 2013 the German Federal Council, adopted the Bank Separation Act, which became effective, in relevant part, after publication in the German Federal Gazette (*Bundesanzeiger*) on August 12, 2013. In addition to the obligation for COMMERZBANK to draw up restructuring plans and for BaFin to draw up resolution plans, the Bank Separation Act grants BaFin additional powers to limit COMMERZBANK's business operations under certain circumstances. Such limitations could have a material adverse effect on COMMERZBANK's net assets, financial position and results of operations.

Depending on the extent of the future regulation of domestic systemically important banks and those regarding crisis management and the winding up of banks, it is possible that these regulations will have consequences for the Group's business operations or structure, which could lead to a material adverse effect on the Group's net assets, financial position and results of operations.

48. COMMERZBANK is subject to stress tests, the results of which may have adverse effects on the Group when published.

Stress tests analyzing the robustness of the banking sector are regularly carried out and published by national and supranational supervisory authorities (for example, the EBA). An announcement by a supervisory authority that it will perform a stress test can increase uncertainty in the banking sector and lead to a loss of confidence in individual institutions or in the entire banking sector.

COMMERZBANK will be subject to future stress tests that will be based on new regulations, such as those that will be applicable following the implementation of Basel III. It cannot be ruled out that future stress tests may result in COMMERZBANK having to build up additional or higher capital buffers. Such requirements may have a negative impact on COMMERZBANK's results of operations. In particular, it is expected that the EBA will carry out further EU-wide stress tests in the future.

The publication of the results of regulatory stress tests, their evaluation by financial market participants and the market's general impression that a stress test is not strict enough, may have a negative impact on the external assessment of the capital position, refinancing costs and, consequently, also the net assets, financial position and results of operations of the participating institutions (such as COMMERZBANK). In particular, it cannot be excluded that COMMERZBANK's funding costs may increase as a result of a stress test. Capital adequacy requirements may also increase, which would lead to an increase in the need for capital or a greater reduction in RWA, which in turn may result in adverse effects on the COMMERZBANK Group's long-term profitability.

The materialization of one or all of the risks described above may have a material adverse effect on the Group's net assets, financial position and results of operations.

49. The Group's regulatory capital also includes instruments that may cease to qualify as regulatory capital, which could result in its business operations being restricted.

The qualification of certain instruments as regulatory capital may change as a result of both amendments to supervisory regulations and actions by the Group. Under the CRD IV package, the recognition of regulatory capital instruments that will no longer be included in Tier 1 capital or Tier 2 capital (such as trust preferred securities, profit participation certificates and silent participations, which fail to meet the new requirements for regulatory capital) will be gradually phased out over an eight-year period, due to begin as of January 1, 2014. From 2014, the grandfathered amount (as determined on the basis of a one-time calculation) of those regulatory capital instruments that may be recognized will be reduced in steps of 10% per annum from 80% (in 2014) to 10% (in 2021), with the grandfathering to end at the beginning of 2022.

There is a risk that the trust preferred securities issued by the Eurohypo Capital Funding Trusts will no longer qualify as hybrid Tier 1 capital, as interest was paid on them in 2009 for the 2008 financial year despite the loss recorded by Hypothekenbank Frankfurt. Should this risk materialize, it would lead to a reduction in the Group's regulatory capital by €0.3 billion so that the total capital ratio would be reduced from 17.6% to 17.5% (calculated as of June 30, 2013).

Should the Group, contrary to its view of the legal position, be required to pay interest on the trust preferred securities issued by COMMERZBANK subsidiaries (see also risk factor 55: "*Payment and restoration of value claims have been asserted against COMMERZBANK and its subsidiaries, in some cases also in court, in connection with profit participation certificates and trust preferred securities they have issued. The outcome of such proceedings may have material adverse effects on the Group that go beyond the claims asserted in each case*"), these trust preferred securities would as a consequence also no longer qualify as hybrid Tier 1 capital. Together with the risk described in the previous paragraph, this would lead to a reduction in the Group's regulatory capital of €0.8 billion and in turn a decrease in the total capital ratio from 17.6% to 17.3% (calculated as of June 30, 2013). In this regard, see also risk factor 45: "*Ever stricter regulatory capital and liquidity standards and procedural and reporting requirements may call into question the business model of a number of the Group's activities, adversely affect the Group's competitive position, or make the raising of additional equity capital necessary*". The materialization of one or more of the aforementioned risks may have an adverse effect on the Group's net assets, financial position and results of operations.

50. The European Commission's proposal for a Directive establishing a framework for the recovery and resolution of credit institutions and investment firms may result in regulatory consequences that could limit COMMERZBANK's business operations and lead to higher refinancing costs.

On the basis of the announcement of a new framework for crisis management in the financial sector (IP/10/1353) on October 20, 2010, the European Commission presented a consultation paper on January 6, 2011 that included the technical details of the proposed regulations and published a further discussion paper at the beginning of April. At the start of June 2012, the European Commission published its proposal for a Directive establishing a framework for the recovery and resolution of credit institutions and investment firms. Since then, the European Council and the European Parliament have published a number of compromise proposals and the ECOFIN published an agreed approach on a general approach on the Directive, which is dated June 28, 2013.

In accordance with the "Key Attributes of Effective Resolution Regimes for Financial Institutions" published by the Financial Stability Board and approved by the G20, the legal framework to be implemented into national law by member states by the end of 2014 is intended to ensure on an EU-wide basis that in the future, credit institutions, investment firms, financial holding companies and branches of institutions that have their head offices outside the EU can be restructured, and if necessary wound up, without risks for financial stability.

To that end, the proposed Directive includes provisions granting additional competences and powers to supervisory authorities, imposing additional organizational and reporting duties on banks and providing for the possible participation in losses by bondholders, as well as considerations for the financing of a bank restructuring fund. As a result, COMMERZBANK may, for example, be required to conduct stress tests ordered by the resolution authority, the results of which could restrict COMMERZBANK's business activity and could have an adverse effect on its net assets, financial position and results of operations. The proposed Directive also includes rules stipulating that institutions must have sufficient funds obtained through the issuance of debt instruments that provide for loss participation on the part of unsecured external creditors and conversion into equity (referred to as "bail-in"). The "bail-in" tool will give resolution authorities the power to write down, including to zero, or convert into equity the claims of certain unsecured creditors (including the Noteholders) of institutions that are failing or likely to fail. To that end, the application of the "bail-in" tool may result in an unequal treatment of other non-subordinated creditors of COMMERZBANK which may be exempt from the application of the "bail-in" tool in accordance with the Directive. In addition, resolution authorities may write down, including to zero, or convert into equity, outstanding amounts of interest, or amend or alter the maturity of debt instruments or amend the amount of interest payable on such instruments. Finally, any resolution actions taken by the resolution authorities must not entitle creditors of the affected institution to accelerate or terminate their debt. The transposition period for the "bail-in" tool is currently under discussion, with proposals ranging from early 2016 to early 2018. In addition, the current proposals also provide for the power of resolution authorities to write down, including to zero, or convert into equity, any instruments that qualify as Additional Tier 1 or Tier 2 capital under the CRD IV package (such as the Subordinated Notes). Such power, if the proposed Directive is adopted within the timeframe currently expected, would be available to the competent resolution authorities as early as 2015. Should the "bail-in" tool result in an obligation on the part of COMMERZBANK to issue debt instruments with bail-in provisions, an increase in refinancing costs is to be expected, which could have an adverse effect on the Group's profitability. The scale of any increased refinancing costs cannot be estimated at the present time. Furthermore, it is not currently possible to predict whether and in what form a liquid market for such debt instruments will develop, or whether there is sufficient market capacity to absorb both bail-in instruments and other forms of contingent capital (i.e., bonds that are mandatorily convertible to equity), the issuance of which may be required under Basel III regulations.

The proposed Directive also includes rules for setting up a European system of financing arrangements that provide for deposit protection schemes to be drawn upon in the context of a resolution. The extent to which such a European system of financing arrangements would result in a change to COMMERZBANK's contribution obligations for the deposit protection scheme or the bank restructuring fund is currently unclear. See also risk factor 53: "*There is a risk that the Group will be negatively affected by increased contributions to the Deposit Protection Fund or that, irrespective of the Deposit Protection Fund, it will be required to contribute to the rescue of banks that find themselves in economic difficulties. The planned reform of the EU Directive on Deposit Guarantee Schemes would negatively affect the Group in the form of significant contribution payments, which possibly cannot be passed on to the market*".

Should the aforementioned developments lead to adverse effects and strains for the Group, this may have a material adverse effect on the Group's net assets, financial position and results of operations.

51. The Group may be unable to fulfill the requirements imposed by the European Commission in connection with its utilization of the state stabilization measures on time or to a sufficient degree, and it may suffer economic disadvantages in connection with the fulfillment of these requirements.

On May 7, 2009, the European Commission declared the stabilization measures utilized by the Group to be compatible in principle with the state aid regulations of the EC Treaty. For reasons of competition law, the Federal Republic of Germany committed itself to ensuring that COMMERZBANK complies with a number of requirements – requirements that COMMERZBANK has contractually undertaken to comply with vis-à-vis SoFFin and the German government. Some of these requirements were later modified through a supplementary agreement with SoFFin. On March 30, 2012, at the request of the German government, the European Commission decided to convert the condition requiring COMMERZBANK to sell Hypothekenbank Frankfurt by no later than the end of 2014 into a condition to wind it down. In exchange, the Federal Republic of Germany committed itself to ensure that COMMERZBANK complies with the conditions set forth in the state-aid decisions.

Currently, the conditions (partially modified by the European Commission on March 30, 2012) include, in particular, (1) the reduction of the Commercial Real Estate finance portfolios to certain target customers and target products in the target markets of Germany, the United Kingdom, France and Poland, capping the portfolio volume at €25 billion until December 31, 2013, and maintaining this product-related, regional and volume-based restriction (including the cap on permitted new business) until December 31, 2015, (2) the continuation of the downsizing of the Public Finance portfolio and the run down of the part of Hypothekenbank Frankfurt's Commercial Real Estate financing business included among non-core activities, (3) the setting of a ceiling of €600 billion for the Group's total balance sheet assets until December 31, 2014 (though non-core activities of Hypothekenbank Frankfurt, comprising the public finance portfolio and a majority of the Commercial Real Estate finance portfolios, are not counted towards the ceiling), (4) the ban on the acquisition of other companies until March 31, 2014, and (5) the commitment to offer German SMEs loans on normal market terms in a volume corresponding at least to the level of RWA as of the end of 2007.

Pursuant to the European Commission's modified conditions, the non-core activities of Hypothekenbank Frankfurt are to be organizationally separated and ultimately wound down. At the end of June 2012, in addition to these non-core activities, COMMERZBANK also decided to completely wind down Commercial Real Estate and Ship Finance and to transfer them to the NCA segment for that purpose. This decision took effect as of August 9, 2012. In legal terms, Hypothekenbank Frankfurt retained both the Commercial Real Estate finance portfolio and the Public Finance portfolio as planned.

The former Eurohypo Aktiengesellschaft was renamed "Hypothekenbank Frankfurt AG" as of August 31, 2012. In doing so, COMMERZBANK fulfilled a condition of the European Commission that was part of the requirement to wind up the portfolios of Hypothekenbank Frankfurt. The Commerz Real Group division (without Warehouse) as well as Hypothekenbank Frankfurt's core business with private customers (private construction finance) were integrated into the Private Customers segment of the Core Bank. On July 15, 2013 Hypothekenbank Frankfurt entered into an agreement to sell its commercial real estate portfolio in the United Kingdom and has thus continued downsizing its portfolio. The sale was completed on August 2, 2013.

It cannot be excluded that the Group will not be able to fulfill the remaining conditions imposed by the European Commission on time, or will not be able to do so to a sufficient degree. In particular, there is a risk that the European Commission or other authorities will find the ongoing strategic restructuring of individual business areas to be impermissible in light of the state aid decision, contrary to COMMERZBANK's assessment. Non-compliance with the relevant conditions are sanctioned in part through contractual penalties. There is also a risk that the Group may experience other economic disadvantages in connection with fulfilling these requirements. In the event of a breach of the European Commission's conditions, the Group could be obliged to repay, at least in part, the government funds it has received or be exposed to contractual claims by SoFFin, for example recourse claims in respect of penalty payments and fines by the EU.

Each of these risks may have a material adverse effect on the Group's net assets, financial position and results of operations.

52. The regulatory and banking supervisory frameworks for the Group in those jurisdictions outside of Germany in which it operates may change at any time, and non-compliance with regulatory provisions there may result in the imposition of penalties and other disadvantages, including the loss of official licenses.

The Group's business activities outside Germany are regulated and supervised by the central banks and regulatory authorities of those countries in which it operates. In each of these countries, a banking license or at least notification to the national regulatory authorities is required for COMMERZBANK, its subsidiaries and sometimes its branches as well, and in some cases for the Group in its entirety. Additional requirements may be imposed on the regulated entities in the event of changes to the regulatory provisions in one or more countries, which may occur at any time. This could hamper their ability to operate in certain business areas or even bar them from such business areas completely. In addition, infringement of provisions which do not fall directly within the scope of bank supervision law may also have regulatory consequences (see also risk factor 57: "*Proceedings brought by regulators, supervisory authorities and prosecutors may have material adverse effects on the Group*"). In addition, complying with amended regulatory requirements may entail a material increase in the Group's administrative expense. Each of these risks may have a material adverse effect on the Group's net assets, financial position and results of operations.

53. There is a risk that the Group will be negatively affected by increased contributions to the Deposit Protection Fund or that, irrespective of the Deposit Protection Fund, it will be required to contribute to the rescue of banks that find themselves in economic difficulties. The planned reform of the EU Directive on Deposit Guarantee Schemes would negatively affect the Group in the form of significant contribution payments, which possibly cannot be passed on to the market.

The Deposit Protection Fund is funded by an annual contribution from each of the participating institutions. The Board of Directors of the Association of German Banks (*Bundesverband deutscher Banken e.V.*) may resolve to impose a surcharge in the amount of half of the annual contribution, or a special contribution of up to half of the annual contribution for each financial year if the funds in the Deposit Protection Fund are not sufficient or if otherwise required to carry out the tasks of the Deposit Protection Fund. Such an increase would have material adverse effects on the Group's net assets, financial position and results of operations.

In addition, there is the risk that the Group will be required to contribute to the rescue of banks that find themselves in economic difficulties, possibly in the form of posting collateral and similar efforts. This may have material adverse effects on the Group's net assets, financial position and results of operations.

The various European Commission, European Council and European Parliament proposals on the reform of the EU Directive on Deposit Guarantee Schemes could lead to a considerable increase in the Group's deposit protection contributions. In addition, the proposed EU directive on establishing a framework for the recovery and resolution of credit institutions and investment firms and the proposed reforms to establish a single supervisory mechanism as well as a single resolution mechanism for banks including a European bank resolution fund may affect the proposed reform of the EU Directive on Deposit Guarantee Schemes, although this is not yet clear. It is also not yet clear whether the EU may set up an EU-wide deposit guarantee scheme instead of the current Member State deposit guarantee schemes based upon EU law. Due to the existing price competition, it might not be possible to pass on the Group's additional expenses to the market. The implementation of the reform proposals as they currently stand would have material adverse effects on the Group's net assets, financial position and results of operations. Moreover, the introduction of a European deposit protection scheme as part of a European banking union that has been discussed at the European level may lead to further increased statutory deposit protection contributions for COMMERZBANK in the long run. This may also result in material adverse effects on the Group's net assets, financial position and results of operations.

Legal risks

54. Legal disputes may arise in connection with COMMERZBANK's business activities, the outcomes of which are uncertain and which entail risks for the Group. For example, claims for damages on the grounds of flawed investment advice have led to substantial liabilities for the Group and may also lead to further substantial liabilities for the Group in the future.

The COMMERZBANK Group is involved, particularly in the Private Customers segment, in giving investment advice on financial instruments (securities, investment funds, derivatives and company shareholdings). The requirements imposed by lawmakers and the judiciary with respect to suitable product and investor advice have been made considerably more stringent, including retroactively, in recent years. COMMERZBANK and its subsidiaries therefore have been and are involved in a number of disputes, some of them in court, in which investors are claiming allegedly flawed investment advice and are demanding damages. In the more recent past, this has already led to material adverse effects on the Group's net assets, financial position and results of operations. Corresponding effects may also result from such claims in the future.

Furthermore, the German Federal Court of Justice (*Bundesgerichtshof*) found in 2006 and 2009 that banks, and therefore also COMMERZBANK, must disclose to their customers the sales commissions that they receive for the sale of participations in closed-end funds and investment funds. In the absence of such information, even where the advice was otherwise proper, the customer is entitled to demand that the investment be unwound at the original price and to transfer the investment, e.g., the shareholding, to the Bank. The customer is also entitled to claim damages for any additional financial or tax losses. In a case ruled upon by the German Federal Court of Justice in July 2011, COMMERZBANK was obligated to pay damages for failing to give such disclosure. The term "sales commissions" was very broadly defined by the German Federal Court of Justice. The German Federal Court of Justice's ruling is significant for a number of other cases, some of which are already pending, in addition to the proceedings in question. This includes both proceedings relating to closed-end funds like those that were the subject of the legal dispute before the German Federal Court of Justice and proceedings that concern numerous other capital investments, in particular closed-end funds arranged by COMMERZBANK or its legal predecessors. In addition to the already existing provisions, a provision taking into account the new situation was recognized in the 2011 financial year for the funds that were the subject of the dispute before the German Federal Court of Justice. Provisions have also been and continue to be recognized for claims brought as part of lawsuits. If the Group is required to pay damages for a significant portion of the financial instruments sold by it or to unwind these transactions at the original price, there is the risk of a material adverse effect on the Group's net assets, financial position and results of operations.

Beyond the issues mentioned above, COMMERZBANK and its subsidiaries are regularly parties to a variety of court and arbitration proceedings in Germany and a number of other jurisdictions, in particular in damages, warranty and rescission cases. These proceedings are characterized by a large number of uncertainties and it is not possible to predict their outcome with certainty. Consequently, risks associated with such proceedings may in certain cases be difficult to quantify, or may not be quantifiable at all. It is therefore possible that losses resulting from pending or potential proceedings will exceed the provisions recognized for them, which may have material adverse effects on the Group's net assets, financial position and results of operations.

55. Payment and restoration of value claims have been asserted against COMMERZBANK and its subsidiaries, in some cases also in court, in connection with profit participation certificates and trust preferred securities

they have issued. The outcome of such proceedings may have material adverse effects on the Group that go beyond the claims asserted in each case.

COMMERZBANK and its subsidiaries (particularly Hypothekenbank Frankfurt and its legal predecessors) and Dresdner Bank and its subsidiaries have issued profit participation certificates and other hybrid financial instruments, including trust preferred securities in particular. These instruments are generally structured so that they are recognized for regulatory purposes as equity. In some cases, there is an obligation to pay interest only where distributable profit has been realized, or only insofar as the payment of interest does not lead to a net loss, and some types of instruments are structured so that in the case of losses, the redemption amount of the instruments can be reduced (loss participation).

Due to losses incurred in the 2009, 2010, 2011 and 2012 financial years, no interest was paid for those financial years on profit participation certificates and trust preferred securities issued by Hypothekenbank Frankfurt, its legal predecessors and its subsidiaries, and no interest has been or is expected to be paid on the trust preferred securities for the 2012 financial year. In addition, the losses had reduced the principal amount payable on redemption of the profit participation certificates due to their participation in losses. Various investors have filed suit (or announced their intention to do so) in Germany in respect of the reduction of the principal amount payable on redemption and the non-servicing of the profit participation certificates. Investors in the trust preferred securities issued by Eurohypo Capital Funding Trust I and Eurohypo Capital Funding Trust II have filed suit in Germany in respect of the non-servicing of the trust preferred securities. On September 3, 2013, an investor in these trust preferred securities filed suit in the Delaware Court of Chancery in respect of the non-servicing of the trust preferred securities. In the meantime, a separate lawsuit previously filed against Hypothekenbank Frankfurt in the United States of America in respect of the non-servicing of the trust preferred securities has been withdrawn. It cannot be ruled out that more claims will be made or lawsuits filed.

In Germany, courts of first instance have in the past handed down non-binding decisions relating to the non-servicing of the profit participation certificates issued by Hypothekenbank Frankfurt and the reduction of the principal amount payable on redemption thereof. These decisions differ in their results. Two appellate decisions, in favor of the claimants, were rendered on December 31, 2011 and February 7, 2012. In connection with the latter, Hypothekenbank Frankfurt appealed (*Revision*) against these decisions to the German Federal Court of Justice. On May 28, 2013 the German Federal Court of Justice decided adversely to COMMERZBANK in both cases, holding that, because the forecast in respect of the earnings development of Hypothekenbank Frankfurt was positive at the time the control and profit transfer agreement was entered into, the distributions provided for under the profit participation certificates are to be made in full and the principal amount payable on redemption may not be reduced, irrespective of the financial condition of the issuer, Hypothekenbank Frankfurt. On July 1, 2013, Hypothekenbank Frankfurt effected the decision of the German Federal Court of Justice through a reversal of the reduction and payments of interest to the holders of the profit participation certificates.

No interest was paid for the 2009, 2010 and 2011 financial years on some trust preferred securities issued by a number of COMMERZBANK subsidiaries, due to the economic situation in these financial years. The terms and conditions of these trust preferred securities contain parity treatment clauses under which there is an obligation to pay interest on these trust preferred securities in the event that interest is paid on other comparable instruments. On the basis of these parity treatment clauses, investors have also asserted claims for the non-payment of interest, including in some cases in U.S. courts, and have demanded that these trust preferred securities be restructured as subordinated instruments in the event of an insolvency. In one of the two cases pending in Delaware, the Delaware Supreme Court issued an opinion, under which the previous judgment of the Court of Chancery in favor of the Bank was vacated, and the case remanded with instructions to the Court of Chancery to enter final judgment in favor of the claimants. The Supreme Court also stipulated that the Court of Chancery should make its decision consistent with the holdings of the opinion. In summary, the Supreme Court took the following position: Interest payments that had not been made must be made because payments on other comparable instruments were made in the relevant years; moreover, there is an obligation to restructure those trust preferred securities that are the subject of the litigation into subordinated instruments in the event of an insolvency. The final judgment taking into account the Supreme Court’s opinion was released on July 16, 2013. The other court case pending in Delaware in respect of the failure to make payments on trust preferred securities issued by another subsidiary of COMMERZBANK is currently still suspended. At the end of July 2013, COMMERZBANK effected the final judgment through payments of interest to the holders of the COMMERZBANK trust preferred securities.

It cannot be ruled out that further similar claims will be made or lawsuits filed. Any court ruling in favor of the claimants would only have a binding effect for the successful claimants. However, COMMERZBANK does not rule out that in such event it would satisfy or be required to satisfy similar justified claims arising out of the trust preferred securities, which could result in a total charge at Group level in respect of the trust preferred securities of Hypothekenbank Frankfurt and COMMERZBANK of approximately €60 million (as of June 30, 2013) for the 2009 to 2012 financial years and the first half of 2013.

Furthermore, payments on or servicing hybrid financial instruments, such as the early repayment of silent participations or related servicing or repurchases of hybrid financial instruments, may result in investors who have invested in other profit participation certificates or other hybrid financial instruments bringing claims for the payment of interest that has not been made or for the write-up of the principal amount payable on redemption. If claims are made in such cases and payments become necessary even if COMMERZBANK considers them to be without merit, corresponding charges at Group level would be incurred (for further consequences see also risk factor 49: "*The Group's regulatory capital also includes instruments that may cease to qualify as regulatory capital, which could result in its business operations being restricted*").

Each of these risks may have material adverse effects on the Group's net assets, financial position and results of operations.

56. Lawsuits brought against Group companies for non-payment of variable remuneration for the 2008 financial year, or payment of less than the allegedly promised amount, may have adverse effects on the Group.

A large number of former employees of the former Dresdner Bank group have filed suit against Group companies in Germany and various locations abroad for non-payment, or payment of less than the allegedly promised amount, of variable remuneration for the 2008 financial year. In May 2012, a court of first instance in London ruled in favor of the former employees of Dresdner Kleinwort Investmentbank ("**DKIB**") and ordered COMMERZBANK to pay the bonus claims asserted. On appeal, the High Court confirmed the decision of the court of first instance on April 26, 2013. The claims based on this judgment amount to approximately GBP 72 million. Additionally, claims by additional claimants in the amount of GBP 7 million are possible. Provisions have already been recognized to cover the claims from the judgment. A number of such proceedings are also pending in Germany. In several cases, decisions have already been handed down, including final decisions against, but also in favor of, COMMERZBANK. The outcome of proceedings that have not yet been conclusively decided cannot be predicted. Ultimately, it cannot be excluded that further suits will be filed. It is therefore possible that the losses resulting from pending or threatened proceedings may exceed the provisions recognized for them, which may have material adverse effects on the Group's net assets, financial position and results of operations.

57. Proceedings brought by regulators, supervisory authorities and prosecutors may have material adverse effects on the Group.

COMMERZBANK and its subsidiaries operate in numerous jurisdictions with in part, differing legal and regulatory requirements. Violations of legal and regulatory provisions in individual cases have been detected in the past and may be detected in the future, and any such violations have been and could be pursued by regulatory authorities and institutions. The Group is also currently involved in a number of such proceedings.

The New York County District Attorney, the U.S. Department of Justice and a number of other agencies are currently investigating whether the Group violated U.S. sanctions, particularly against Iran, Sudan, North Korea, Myanmar and Cuba. COMMERZBANK's New York branch has also received subpoenas from these U.S. authorities in this connection, in response to which it has made available extensive documentation and the results of internal investigations. The outcome of these matters is not currently foreseeable. The U.S. authorities may impose civil and criminal penalties on COMMERZBANK, including substantial fines. In similar matters involving other banks, settlements were reached, some involving the imposition of substantial fines. The outcome of these matters cannot be predicted. The Group might also settle such matters.

In addition, the Group has voluntarily disclosed to the U.S. Office of Foreign Assets Control certain incoming payments to and outgoing payments from customers of COMMERZBANK and subsidiaries of COMMERZBANK, including payments made through the Company's New York branch, in relation to transactions that may have involved payors or payees located in a number of U.S.-sanctioned countries. The outcome of these matters is not yet foreseeable.

The financial effects of any actual or alleged violations of legal and regulatory provisions and their respective resolutions cannot be predicted and may exceed the value of any provisions established in any individual case, which may have material adverse effects on the Group's net assets, financial position and results of operations.

58. Divestments may also result in payment obligations and reputational harm.

In recent years, the Group has disposed of a number of subsidiaries and other domestic and foreign holdings. In addition, several larger pieces of real estate formerly belonging to the COMMERZBANK Group have been sold. The corresponding sale and purchase agreements contain various warranties and financing obligations. In some cases, alleged violations of these warranties have been asserted, some of which relate to the loan loss provisions recognized by the divested subsidiaries or to violations of compliance provisions by the divested subsidiaries. These have also resulted in the investigation of these divested subsidiaries by regulatory authorities. Should the claims in this respect be successfully asserted against COMMERZBANK and the provisions (if any) recognized in relation thereto be inadequate, or should the Group's reputation be harmed, this may have materially adverse effects on the Group's net assets, financial position and results of operations.

59. The measures that the Group has taken for the purposes of data protection and to ensure data confidentiality could prove to be inadequate and result in reputational or other damage.

Data used by the Group in connection with its business activities is subject to data protection and information security regulations. The Group has taken a series of measures to protect the data it processes and administers in the course of its business activities against misuse. However, it cannot be excluded that these measures may prove to be inadequate and, for example, the confidentiality of customer data could be infringed by employees of the Group or third parties who circumvent the Group's security systems and obtain unauthorized access to this data. This may trigger liability for damages for the Group or negatively affect the Group's reputation, both of which may have material adverse effects on the Group's net assets, financial position and results of operations.

60. The legal relationships between the Group and its customers are based on standardized contracts and forms designed for a large number of business transactions; errors in, or individual problems in the application of, this documentation may therefore affect a large number of customer relationships.

The Group maintains contractual relationships with a large number of customers. In all business areas and Group divisions, the administration of such a large number of legal relationships necessitates the use of general terms and conditions, standard contracts and forms. The standardization that accompanies this may result in an increased level of risk arising if there are ambiguities or errors in the formulation or application of individual terms and conditions, standard contracts or forms given their frequent usage. In light of the continually changing legal framework through new laws and judicial rulings and the increasing influence of European legislation on national law, it is conceivable that not all of the Group's general terms and conditions, standard contracts and forms will fully comply with applicable legal requirements at all times. If application problems or errors arise, or if individual contractual provisions or even entire contracts prove to be invalid, a large number of customer relationships could be affected, resulting in substantial claims for damages or other negative legal consequences for the Group, and thus have materially adverse effects on the Group's net assets, financial position and results of operations.

61. The outcome of legal disputes to which the Group is not a party can have adverse consequences for the Group for various reasons, including the contesting of practices and clauses used throughout the entire industry.

Judicial or regulatory decisions against other banks may also have effects on the Group, even where the Group is not party to the proceedings. This may be the case, for example, where a practice or a contractual clause used throughout the entire industry is challenged and found to be unlawful. Examples of this are decisions against individual clauses contained in general terms and conditions, amortization schedules for annuity loans, certain investment products (e.g., certain swap transactions) or advisory practices in respect of "kick-back" agreements. This may also be the case even where a decision relates only to the particular circumstances of the individual case if the outcome is then used by customers against the Group, and the Group considers itself forced to change its practices or pay compensation in order to avoid reputational damage. Such decisions may have materially adverse effects on the Group's net assets, financial position and results of operations.

62. The Group is subject to risks associated with tax audits; changes to tax legislation or jurisprudence may have an adverse effect on its net assets, financial position and results of operations. Changes in the planning of expected future income may lead to substantial fluctuations in deferred tax assets.

COMMERZBANK's business operations are assessed for tax purposes on the basis of current tax legislation and in light of current case law and administrative practice. Where there is uncertainty in the tax law with respect to the question of how such business operations are to be assessed, COMMERZBANK generally takes a risk-averse position. However, should considerable additional tax charges be assessed, this may have material adverse effects on the Group's net assets, financial position and results of operations.

The Group is subject to regular audits by tax authorities in Germany and abroad. In Germany, COMMERZBANK is currently being audited with respect to the period from 2002 to 2011. This audit could result in changes to assessments for COMMERZBANK and its subsidiaries and give rise to additional tax charges. Given the long period of the continuing audits, there is an increased risk that additional tax payments will have to be made. COMMERZBANK establishes corresponding provisions for tax risks that are recognizable in the course of or up to completion of the audits. Should in the future additional tax charges be identified that considerably exceed the provisions that have been established, or have yet to be established, on the balance sheets of the affected companies, this may have material adverse effects on the Group's net assets, financial position and results of operations.

In addition, should there be a change in the view of tax authorities, tax legislation or case law in respect of taxation matters, this may also have a material adverse effect on the Group's net assets, financial position and results of operations.

As of June 30, 2013, COMMERZBANK had tax loss carry-forwards in the amount of €5.3 billion. In connection therewith, deferred tax assets in the amount of €1.7 billion have been accrued in the Group's consolidated financial statements. The extent to which the deferred tax assets may be recognized on the balance sheet depends on the expected future operating results of the Group (which are documented in the multi-year plan). Should expected results decrease over several planning periods (5-year assessment periods) because of, for example, a deterioration in external factors such as the economic environment, the extent to which deferred tax assets on tax loss carry-forwards may be recognized on the balance sheet must also be reduced. This leads to a corresponding reduction in equity on the balance sheet. If the strategic plan is not achieved, this could lead to further impairments of deferred tax assets. This could have material adverse effects on the Group's net assets, financial position and results of operations.

63. The European Commission is investigating several companies in the financial sector as part of an antitrust investigation relating to the market for financial information on credit default swaps.

The European Commission has launched an antitrust investigation into 17 companies in the financial sector, including COMMERZBANK, pursuant to which it is investigating their actions in passing on trading data regarding CDS transactions to financial information providers. The Commission is examining whether this supply of data resulted in restrictions on competition within the meaning of Articles 101 and 102 of the Treaty on the Functioning of the European Union ("**TFEU**"). Culpable violations of Articles 101 and 102 of the TFEU may be penalized through the imposition of a monetary fine. The fine imposed on each company found to have taken part in an infringement may not exceed 10% of its total revenue for the previous financial year. On February 21, 2013, COMMERZBANK took part in a state-of-play discussion at the European Commission. During this discussion, the European Commission informed COMMERZBANK that it would no longer be investigating COMMERZBANK until further notice. However, if COMMERZBANK is negatively implicated in the course of the European Commission's investigations of other companies within the financial sector, the investigation of COMMERZBANK may be resumed. At the beginning of July 2013, the EU Commission initiated an official proceeding against 13 investment banks, a derivatives association and a provider of financial information. COMMERZBANK was not among those subject to the proceeding. Nonetheless, should the investigation of COMMERZBANK be resumed and fines imposed on COMMERZBANK, this could have material adverse effects on the Group's net assets, financial position and results of operations.

Risks Related to the Notes

64. The Notes are subject to restrictions on resales and transfers.

The Notes have not been registered under the Securities Act or the state securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Notes may be offered and sold only (a) in the case of the 144A Notes, to those reasonably believed to be "qualified institutional buyers" in compliance with Rule 144A; (b) in the case of the Regulation S Notes, pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act; or (c) in the case of the 3(a)(2) Notes, pursuant to the registration exemption contained in Section 3(a)(2) of the Securities Act, in each case in accordance with the applicable securities laws of any state of the United States or any other jurisdiction. Neither the SEC nor any state securities commission or regulatory authority has recommended or approved the Notes, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this offering circular or any applicable Pricing Supplement. For certain restrictions on resale and transfer, see "*Notice to Investors*".

65. The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this offering circular or any applicable Pricing Supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the terms of the Notes (including the terms of their subordination) and be familiar with the behavior of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, ratings and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes unless it has the knowledge and expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the likelihood of repayment and the value of the Notes, and the impact that an investment in the Notes will have on its overall investment portfolio. In particular, potential investors should note that, as of the date of this document, the Subordinated Notes carry non-investment grade ratings. See risk factor 67: "*There are market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk, associated with an investment in the Notes*" and risk factor 76: "*The Subordinated Notes carry non-investment grade ratings, and a further lowering or withdrawal of these ratings may increase COMMERZBANK'S future borrowing costs and reduce its access to capital*". Prior to making an investment decision, each potential investor should consider carefully, in light of its own financial circumstances and investment objectives, all the information contained in this offering circular.

66. There are no limitations on the Issuers' incurrence of additional debt in the future.

The Issuers are not prohibited from issuing, providing guarantees or otherwise incurring further debt ranking pari passu with, or, in relation to the Subordinated Notes, senior to, the Group's existing obligations and any future obligations arising under this Program. The issue or guaranteeing of any such further securities or indebtedness may reduce the amount recoverable by Noteholders on a liquidation or winding-up of COMMERZBANK and may limit COMMERZBANK's ability to meet its obligations under the Notes.

67. There are market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk, associated with an investment in the Notes.

<u>The secondary market generally.</u>

The Notes of any Series may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Notes. Moreover, trading behavior in respect of the Subordinated Notes may not follow the trading behavior associated with other types of securities. As of the date of this document, the Subordinated Notes carry non-investment grade ratings. Historically, the market for non-investment-grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Subordinated Notes. If a secondary market develops in any Series of Subordinated Notes, that market may display similar disruptions, and any such disruptions may adversely affect the prices at which investors may sell their Subordinated Notes. In addition, subsequent to their initial issuance, Notes (including Subordinated Notes) may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar debt securities, the performance of COMMERZBANK and other factors. See risk factor 76: "*The Subordinated Notes carry non-investment grade ratings, and a further lowering or withdrawal of these ratings may increase COMMERZBANK's future borrowing costs and reduce its access to capital*".

<u>Exchange rate risks and exchange controls.</u>

The Issuers will pay principal and interest and make other payments on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to a devaluation of the U.S. dollar or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency relative to the U.S. dollar would decrease (1) the investor's currency-equivalent yield on the Notes, and/or (2) the investor's currency-equivalent value of the principal payment on the Notes, if any, and/or (3) the investor's currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

<u>Credit ratings may not reflect all risks.</u>

Each Series of Notes may be assigned credit ratings by independent credit rating agencies, or be unrated. In respect of rated Notes, the ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Real or anticipated changes in the credit ratings of the Group or the Notes, or a withdrawal of a rating by a rating agency, generally will affect the market value of the Notes. As of the date of this document, the Subordinated Notes carry non-investment grade ratings. See risk factor 76: "*The Subordinated Notes carry non-investment grade ratings, and a further lowering or withdrawal of these ratings may increase COMMERZBANK's future borrowing costs and reduce its access to capital*". Additionally, credit ratings may not reflect the potential effect of risks relating to the structure or marketing of any Series of Notes.

68. The Notes are neither guaranteed nor insured.

None of the Notes is or will be guaranteed by any third party guarantor. None of the Notes is or will be a bank deposit or deposit instrument, and none is or will be insured by the Federal Deposit Insurance Corporation, any German insurance program, or any other deposit protection scheme.

69. Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

70. If adopted as proposed and if the "bail-in" tool or the write down powers were to be applied to COMMERZBANK, the European Commission's proposal for a Directive establishing a framework for the recovery and resolution of credit institutions and investment firms may result in the Noteholders' losing their entire investment.

The proposed Directive establishing a framework for the recovery and resolution of credit institutions and investment firms provides for the introduction of several resolution tools and powers intended to ensure that resolution authorities across the EU have a harmonized toolkit to manage a credit institution's or investment firm's failure provided that certain resolution conditions are satisfied. Such resolution tools include the "bail-in" tool, which will give resolution authorities the power to write down the claims of unsecured creditors (with certain limited exceptions) of a failing institution or to convert debt claims to equity without the creditors' consent. In addition, the current proposals also provide for a separate power of resolution authorities to write down, including to zero, or convert into equity, any instruments that qualify as Additional Tier 1 or Tier 2 capital under the CRD IV package (such as the Subordinated Notes). See also risk factor 50: "*The European Commission's proposal for a Directive establishing a framework for the recovery and resolution of credit institutions and investment firms may result in regulatory consequences that could limit COMMERZBANK's business operations and lead to higher refinancing costs*".

The resolution authorities may exercise their power to write down or convert the claims of unsecured creditors (which may include the Noteholders, including holders of any Subordinated Notes, but not, according to recent proposals, *Pfandbriefe*) if certain requirements are met. Such requirements include, in particular, that the competent resolution authority determines that the institution concerned will no longer be viable if the "bail in" tool or write down power is not exercised in relation to the relevant instrument. Generally, the affected instruments will be written down or converted in accordance with the priority of claims under normal insolvency proceedings, i.e., Subordinated Notes will be written down or converted prior to unsubordinated Notes. The extent to which the Notes may be subject to a regulatory "bail-in" or write down may depend on a number of factors that may be outside of the control of COMMERZBANK, and it will be difficult to predict when, if at all, a regulatory "bail-in" or write down will occur.

It is currently unclear as of when the "bail-in" tool or the write down power must be implemented into German law. Possible transposition dates for the application of the "bail-in" tool to any outstanding and any newly issued debt range from early 2016 to early 2018. The write down power, which is applicable only to instruments that qualify as Additional Tier 1 capital or Tier 2 capital (such as the Subordinated Notes), might have to be transposed into German law as early as 2015. The proposed Directive is still under discussion and, accordingly, it is not yet possible to assess the entire impact of the Directive or any German legislation implementing the provisions of the Directive. Moreover, it cannot be ruled out that the German legislature decides to pre-empt the Directive and to introduce the "bail-in" tool or the write down power to apply from an earlier date.

Should the proposed "bail-in" tool, write down power or similar provisions enter into force in Germany, the exercise of the "bail-in" tool or write down power (in the case of Subordinated Notes) may severely affect the rights of the Noteholders (other than, according to recent proposals, holders of *Pfandbriefe*). The exercise of the "bail-in" tool or write down power (in the case of Subordinated Notes) may result in the loss of the affected Noterholders' entire investment in the event of non-viability or resolution of COMMERZBANK. Any perceptions in the market that a "bail-in" tool or the write down power may be applied to instruments of COMMERZBANK may reduce the market value of the Notes even before COMMERZBANK has actually reached the point of non-viability or resolution.

71. Transaction costs may significantly reduce or exclude a Noteholder's actual yield.

When Notes are purchased or sold, several types of transaction costs (including transaction fees and commissions) are incurred in addition to the then current price of the security. These transaction costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions generally charge their clients commissions, which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional U.S. or foreign parties are involved in the execution of an order, including but not limited to U.S. dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs). In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

72. A Noteholder's investment in the Notes may be subject to taxation.

Payments of interest on the Notes, or profits realized by a Noteholder upon the sale or repayment of the Notes, may be subject to taxation in such Noteholder's home jurisdiction or in other jurisdictions in which it is required to pay taxes. The tax impact on Noteholders generally in the United States and Germany is described under "*Taxation*"; however, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally. All investors should contact their own tax advisors for advice on the tax impact of an investment in the Notes. Examples of taxation risk that investors should consider together with their advisors include, *inter alia*, the risk of double taxation (in Germany and their home jurisdiction) and uncertain or unfavorable treatment of Subordinated Notes for German and U.S. federal income tax purposes.

73. Risks related to the structure of a particular issue of Notes.

A wide range of Notes may be issued under the Program. A number of these Notes may have features that contain particular risks for potential investors. Set out below is a description of the most common such features in the Notes described herein.

Notes subject to Issuer's optional redemption.

Having an optional redemption feature is likely to limit the market value of such Notes. During any period when an Issuer may elect to redeem Notes, the market value of these Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. An Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Fixed-Rate Notes.

A Noteholder of a Fixed-Rate Note is exposed to the risk that the price of such Note may fall as a result of changes in the market interest rate. While the nominal interest rate of a Fixed-Rate Note, as specified in the applicable Pricing Supplement, is fixed during the life of such Note, the current interest rate on the capital markets ("**market interest rate**") typically changes on a daily basis. Movements in market interest rates will typically result in movements in the opposite direction of the market price of a Fixed-Rate Note. If the market interest rate increases, the price of a Fixed-Rate Note typically falls, until the yield of such Note is approximately equal to the market interest rate of comparable issues. If the market interest rate falls, the price of a Fixed-Rate Note typically increases, until the yield of such Note is approximately equal to the market interest rate. Changes in the market interest rate are particularly relevant to Noteholders intending to sell their Notes prior to the maturity date, or in the case that the Notes are redeemed by the relevant Issuer prior to the stated maturity.

Fixed-Rate Notes with interest rate step down.

In the case of Fixed-Rate Notes that have a rate of interest that will or may step down to a lower rate of interest as of a certain date, the yield and hence the market price of such Notes will be lower in comparison to the yield of Fixed-Rate Notes having the same initial rate of interest but without such a step down in the rate of interest. If the market interest rate increases, the market price of such Notes typically falls until the yield of such Notes is approximately equal to the market interest rate of issues of Fixed Rate Notes having the rate of interest of such Notes after step down. Changes in the market interest rate are particularly relevant to Noteholders intending to sell their Notes prior to the maturity date, or in the case that the Notes are redeemed by the relevant Issuer prior to the stated maturity.

Floating-Rate Notes.

A key difference between Floating-Rate Notes and Fixed-Rate Notes is that interest income on Floating-Rate Notes cannot be anticipated. Due to varying interest income, Noteholders will not be able to determine a definite yield on

Floating-Rate Notes at the time of purchase. As a result, the return on investment in respect of Floating-Rate Notes cannot be compared with that of investments having fixed interest rates. If the applicable Pricing Supplement in respect of the Notes provides for frequent interest rate resets, Noteholders intending to reinvest the interest income paid to them under the Floating-Rate Notes may be exposed to reinvestment risk in the event that market interest rates decline, as such reinvestments may be subject to the relevant lower interest rates then prevailing.

Capped Floating-Rate Notes.

In the case of capped Floating-Rate Notes, the variable interest rate that is composed of a reference interest rate and a margin is capped. This means that the Noteholders of these Notes will not profit from an increase in the relevant reference interest rate if the interest rate that is composed of the reference interest rate and the margin exceeds the set cap. The market value of capped Floating-Rate Notes would typically decrease if market interest rates increase, especially the closer the sum of the relevant reference rate and any margin is to the maximum specified rate or if such sum exceeds the maximum specified rate. The yield of Notes with a capped variable rate may be considerably lower than that of similar Notes without a cap.

Zero Coupon Notes.

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities. Consequently, if Zero Coupon Notes are traded prior to their maturity, they may trade at a discount to such conventional securities. Due to their leverage effect, Zero Coupon Notes are a type of investment associated with a particularly high price risk.

Fixed/Floating-Rate Notes.

Fixed/Floating-Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will effect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating-Rate Notes may be less favorable than prevailing spreads on comparable Floating-Rate Notes tied to the same reference rate. In addition, the new floating interest rate at any time may be lower than the interest rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed interest rate may be lower than then prevailing rates on its other Notes.

Additional Risks Related to Subordinated Notes

74. The obligations under the Subordinated Notes are subordinated.

The obligations of COMMERZBANK under the Subordinated Notes constitute unsecured and subordinated obligations. In the event of the bankruptcy, insolvency, dissolution, liquidation or winding up of COMMERZBANK, such obligations will be subordinated to the claims of all unsubordinated creditors of COMMERZBANK so that in any such event no amounts shall be payable under such obligations until the claims of all unsubordinated creditors of COMMERZBANK shall have been satisfied in full. No Noteholder may set off its claims arising under the Subordinated Notes against any claims of COMMERZBANK. No security of whatever kind is, or shall at any time be, provided by COMMERZBANK or any other person to secure rights of the Noteholders under the Subordinated Notes, and any security that, notwithstanding the aforementioned, may have been provided in the past or may be provided in the future by COMMERZBANK or any third party shall not secure the obligations under the Subordinated Notes. No subsequent agreement may limit the subordination pursuant to the provisions set out in the relevant Terms and Conditions of the Subordinated Notes or change the maturity date in respect of the Subordinated Notes to any earlier date or shorten any applicable notice period (Kündigungsfrist). If the Subordinated Notes are redeemed before the maturity date otherwise than in the circumstances described in the relevant Terms and Conditions of the Subordinated Notes or repurchased by COMMERZBANK otherwise than in accordance with the provisions of Section 10(5a) sentence 6 of the German Banking Act (Kreditwesengesetz) or the applicable provisions of CRD IV/CRR (as defined below) (once such provisions have taken effect in Germany and as then in effect), then any amounts redeemed or paid must be returned to COMMERZBANK irrespective of any agreement to the contrary, unless the Subordinated Notes so redeemed or repurchased have been replaced by other regulatory banking capital (haftendes Eigenkapital) of at least equivalent status within the meaning of the German Banking Act, or the Relevant Regulator (as defined below) has consented to such redemption or repurchase. Once CRD IV/CRR has taken effect in Germany, the Subordinated Notes may only be redeemed or repurchased if, when and to the extent permitted by CRD IV/CRR, as then in effect in the Federal Republic of Germany.

"**CRD IV/CRR**" means, taken together, (i) Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, dated June 26, 2013, as amended, supplemented or replaced from time to time, (ii) Regulation (EU) No 575/2013 of the European

Parliament and of the Council on prudential requirements for credit institutions and investment firms, dated June 26, 2013, as amended, supplemented or replaced from time to time, and (iii) at any time, the regulations, requirements, guidelines and policies relating to capital adequacy adopted by bodies of the European Union or the Federal Republic of Germany or any other competent authority then in effect in the Federal Republic of Germany and applicable to the Bank. "**Relevant Regulator**" means the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*) or any other competent authority assuming the relevant supervisory functions performed by BaFin after the date hereof.

Although the Subordinated Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a greater risk that potential investors will lose all or some of their investment should COMMERZBANK become insolvent since COMMERZBANK's assets would be available to pay such amounts only after all of COMMERZBANK's unsubordinated creditors have been paid in full.

75. The Subordinated Notes contain limited events of default.

As described in "*Terms and Conditions of the Notes—7. Events of Default—Events of Default with respect to the Subordinated Notes*", the Subordinated Notes provide for no right of acceleration in the case of non-payment of interest or principal on the Subordinated Notes in the case of a default in the performance of any other obligation of the relevant Issuer under the Subordinated Notes, or the deterioration of the financial condition of the relevant Issuer to a point of non-viability. In particular, neither non-viability nor a regulatory "bail-in" or write down in connection therewith will constitute an Event of Default with respect to the Subordinated Notes.

76. The Subordinated Notes carry non-investment grade ratings, and a further lowering or withdrawal of these ratings may increase COMMERZBANK's future borrowing costs and reduce its access to capital.

As of the date of this document, Moody's Investors Service has assigned a rating of (P)Ba2 to the Subordinated Notes, and Standard & Poor's has assigned a rating of BB+ to the Subordinated Notes. These ratings could be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, warrant such action. Consequently, real or anticipated changes in the credit ratings of the Subordinated Notes or of other securities of COMMERZBANK are likely to affect the market value of the Subordinated Notes. Additionally, credit ratings may not reflect the potential effect of risks relating to the structure or marketing of any Series of Notes.

Any future lowering of COMMERZBANK's ratings likely would make it more difficult or more expensive for COMMERZBANK to obtain additional debt financing or reduce its access to capital. If any credit rating initially assigned to the Subordinated Notes is subsequently lowered or withdrawn for any reason, investors may not be able to resell their Subordinated Notes at a favorable price or at all.

77. The Subordinated Notes contain no put option.

As described in "*Terms and Conditions of the Notes—5. Redemption and Purchase—Redemption at the Option of the Noteholders ("**Noteholder Put**")—(ii) Subordinated Notes*", in the case of Subordinated Notes, redemption of the Notes at the option of the Noteholder is never permitted.

SELECTED FINANCIAL AND BUSINESS INFORMATION OF THE COMMERZBANK GROUP

The following tables summarize selected consolidated financial information for the 2010, 2011 and 2012 financial years and the first halves of 2012 and 2013 ended June 30, 2012 and June 30, 2013, respectively. The selected consolidated financial information for the 2010, 2011 and 2012 financial years has been taken from the Company's consolidated financial statements for the 2011 and 2012 financial years, which were audited by PwC. The Company's audited consolidated financial statements for the 2010, 2011 and 2012 financial years were prepared in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a(1) of the German Commercial Code. The selected consolidated financial information for the first halves ended June 30, 2012 and June 30, 2013, respectively, has been taken from the Company's condensed consolidated interim financial statements as of June 30, 2013, which were subject to an auditor review by PwC. The term "auditor review" refers to procedures conducted in accordance with IDW PS 900 of the German Institute of Public Auditors (*Institut der Wirtschaftsprüfer*, *IDW*) regarding the auditor review of financial statements and do not correspond to a statutory audit. The condensed consolidated interim financial statements as of June 30, 2013 were prepared in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a(1) of the German Commercial Code. In particular, the requirements of IAS 34 regarding interim reporting were taken into account in such preparation.

Due to changes in reporting and accounting policies in the 2013 financial year, the comparative figures for the first half of 2012 and the financial year ended December 31, 2012 contained in COMMERZBANK's consolidated interim financial statements for the first half of 2013 have been adjusted and are not always identical to the figures in the consolidated financial statements originally released for the first half of 2012 and the financial year ended December 31, 2012. Moreover, changes in reporting and accounting policies were made in the 2011 financial year such that the comparative figures for the 2010 financial year contained in COMMERZBANK's consolidated financial statements for the 2011 financial year, which were adjusted in line with the changes, are not always identical to the figures in the consolidated financial statements originally released for the 2010 financial year.

Some figures (including percentages) have been rounded to the nearest decimal place. Figures in the tables that have been rounded in this way may not add up precisely to the totals included in these tables.

To the extent that the following figures are marked as "unaudited", they have been taken from the Group's accounting records (unless otherwise indicated).

In the tables below, a dash ("—") signifies that the line item in question is not applicable or that the item had no value on the relevant date or that its value has been rounded to zero.

The selected consolidated financial information set out in the tables below should be read in conjunction with the audited consolidated financial statements for the 2010, 2011 and 2012 financial years, which are reproduced in the "*Financial Section*" of this offering circular, and the condensed consolidated interim financial statements as of June 30, 2013, which are reproduced in the "*Financial Section*" of this offering circular.

Consolidated income statement

	Financial year ended December 31,			First half ended June 30,	
	2010[1)]	2011[2)]	2012[2)]	2012[3)]	2013[3)]
		(audited, unless otherwise indicated)		(auditor reviewed, unless otherwise indicated)	
			(€ m, except for per-share figures)		
Interest income	18,306	17,343	14,559	8,658	7,514
Interest expense	11,252	10,619	9,020	5,180	4,529
Net interest income	7,054	6,724	5,539	3,478	2,985
Loan loss provisions	(2,499)	(1,390)	(1,660)	(616)	(804)
Net interest income after loan loss provisions	4,555	5,334	3,879	2,862	2,181
Commission income	4,237	4,055	3,711	1,893	1,924
Commission expense	590	560	520	260	269
Net commission income	3,647	3,495	3,191	1,633	1,655
Net trading income and net income from hedge accounting	1,958	1,986	1,121	248	308
Net investment income	108	(3,611)	81	(199)	(126)
Current net income from companies accounted for using the equity method	35	42	46	18	19
Other net income	(131)	1,253	(77)	(22)	(67)
Operating expenses	8,786	7,992	7,025	3,522	3,423
Operating profit/loss[4)]	**1,386**	**507**	**1,216**	**1,018**	**547**
Impairments of goodwill and brand names	—	—	—	—	—
Restructuring expenses	33	—	43	43	493
Net gain/loss from sale of disposal groups	—	—	(268)	(86)	—
Pre-tax profit/loss	**1,353**	**507**	**905**	**889**	**54**
Taxes on income	(136)	(240)	796	211	57
Consolidated profit /loss	**1,489**	**747**	**109**	**678**	**(3)**
Consolidated profit/loss attributable to non-controlling interests	59	109	103	53	48
Consolidated profit/loss attributable to COMMERZBANK shareholders	1,430	638	6	625	(51)
Earnings per share (€)[5)6)]	12.13	1.84	(0.38)	1.01	(0.07)

1) The figures are taken from COMMERZBANK's consolidated financial statements for the year ended December 31, 2011.

2) The figures are taken from COMMERZBANK's consolidated financial statements for the year ended December 31, 2012.

3) The figures are taken from COMMERZBANK's condensed consolidated interim financial statements for the first half ended June 30, 2013. Certain income statement reclassifications and changes in accounting policies are being implemented as of the 2013 financial year. The comparative figures for the first half of 2012 have been adjusted accordingly and therefore deviate from the figures in COMMERZBANK's condensed consolidated interim financial statements as of June 30, 2012. For further details see "*Presentation and Analysis of the Net Assets, Financial Position and Results of Operations—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year".*

4) The COMMERZBANK Group's operating profit/loss is defined as the sum of net interest income after loan loss provisions, net commission income, net trading income, net income from hedge accounting, net investment income, current net income from companies using the equity method and other net income less operating expenses.

5) Unaudited. Earnings per share is calculated as the ratio of consolidated profit/loss attributable to COMMERZBANK shareholders to the average number of ordinary shares outstanding. Any distributions on silent participations are deducted from consolidated profit/loss in advance, insofar as (in the case of quarterly earnings per share) such a distribution is expected or (in the case of earnings per share for a financial year) has actually taken place.

6) Adjusted earnings per share after stock consolidation with a ratio of 10:1.

Consolidated balance sheet

	December 31,			December 31,	June 30,
	2010[1)]	2011[2)]	2012[2)]	2012[3)]	2013[3)]
				adjusted	
	(audited)			(auditor reviewed)	
			(€ m)		
Assets					
Cash reserve	8,053	6,075	15,755	15,755	11,937
Claims on banks	110,616	87,790	88,028	88,028	113,522
Claims on customers	327,755	296,586	278,546	278,546	278,069
Value adjustment portfolio fair value hedges	113	147	202	202	105
Positive fair values attributable to derivative hedging instruments	4,961	5,132	6,057	6,057	4,448
Trading assets	167,825	155,700	144,144	144,144	124,540
Financial investments	115,708	94,523	89,142	89,142	85,455
Holdings in companies accounted for using the equity method	737	694	744	744	736
Intangible assets	3,101	3,038	3,051	3,051	3,081
Fixed assets	1,590	1,399	1,372	1,372	1,700
Investment properties	1,192	808	637	637	729
Non-current assets and disposal groups held for sale	1,082	1,759	757	757	4,932
Current tax assets	650	716	790	790	604
Deferred tax assets	3,567	4,154	3,015	3,216	3,183
Other assets	7,349	3,242	3,638	3,571	3,922
Total	**754,299**	**661,763**	**635,878**	**636,012**	**636,963**
Liabilities and equity					
Liabilities to banks	137,626	98,481	110,242	110,242	124,386
Liabilities to customers	262,827	255,344	265,842	265,842	290,585
Securitized liabilities	131,356	105,673	79,332	79,332	69,802
Value adjustment portfolio fair value hedges	121	938	1,467	1,467	825
Negative fair values attributable to derivative hedging instruments	9,369	11,427	11,739	11,739	9,175
Trading liabilities	152,393	137,847	116,111	116,111	91,362
Provisions	4,778	3,761	3,259	4,099	4,017
Current tax liabilities	1,072	680	324	324	318
Deferred tax liabilities	222	189	90	91	199
Liabilities from disposal groups held for sale	650	592	2	2	23
Other liabilities	8,136	6,568	6,523	6,523	6,542
Subordinated capital	12,910	13,285	12,316	12,316	11,739
Hybrid capital	4,181	2,175	1,597	1,597	1,513
Equity	28,658	24,803	27,034	26,327	26,477
Subscribed capital	3,047	5,113	5,828	5,828	1,139
Capital reserve	1,507	11,158	11,681	8,730	15,938
Retained earnings	9,140	8,822	8,614	10,860	10,656
Silent participations	17,178	2,687	2,376	2,376	—
Other reserves	(2,999)	(3,676)	(2,353)	(2,353)	(2,085)
Total before non-controlling interests	27,873	24,104	26,146	25,441	25,648
Non-controlling interests	785	699	888	886	829
Total	**754,299**	**661,763**	**635,878**	**636,012**	**636,963**

1) The figures are taken from COMMERZBANK's consolidated financial statements for the year ended December 31, 2011; the comparative figures for December 31, 2010 have been adjusted to reflect the change in the presentation of own shares that occurred in the 2011 financial year. For further details see *"Presentation and Analysis of the Net Assets, Financial Position and Results of Operations—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the 2011 financial year".* This change affected the "capital reserve" and "retained earnings" line items. In COMMERZBANK's consolidated financial statements for the 2010 financial year, the capital reserve was reported as amounting to €1,302 million (as of December 31, 2010) and retained earnings was reported as amounting to €9,345 million (as of December 31, 2010).

2) The figures are taken from COMMERZBANK's consolidated financial statements for the year ended December 31, 2012.

3) The figures are taken from COMMERZBANK's condensed consolidated interim financial statements for the first half ended June 30, 2013. Certain income statement reclassifications and changes in accounting policies are being implemented as of the 2013 financial year. For further details see: "*Presentation and Analysis of the Net Assets, Financial Position and Results of Operations—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*". The figures as of December 31, 2012 have been adjusted accordingly.

Selected cash flow statement items

	Financial year ended December 31,			First half ended June 30,	
	2010[1]	2011[2]	2012[2]	2012[3]	2013[3]
	(audited, unless otherwise indicated)			(auditor reviewed, unless otherwise indicated)	
	(€ m)				
Cash and cash equivalents at the end of the previous period	10,329	8,053	6,075	6,075	15,755
Net cash from operating activities	(14,166)	(14,781)	5,497	(45)	(5,743)
Net cash from investing activities	14,763	17,309	4,952	3,494	2,666
Net cash from financing activities	(2,930)	(4,464)	(626)	(2,778)	(606)
Total cash flow	**(2,333)** [4]	**(1,936)** [4]	**9,823**[4]	**671**	**(3,683)**
Effects from exchange rate changes	116	67	(40)	78	(87)
Effects from non-controlling interests	(59)	(109)	(103)	(53)	(48)
Cash and cash equivalents at the end of the period	8,053	6,075	15,755	6,771	11,937

1) The figures are taken from COMMERZBANK's consolidated financial statements for the year ended December 31, 2011.
2) The figures are taken from COMMERZBANK's consolidated financial statements for the year ended December 31, 2012.
3) The figures are taken from COMMERZBANK's condensed consolidated interim financial statements for the first half ended June 30, 2013. Certain income statement reclassifications and changes in accounting policies are being implemented as of the 2013 financial year. The comparative figures for the first half of 2012 have been adjusted accordingly and therefore deviate from the figures in COMMERZBANK's condensed consolidated interim financial statements as of June 30, 2012. For further details see: "*Presentation and Analysis of the Net Assets, Financial Position and Results of Operations—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*".
4) The figures have not been audited and are taken from the Group's accounting records.

Geographical markets – Income and profit/loss

	Financial year ended December 31,			First half ended June 30,	
	2010[1]	2011[2]	2012[2]	2012[3]	2013[3]
	(audited)			(auditor reviewed)	
	(€ m)				
Germany					
Income after loan loss provisions	7,161	6,197	6,059	3,222	2,685
Operating profit/loss	150	(39)	599	486	(4)
Europe excluding Germany					
Income after loan loss provisions	2,709	1,652	1,810	1,156	1,008
Operating profit/loss	1,244	170	483	493	386
America					
Income after loan loss provisions	155	485	240	100	129
Operating profit/loss	(46)	320	108	31	68
Asia					
Income after loan loss provisions	146	165	132	62	148
Operating profit/loss	37	56	26	8	97
Others					
Income after loan loss provisions	1	—	—	—	—
Operating profit/loss	1	—	—	—	—
Total					
Income after loan loss provisions	**10,172**	**8,499**	**8,241**	**4,540**	**3,970**
Operating profit/loss	**1,386**	**507**	**1,216**	**1,018**	**547**

1) The figures are taken from COMMERZBANK's consolidated financial statements for the year ended December 31, 2011.
2) The figures are taken from COMMERZBANK's consolidated financial statements for the year ended December 31, 2012.

3) The figures are taken from COMMERZBANK's condensed consolidated interim financial statements for the first half ended June 30, 2013. Certain income statement reclassifications and changes in accounting policies are being implemented as of the 2013 financial year. The comparative figures for the first half of 2012 have been adjusted accordingly and therefore deviate from the figures in COMMERZBANK's condensed consolidated interim financial statements as of June 30, 2012. For further details see: "*Presentation and Analysis of the Net Assets, Financial Position and Results of Operations—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year".*

Key operating figures of the Group

	December 31,			June 30,
	2010[1]	2011[2]	2012[2]	2013[3]
	(audited, unless otherwise indicated)			(auditor reviewed, unless otherwise indicated)
Average equity capital (in €m)	30,981	30,234	29,444	28,560
Operating return on equity[4] (in %)	4.5	1.7	4.1	3.8
Cost/income ratio in operating business[5] (in %)	69.3	80.8	71.0	71.7
Return on equity of pre-tax profit/loss[6] (in %)	4.4	1.7	3.1	0.4
Return on equity of consolidated profit/loss attributable to COMMERZBANK shareholders[7] (in %)	4.7[8]	2.2[9]	0.0[10]	(0.4)[11]
Risk-weighted assets[12] (in €bn)	267.5	236.6	208.1	206.3
Equity as shown in balance sheet (in €bn)	28.7	24.8	27.0[13]	26.5
Total capital as shown in balance sheet[14] (in €bn)	45.7[8]	40.3[9]	40.9[10][13]	39.7[11]
Tier 1 capital ratio (in %)	11.9	11.1	13.1	12.6
Total capital ratio (in %)	15.3	15.5	17.8	17.6

1) Unless otherwise indicated, the figures are taken from COMMERZBANK's consolidated financial statements for the year ended December 31, 2011.
2) Unless otherwise indicated, the figures are taken from COMMERZBANK's consolidated financial statements for the year ended December 31, 2012.
3) Unless otherwise indicated, the figures are taken from COMMERZBANK's condensed consolidated interim financial statements for the first half ended June 30, 2013.
4) Operating return on equity is the ratio of operating profit/loss to average equity capital. Average equity capital is calculated using the monthly values of the relevant consolidated equity items.
5) Cost/income ratio in operating business is the ratio of operating expenses to income before provisions. Income before provisions comprises net interest income, net commission income, net trading income, including net income from hedge accounting, net investment income, current net income from companies accounted for using the equity method and other net income.
6) Return on equity of pre-tax profit/loss is the ratio of pre-tax profit/loss to average equity capital.
7) Return on equity of consolidated profit/loss is the ratio of consolidated profit/loss (excluding non-controlling interests) to average equity capital (excluding non-controlling interests) without taking account of the average revaluation reserve and the cash flow hedge reserve.
8) The figure is taken from the "Key figures" section of COMMERZBANK's 2010 Annual Report and is unaudited.
9) The figure is taken from the "Key figures" section of COMMERZBANK's 2011 Annual Report and is unaudited.
10) The figure is taken from the "Key figures" section of COMMERZBANK's 2012 Annual Report and is unaudited.
11) The figure is taken from the "Key figures" section of COMMERZBANK's Interim Report as of June 30, 2013 and is unaudited.
12) Risk-weighted assets are calculated by multiplying the amount of required capital by 12.5.
13) Based on the adjusted figures as of December 31, 2012 (see "*Presentation and Analysis of the Net Assets, Financial Position and Results of Operations—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year"),* equity as shown in balance sheet of €26.3 billion and total capital as shown in balance sheet of €40.2 billion were recorded as of December 31, 2012 in COMMERZBANK's condensed consolidated interim financial statements as of June 30, 2013. The key operating figures have not been otherwise adjusted.
14) Total capital as shown in balance sheet comprises equity as shown in balance sheet plus subordinated and hybrid capital.

CAPITALIZATION AND INDEBTEDNESS; DECLARATION WITH RESPECT TO WORKING CAPITAL

Capitalization and indebtedness

The table below provides an overview of the Group's consolidated capital base and net financial debt as of June 30, 2013.

Capitalization and Indebtedness

	June 30, 2013 (€ m)
Liabilities	
Non-current[1]	118,545
Current[2]	467,590
Total	**586,135**
Subordinated capital	
Subordinated liabilities	10,673
Profit-sharing certificates	893
Accrued interest, including discounts	(194)
Remeasurement effects	367
Total	**11,739**
Hybrid capital	
Hybrid capital	2,054
Accrued interest, including discounts	(909)
Remeasurement effects	368
Total	**1,513**
Equity	
Subscribed capital	1,139
Capital reserve	15,938
Retained earnings	10,656
Silent participations	—
Other reserves	*(2,085)*
Revaluation reserve	(1,383)
Cash flow hedge reserve	(492)
Currency translation reserve	(210)
Non-controlling interests	829
Total	**26,477**
Total of liabilities, subordinated capital, hybrid capital and equity	**625,864**

[1] Non-current liabilities comprise liabilities to banks, liabilities to customers, securitized liabilities and certificates and other notes issued from trading liabilities with a residual maturity of more than one year in each case.

[2] Current liabilities comprise liabilities to banks, liabilities to customers, securitized liabilities and certificates and other notes issued from trading liabilities with a residual maturity of up to one year in each case, as well as liabilities arising out of portfolio fair value hedges, negative fair values of derivative hedging instruments and other trading liabilities (excluding certificates and other notes issued).

Declaration with respect to working capital

In the Company's view, the COMMERZBANK Group is, from a current perspective, in a position to meet its payment obligations falling due for at least the next twelve months.

PRESENTATION AND ANALYSIS OF THE NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following presentation and analysis of the net assets, financial position and results of operations of the COMMERZBANK Group should be read in conjunction with the consolidated financial statements for the 2010, 2011 and 2012 financial years and the condensed consolidated interim financial statements as of June 30, 2013, which are set out on pages F-2 et seq. of this offering circular. The Company's consolidated financial statements, which were audited by PwC, were prepared in accordance with IFRS as adopted by the European Union and the additional requirements of German commercial law pursuant to Section 315a(1) of the German Commercial Code (HGB). The condensed consolidated interim financial statements as of June 30, 2013 were prepared in accordance with IFRS as adopted by the European Union and the additional requirements of German commercial law pursuant to Section 315a(1) of the German Commercial Code, and were auditor reviewed by PwC, which issued an auditor review report. In particular the requirements of IAS 34 regarding interim financial statements were considered. The term "auditor review" refers to selected procedures conducted in accordance with IDW PS 900 of the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) regarding the auditor review of financial statements and which do not equate to a statutory audit.

The following presentation contains forward-looking statements based on assumptions regarding future business performance. Due to numerous factors, including the risks described in the section "Risk Factors" and other sections of this offering circular, the Group's actual results may differ significantly from those suggested by the forward-looking statements. Please see "Forward-Looking Statements".

To the extent that the following figures are designated as "unaudited", these originate from the accounting records of the Group (unless otherwise indicated). Data concerning the risk-weighted assets (RWA) of the segments are reported to the accounting unit by various offices (in particular the risk function) and consolidated there. In the tables below, a dash ("—") means that the line item in question is not applicable or that it has no value or has been rounded to zero at that point in time. To the extent that in the tables in this section "Presentation and Analysis of the Net Assets, Financial Position and Results of Operations" negative values are reported for the percentage changes in the comparison of the financial periods, in the case of an increase in negative values (i.e., a deterioration) the percentage figure will be stated as a negative value and in the case of a reduction in negative values (i.e., an improvement) the percentage figure will be stated as a positive value. It is possible that this presentation may differ from the presentation of percentage figures in the Financial Section.

Introduction

The COMMERZBANK Group is, by its own assessment, the second-largest bank in Germany measured by total assets as of June 30, 2013. Its approximately 1,200 branches give it one of the most extensive branch networks of all German private banks, serving customers from every group. The activities of the COMMERZBANK Group focus on providing a wide range of services to private, small and medium-sized corporate as well as institutional customers in Germany. Services provided include account administration, payment transactions, lending, savings and investment products, securities services, and capital market and investment banking products and services. In addition, the Group is active in specialized areas such as leasing. The Group also offers other financial services in association with cooperation partners, particularly in the areas of building savings and loans, asset management and insurance. The Group continues to expand its position as one of the most important German export financiers. Alongside its business in Germany, the Group has a firmly established market position in Poland through its subsidiary BRE-Bank. Outside of Germany, the COMMERZBANK Group is also represented through 23 operational foreign branches, 35 representative offices and 7 significant subsidiaries in 53 countries as of June 30, 2013. COMMERZBANK focuses its international activities on Europe.

The COMMERZBANK Group's net assets, financial position and results of operations continue to be shaped by the after-effects of the financial market and economic crisis, as well as by the sovereign debt crisis. In operating terms, the COMMERZBANK Group has returned to profitability (since the 2010 financial year based on the consolidated financial results prepared in accordance with IFRS and since the 2012 financial year based on the individual financial statements prepared in accordance with the accounting standards of the German Commercial Code). As of the date of the offering circular, the government support afforded to the Group in the wake of the financial crisis in the form of silent participations has been repaid or converted by the Financial Market Stabilization Fund (SoFFin) into shares.

In the wake of the financial and economic crisis, COMMERZBANK Group realigned its business and is now focusing on the customer-oriented core business in its Core Bank (*i.e.*, the Private Customers, Mittelstandsbank, Central & Eastern Europe and Corporates & Markets operating segments together with Others and Consolidation). Activities to be discontinued have been bundled in the Non-Core Assets (NCA) segment, which was newly created in the 2012 financial year, and in which such activities will be progressively reduced. The affected businesses primarily comprise the commercial real estate financing business (Commercial Real Estate), Public Finance and the ship financing business

(Deutsche Schiffsbank, previously Ship Finance), as well as a subportfolio of assets from the former Portfolio Restructuring Unit (PRU) segment.

Deutsche Schiffsbank was merged into COMMERZBANK Aktiengesellschaft on May 22, 2012 (with retroactive effect as of January 1, 2012). The merger was effected once COMMERZBANK acquired 100% of the shares of Deutsche Schiffsbank following a capital increase and the acquisition of the remaining shares held by UniCredit Bank Aktiengesellschaft. See also "*Description of the COMMERZBANK Group's Business Activities—Material agreements—Other material agreements—Merger of Deutsche Schiffsbank with COMMERZBANK*".

Since the 2009 financial year, COMMERZBANK has proceeded to scale down its balance sheet volume in order to reduce balance sheet risks. In the fourth quarter of the 2011 financial year, COMMERZBANK introduced measures in response to new regulatory capital requirements and to the European sovereign debt crisis, in order to reduce further volume and risk. This was accomplished by several means including the temporary suspension of new lending business unrelated to Germany and Poland (this suspension has now become permanent in the non-core areas) and through the accelerated reduction and sale of non-strategic assets, which continued both in the 2012 financial year and the current financial year. In November 2012, COMMERZBANK published its strategic and financial goals through to 2016. According thereto, COMMERZBANK plans to adapt its business model in the coming years to changing conditions in the financial industry. As part of its strategic Agenda 2016, COMMERZBANK intends to invest over €2 billion in the earnings power of its core business segments of Private Customers, Mittelstandsbank, Corporates & Markets and Central & Eastern Europe. Additional efficiency measures aim to keep costs steady and further improve the capital structure. See also "*Description of the COMMERZBANK Group's Business Activities—Strategy*".

Key factors influencing the net assets, financial position and results of operations

In the view of the Company, developments in its net assets, financial position and results of operations from one period to another are subject to a range of influences that in turn depend on a number of other factors. These influences include the following in particular:

Economic environment

Business performance, together with the net assets, financial position and results of operations of the COMMERZBANK Group, are affected to a great extent by the economic environment and the situation on the financial and capital markets in the regions relevant to the Group. In geographical terms, the economies of Germany and the rest of Europe (including Central and Eastern Europe and Poland in particular) are of primary importance for the Group since it generates most of its earnings in these regions, although Germany is by far the most important country. In the first half of 2013, the Group generated 65.8% of its income before provisions in Germany, while the rest of Europe accounted for 29.1% (2012 financial year: Germany 70.3%, rest of Europe 26.0%; 2011 financial year: Germany 68.9%, rest of Europe 26.4%; 2010 financial year: Germany 63.4%, rest of Europe 31.7%). However, in light of Germany's export-driven economy and specifically the Group's strong position in providing financial services in the area of foreign trade (see *"Description of the COMMERZBANK Group's Business Activities—Segments—Mittelstandsbank segment*") – not to mention the global nature of the financial markets – economic developments in the United States of America and to a lesser extent in Asia (particularly China) are also of importance to the Group.

In the 2010 to 2012 financial years and the first half of 2013, the macroeconomic environment relevant to the Group was largely shaped by the financial market and economic crisis, which began in 2007 as a subprime crisis and was caused by the collapse of the market for subprime mortgage lending in the United States of America. The crisis subsequently grew into a global financial market and economic crisis with a number of consequences, including a widespread loss of confidence both on the financial markets and in the real economy, in addition to slumps in overall economic output in many countries. Central banks and governments reacted by introducing measures to support the financial system, including even nationalizing some banks. Despite the slightly improved economic situation in 2010, the emerging sovereign debt crisis in the 2011 financial year continued to have an adverse effect on the economy and growth in many European countries in and outside the Eurozone since the second half of 2011.

In the first half of 2012, the European sovereign debt crisis continued to escalate until it culminated in the strain on the bond markets in Spain and Italy in the summer of 2012. The global economy slowed down at the same time. The risk that the markets would perceive a mounting crisis was significantly reduced in the second half of 2012 as a result of exceptionally far-reaching monetary measures. The European Stability Mechanism, the Outright Monetary Transactions Program of the European Central Bank (ECB) and the special measures taken by the Eurosystem to manage liquidity fostered conditions that are aimed at preventing an extreme scenario such as the break-up of the Eurozone. The climate on the financial markets has improved considerably as a result.

The global economy is expected to recover in the second half of 2013 and in 2014, while expanding somewhat faster than in the first half of this year. One risk for this outlook would be a new flare-up of the sovereign debt crisis, which is currently being contained to a large extent by the verbal interventions of the ECB. In addition, growth in China and other Asian countries could weaken further if the problems in the Chinese financial sector worsen or are not resolved. Overall, however, COMMERZBANK expects the growth rates of the economies in the emerging markets to increase and once again show significantly stronger growth than in the industrialized countries.

The United States is also expected to contribute to stronger global economic growth in the second half of 2013 because tax increases and spending cuts will act as less of a brake on the economy than they did during the first half of the year. Furthermore, past excesses in the real estate sector and in consumer debt levels have largely been corrected, such that these are no longer hampering the economy as they have done in recent years. In view of the likelihood that the labor market will continue to improve, it may be assumed that the U.S. central bank will begin winding down its bond purchase program during the second half of the year.

The recession in the eurozone ended this spring, although a strong upturn is not expected. COMMERZBANK believes Germany has the best outlook for the next few quarters because its economy can benefit most from the ECB's expansionary monetary policy due to its continuing relatively high level of competitiveness and the absence of earlier excesses. However, before a sustained period of strong growth can set in, the uncertainty about the future fate of the currency union needs to be removed, so that companies become less reluctant to invest and the low interest rates can filter through to the real economy. In the periphery countries, COMMERZBANK expects the economies to stabilize in the third quarter of 2013 because financial policy is no longer so restrictive and some of these countries have become considerably more competitive in the past few years. Nevertheless strong growth is not expected for the time being.

However, some "core" eurozone countries are now experiencing similar problems to those observed in recent years in the periphery countries, as their economies have become less competitive. In addition, property prices in most of those core countries have, after increasing significantly, either started declining or can be expected to do so shortly, e.g. in Finland. Overall the eurozone economy is likely to grow only slowly through the end of 2014, so COMMERZBANK expects the ECB will keep key interest rates at the current low level for some time, as was announced recently. Another interest rate cut cannot be ruled out, however.

Some of the key economic parameters influencing the development of the business conducted by the COMMERZBANK Group are explained in more detail below. On other effects of the economic environment, see "*—Sovereign debt crisis/government financing business (Public Finance)*" and "*—Influence on net interest income*".

Influence on provisions:

- Unfavorable developments on the financial and capital markets and an associated economic downturn or structural crises (as currently is the case in the shipping market, for example) generally result in increasing defaults by borrowers across all segments of the COMMERZBANK Group. This in turn leads to direct write-downs or higher expenses for provisions. If loan defaults decline in an improved economic climate, provisions are reduced, although the effect of such changes may sometimes be delayed. In the economic environment in the 2010 financial year, which had improved when compared with the financial crisis of 2008/2009, provisions of the Group amounted to €2,499 million, decreasing to €1,390 million in the 2011 financial year as a result of the temporary recovery in the first half of that year. In the 2012 financial year, provisions increased to €1,660 million. One of the reasons for this increase was the downturn in the shipping markets and the continuing critical situation in the area of commercial real estate financing, which led to the need for increased new provisions (see the explanation below). By contrast, the development of the Core Bank's retail and corporate portfolios in the 2012 financial year was positive. Provisions for these portfolios could be scaled back considerably compared with the preceding years. In the first half of 2013, the Group's provisions amounted to €804 million, €188 million above the amount for the equivalent period of the previous year. This is largely attributable to the increases in the provisions in the Mittelstandsbank segment in the first half of 2013 and to the increase in provisions as a consequence of continued high allocations in the Non-Core Assets segment. Around half of the increase in provisions in the Mittelstandsbank segment in 2013 is attributable to a small number of individual counterparties that are in or near insolvency; provisions in the Mittelstandsbank segment in the first half of 2012 were at a historically low level. See also "*Risk Factors—Market and Company-related risks—7. The Group is exposed to default risk (credit risk), including in respect of large individual commitments, large loans and commitments concentrated in individual sectors, referred to as* "*cluster*" *risk, as well as loans to debtors that may be particularly affected by the Sovereign Debt Crisis*".
- In the commercial real estate business of the Non-Core Assets segment, the real estate market environment in Germany and abroad plays a key role in value-oriented portfolio management, and also has an effect on the amount of provisions. In COMMERZBANK's case, the real estate markets in Germany, other European countries and the United States of America are important. If these markets decline, due to a financial and economic crisis for example, a decrease in rents and an increase in vacancies would result, and the values of the financed properties would have to be written down, leading to an increase in provisions. When the markets recover, expenses for provisions can be reduced again. Following the severe collapse in the rental and investment markets in 2008 and 2009, particularly in the United Kingdom, the United States of America and Spain, but also in other countries, these markets entered a

phase of bottoming out in 2010, though the situation remained unstable and there was no sign of a lasting turnaround, particularly in Spain. The strongest adverse effects in the 2012 financial year remained the sovereign debt crisis and the associated uncertainty. Although these effects did in fact subside further in the 2012 financial year, the ongoing recession in the Eurozone continued to stifle the real estate markets as well, especially in the southern peripheral countries. There, in particular, the performance in market values of real estate remained clearly negative, especially due to the sustained downturn on the rental markets. The adverse consequences of these market trends on the real estate financing business of the COMMERZBANK Group were reflected in the continuing high expenses for provisions for this subportfolio. Provisions in the Commercial Real Estate business increased by EUR 90 million from EUR 188 million to EUR 278 million compared with the first half of the previous year. This mainly resulted from a higher need for provisions in the Commercial Real Estate portfolio in the United Kingdom due to unsuccessful restructuring negotiations and required revaluations of assets in respect of a small number of individual counterparties. The entire U.K. Commercial Real Estate portfolio (including performing and non-performing assets) was sold in the third quarter of 2013. The international Commercial Real Estate markets elsewhere developed on a relatively stable basis in the first half of 2013 despite the continuously adverse situation in some markets, such as in Spain. See also "*Risk Factors—Market and Company-related risks—9. The run-down of the Commercial Real Estate finance portfolio is exposed to particular risks in view of the current difficult market environment and volatility of real estate prices and the default risk (credit risk) affected thereby, as well as the risk of substantial changes in the values of directly-owned real estate and private and commercial real estate held as collateral*".

- In respect of the Deutsche Schiffsbank portfolio in the Non-Core Assets segment, the unfavorable global economy in the preceding years has led to a declining demand for transportation, which has increased the pressure on freight and charter rates. The situation had been exacerbated in particular by expanding fleets, attributable to orders for ships placed before the financial crisis. This had led to losses in value, primarily in respect of cargo ships, a situation which is ongoing. For ship financing, the primary effect had been a clear drop in new business and a need for valuation allowances for existing commitments. As the economy picked up during the 2010 financial year, there was an increase in the demand for transportation capacity for at least some types of ship, resulting in increased freight and charter rates; this resulted in a less challenging environment for the existing exposures concerned in the Deutsche Schiffsbank portfolio. It was also possible to initially maintain this foundation in the 2011 financial year, but it was then weakened by the further course of the sovereign debt crisis, the economic situation in the United States of America and in various European countries and the uncertain economic development of China. Overcapacity combined with increasing fleet expansion then led to falling freight and charter rates, and in some cases to a fall in ship values. A further, in some instances drastic, decline in charter rates determined the further course of events in the 2012 financial year, and the associated increasing numbers of insolvencies led to a significant increase in provisions in the 2012 financial year. The sovereign debt crisis, the uncertain economic situation in several European countries and China's efforts to combat inflation also continued to have an adverse effect on shipping markets in the 2012 financial year. Shipping markets in the first half of 2013 remained strained, not only because of the lack of vigorous economic growth coupled with corresponding low trading volumes, but also because of concurrent high levels of fleet over-capacity. Provisions in the Deutsche Schiffsbank portfolio continued to remain at a high level despite decreasing by €36 million from €284 million to €248 million. See also "*Risk Factors—Market and Company-related risks—8. The run-down of the ship finance portfolio is exposed to considerable risks in view of the current difficult market environment and the volatility of ship prices and the default risk (credit risk) affected thereby, as well as the risk of substantial changes in the value of ships held as collateral and directly owned*".

For more information about the impact of the economic environment on the Public Finance portfolio of the Non-Core Assets segment, see "*—Sovereign debt crisis/government financing business (Public Finance)*".

Influence of investor behavior:

- In addition to widespread caution with regard to new investments in the securities business, private customers in particular have tended to adopt a more conservative investment strategy, and continue to do so, due to the volatility in the markets and associated lack of confidence brought about by the financial market and economic crisis. Low-risk types of investment in particular, which typically only generate lower commissions, have been and remain the focus of investor interest. Intermittent recoveries on the stock markets have not had an immediate positive impact on investor behavior, as private investors' confidence in the markets is generally only restored on a gradual basis in the aftermath of a market collapse. Despite customers having experienced a somewhat diminishing sense of insecurity in the first half of 2013, it is still too early to speak of a permanent reversal of the trend. Rather, the subsequent development of customer activities will depend to a great extent on the evolution of the capital markets over the coming periods. These factors have had a material adverse effect in recent years, especially in the net commission income in the Private Customers segment. Other areas in the Group have also sustained income losses, for example in the flow business in the Corporates & Markets segment (especially in share-based derivative products), which depends to a great deal on the investment behavior of private investors.

Sovereign debt crisis/government financing business (Public Finance)

The performance of the government financing business (Public Finance) within the COMMERZBANK Group has had a material adverse effect on the Group's net assets and results of operations since the 2008 financial year, but particularly in the 2011 financial year. This is primarily attributable to widening credit spreads and the consequent fall in the market values of the relevant securities as well as to impairments in the value of Greek government bonds (especially in the 2011 financial year).

The government financing business within the COMMERZBANK Group belongs to the Public Finance portfolio of the Non-Core Assets segment (Asset Based Finance segment until June 30, 2012) and is largely conducted through Hypothekenbank Frankfurt AG (formerly: Eurohypo AG) and to a lesser extent Erste Europäische Pfandbrief- und Kommunalkreditbank AG in Luxembourg.

As of June 30, 2013, the carrying value of the Public Finance portfolio, including hedge adjustments, amounted to a total of €77.5 billion (following €85.3 billion as of December 31, 2012, €99.4 billion as of December 31, 2011 and €116.1 billion as of December 31, 2010). The corresponding nominal values of the Public Finance portfolio (excluding hedges) were €67.9 billion (June 30, 2013), €72.8 billion (December 31, 2012), €89.5 billion (December 31, 2011) and €107.6 billion (December 31, 2010). Since the end of 2008, new business in Public Finance has been generated only for the purpose of managing cover funds. In the 2011 and 2012 financial years, this was equivalent to a nominal value of €6 billion (4% of the assets of Public Finance). A reduction of the Public Finance portfolio through sales or redemptions at maturity is a strategic goal of the COMMERZBANK Group.

Within the COMMERZBANK Group, government bonds (*i.e.*, bonds issued by a government or other public body) are booked into two different categories, depending among other things on the existence of liquid markets. A large portion of the government bonds is booked under the loans-and-receivables category (LaR), the remainder under available-for-sale (AfS). The government bonds are generally valued in the balance sheet on the basis of the IAS 39 categories. The portion that became illiquid in 2008 and 2009 is recognized at amortized cost in the LaR category; once illiquidity has been ascertained, the changes in fair value are frozen or amortized until final maturity. See "*—Reclassification in accordance with IAS 39*". Even if the market has since become liquid again, it is not permitted to adjust the fair value of bonds in the LaR category; a value adjustment (recognized in profit and loss) only occurs if certain objective criteria are met (see below). For securities booked under the AfS category, an adjustment of the book values to their fair value can be achieved through an adjusting entry (which may be positive in the event of an increase in the fair values or negative if they fall) on the asset side of the balance sheet, with this amount being placed in a revaluation reserve which adjusts the equity capital shown in the balance sheet accordingly; the adjustment of securities booked under the AfS category is not recognized in profit and loss. However, permanent impairments are recognized – for government bonds booked under both LaR and AfS – if certain objective indicators of a loss exist that might lead to a reduction in the cash flows expected from the government bonds. In addition, the Group has largely hedged the government bonds against interest-rate and inflationary risks using derivative instruments. If the value of the bonds falls, this has a corresponding negative impact on the value of these hedging instruments, which in turn negatively impacts earnings.

With regard to the effects of the financial market and economic crisis and the sovereign debt crisis on the Group's net assets, financial position and results of operations, in particular in the 2010 and 2011 financial years but also in the 2012 financial year, Greek bonds and those of other countries should be distinguished. The COMMERZBANK Group recorded a total loss of €3.3 billion in Public Finance in 2011 und 2012 attributable to Greek government bonds and the associated instruments to hedge against interest rates and inflation.

The loss attributable to Greek bonds amounted to €2,226 million in the 2011 financial year and €69 million in the 2012 financial year; the latter was recognized exclusively in the first quarter. Furthermore, transactions to hedge against interest rate risks and offset the effect of fluctuations in inflation accounted for losses of €962 million in the 2011 financial year.

Bonds issued by various countries other than Greece, including Ireland, Italy, Portugal and Spain as well as a number of Eastern European states and North America, were recently also subjected to considerable market-price fluctuations. Italian government bonds in particular suffered a substantial depreciation in the 2010, 2011 and 2012 financial years, but partly recovered from the losses of the preceding years in the fourth quarter of 2012. Accordingly, the COMMERZBANK Group had recognized in the revaluation reserve before deferred taxes within Public Finance an aggregate negative effect of €1.3 billion as of June 30, 2013 for Italian government bonds held in the available-for-sale category, representing a slight improvement of €0.3 billion compared to year-end 2012. The negative effect in respect of Italian government bonds was €1.6 billion as of December 31, 2012, €2.3 billion as of December 31, 2011 and €1.2 billion as of December 31, 2010. Spanish bonds were subject to a great deal of volatility in the 2012 financial year and at year-end have returned to the level recorded at year-end 2011.

In the first half of 2013, the COMMERZBANK Group established substantial risk provisions for exposures to obligations of the City of Detroit held by a number of Group companies.

Impairments on bonds issued by countries and municipalities other than Greece and Detroit have not yet been recognized in income, because COMMERZBANK estimates that the conditions which led to a necessary impairment on Greek government bonds and municipal bonds of the City of Detroit, namely objective indications of a loss which might lead to a reduction in the cash flows expected from the government and municipal bonds, did not exist with respect to them.

As a result of the negative performance of government bonds, the COMMERZBANK Group also substantially reduced its holdings in its Public Finance portfolio in the 2010, 2011 and 2012 financial years, which led to losses included in net income from financial investment totaling €278 million (2012 financial year), €3,530 million (2011 financial year) and €231 million (2010 financial year); these figures include losses from the sale and write-downs of Greek bonds in 2011 and 2012. Since the middle of the second quarter of 2012, COMMERZBANK no longer pursues the active reduction of government bonds if this means bearing significant losses in Public Finance. Rather, reduction is now largely being achieved through market opportunities as well as final maturities. In the first half of 2013, therefore, no losses were generated by sales.

As of June 30, 2013, the COMMERZBANK Group continued to hold in the Public Finance portfolio bonds issued by the governments of Ireland, Italy, Portugal and Spain totaling €20.1 billion (December 31, 2012: €20.1 billion, December 31, 2011: €20.3 billion, December 31, 2010: €23.5 billion – including Greek bonds until the beginning of the 2012 financial year. As of June 30, 2013, there was a revaluation reserve before deferred taxes for these bonds of €–1.8 billion (December 31, 2012: €–2.0 billion, December 31, 2011: €–2.5 billion, December 31, 2010: €–1.8 billion).

See also "*Risk Management*" and "*Risk Factors*", in particular "*—Market and Company-related risks—2. The global financial crisis and the sovereign debt crisis, particularly in the Eurozone, have had a significant material adverse effect on the Group's net assets, financial position and results of operations. There can be no assurance that the Group will not suffer further material adverse effects in the future as well, particularly in the event of a renewed escalation of the crisis. Any further escalation of the crisis within the European Monetary Union may have material adverse effects on the Group, which, under certain circumstances, may even threaten the Group's existence*" and "*—Market and Company-related risks—3. The Group holds substantial volumes of Sovereign Debt. Impairments and revaluations of such Sovereign Debt at lower fair values have had material adverse effects on the Group's net assets, financial position and results of operations in the past, and may have further adverse effects in the future*".

Influence on net interest income

Influence on net interest income of the COMMERZBANK Group:

- The COMMERZBANK Group's net interest income depends on the margins on deposits and loans achieved in the customer business (referred to as the margin contribution), among other factors. The deposit margin is defined as the difference between the average interest rate paid by the Group on customer deposits and the interest rate at which it would be able to invest funds in the money and capital markets at comparable maturities. The credit margin is defined as the difference between the average interest rate at which the Group grants loans and the interest rate at which it is able to refinance funds in the money and capital markets at comparable maturities.

  In general, lower market rates lead to lower deposit margins (margin compression). The deposit margin, and consequently interest income, sustained recurring adverse effects, especially in the Private Customers and Mittelstandsbank segments, because the relevant level of interest rates on the market in recent years was generally low – again caused by the financial market and the economic crisis (see "*—Market environment*" below). The effect of market rates on the credit margin, to the extent that it exists at all, is markedly less pronounced. Other factors have a stronger influence on the credit margin, principally the creditworthiness of customers, structure of lending (repayment arrangements, etc.), type and quality of collateral and the degree of competition in the market.

  The net interest income of the COMMERZBANK Group has been and is likely to remain under pressure due to the COMMERZBANK Group's continuing efforts to run down the non-core portfolios (largely held in the NCA segment), where the effects of asset revaluations have more than offset the asset growth in the Core Bank's activities. As a consequence, the COMMERZBANK Group's liquidity position remained at a comfortable level throughout the first half of 2013. The rundown includes non-performing and higher risk performing assets and is expected to lead to lower credit risk and lower revenues.

- The COMMERZBANK Group's net interest income also depends on the development of the volume of interest-bearing balance sheet positions. A reduction of existing business, i.e., positions already recorded on balance sheet positions, has an adverse effect on the absolute amount of net interest income. In particular, the systematic reduction of non-strategic interest-bearing assets carried out by the Group in some areas has a significant influence (especially in the Non-Core Assets segment, but also in the Mittelstandsbank and Corporates & Markets segments).

  The development of the demand for the relevant products of the Group, especially loans, has a significant influence on the volume of interest-bearing balance sheet positions. Various developments were observable in this context in recent years. In the 2010 financial year, for example, especially in the segments Mittelstandsbank, Central & Eastern

Europe and Corporates & Markets, borrowing behavior has been noticeably cautious in general, as companies were largely able to finance their investments from increased cash flows resulting from the economic recovery. In the 2011 financial year, demand for structured financing increased, especially in the Mittelstandsbank segment, whereas demand in the traditional lending business remained at a low level in the market as a whole. In the 2012 financial year, the development of demand for corporate lending in the market was volatile and tended to remain restrained. At the beginning of the 2013 financial year, signs of a slight upturn in credit demand from corporates were apparent in Germany, though a steady trend was not perceivable by mid-year. The countries of Central & Eastern Europe benefited in the 2011 financial year from the improving economic environment, which was reflected in the Central & Eastern Europe segment in a profitable loan business primarily in the business with corporate customers and consumer lending. The first signs of the effects of the European sovereign debt crisis have also been noticeable in this region since the 2011 financial year due to persistent uncertainties. In the 2012 financial year, economic growth in Poland slowed, having a negative effect on the demand for loans. This trend continued in the first half of 2013. Since the outbreak of the financial crisis, an increasing disintermediation is noticeable in the lending area. This has resulted in banks that issue loans having become less important, as corporations obtain financing directly from the capital markets caused, among other things, by the tighter capital requirements in the traditional lending business resulting from the Basel III regulations. Accordingly, muted borrowing behavior was generally observable in the Corporates & Markets segment, particularly in the Group divisions Corporate Finance and Credit Portfolio Management. In contrast – especially in the 2012 financial year and the first half of 2013 – a significant increase in volume was observable in construction finance in the Private Customers segment, attributable to low interest rates among other factors.

- The net interest income of the COMMERZBANK Group is also influenced by the amount of refinancing costs. An increase in costs that cannot be passed onto customers has an adverse effect on net interest income.
- The net interest income of the COMMERZBANK Group in the 2010 and 2011 financial years was also affected by the fact that profit-dependent own funds instruments had not been serviced based on the relevant individual financial statements of the relevant issuing Group companies for the given financial year. The resulting reduction of interest expense (as opposed to full servicing had there been sufficient distributable profit) amounted to €345 million in the 2010 financial year and €137 million in the 2011 financial year. Due to various measures to optimize the capital structure (liability management) in the 2011 and 2012 financial years, the interest expense of profit-based equity instruments was also reduced on a sustained basis. In the 2012 financial year, nearly all remaining instruments were serviced, with the main exception of the silent participations of the former Deutsche Schiffsbank and HT1 Funding GmbH. The non-servicing of the silent participations of the former Deutsche Schiffsbank, HT1 Funding as well as other subordinated and hybrid instruments led to a reduction of interest expense of €56 million in 2012 and €24 million in the first half of 2013. For legal risks associated with the failure to service profit-based equity instruments, please refer to "*Risk Factors—Legal risks—56. Payment and restoration of value claims have been asserted against COMMERZBANK and its subsidiaries, in some cases also in court, in connection with profit participation certificates and trust preferred securities they have issued. The outcome of such proceedings may have material adverse effects on the Group that go beyond the claims asserted in each case*".
- The COMMERZBANK Group expects its net interest income to be more volatile in the future periods than it was in the years prior to 2013 because the net interest from trading activities which had previously been reported in net trading income is, beginning in the 2013 financial year, reported as part of net interest income, in accordance with market practice. Net interest income is thus more heavily influenced by trading activities, which are generally more volatile than lending and deposit-taking activities. The effects are reflected particularly in the Segment Corporates & Markets.

Influence on the net interest income of individual segments:

- The net interest income of the individual segments is also influenced by the calculation of the allocation of interest income and interest expense within the COMMERZBANK Group. Allocation is performed by the Bank on the basis of internally-defined allocation rules which aim at an allocation based on actual causation. Changes in these rules do not have a direct influence on the Group's net interest income, but do alter their distribution to the segments within the Bank.
- The net interest income of individual segments also includes the allocation of liquidity costs. In this process, non-liquid assets of the segments incur liquidity costs, whereas liabilities representing stable liquidity (e.g., stable reserves) receive liquidity compensation. This generally resulted in the past in an adverse effect on interest income in segments with a surplus of non-liquid assets (e.g., Non-Core Assets and Corporates & Markets), whereas segments with an excess of stable liabilities overall generally achieved interest income (e.g., Mittelstandsbank and Private Customers).Currently, the segments Mittelstandsbank and Private Customers are adversely affected by increased liquidity cost allocations within the Group compared to the previous year. This effect is driven by a faster run-down of non-liquid assets in the segment Non-Core Assets that could not be counterbalanced by a corresponding buildup of non-liquid assets in the Core Bank (e.g. Mittelstandsbank and Private Customers).

- The net interest income of an individual segment also includes the investment benefit of the equity capital available for investment in the Group. This is integrated into the management of interest rate risk in the banking book via a rolling equity investment model with a duration reflecting that of the asset business, thus achieving uniform net interest income. Once the relevant costs of the remaining Tier 1 capital (silent participations, hybrids) and Tier 2 capital (subordinated instruments) are deducted, the capital is then distributed to the segments as a capital benefit. The income is distributed depending on the average regulatory capital employed by the segments over the financial year. As of the 2013 financial year, the cost of other capital and Tier 2 capital is distributed on the basis of the economic capital employed by the segments, while the investment benefit continues to be distributed on the basis of the average regulatory capital employed.

Market environment:

- The persistent lack of confidence since the beginning of the financial crisis in 2008 continues to determine interbank trading today. Significant amounts of liquidity on the money markets are available only for terms of less than one year. Financial institutions usually deposit surplus liquidity with the European Central Bank (ECB). In May 2009, the ECB lowered the base rate to 1.0% due to the escalating financial crisis, and thus to the lowest level since the euro was introduced in 1999. Following slight intermittent recoveries and a renewed lowering of the base rate in December 2011, the ECB then reduced the base rate to 0.75% in July 2012, a new record low. Due to the unremitting sovereign debt crisis, the ECB announced its decision in the autumn of 2012 to acquire European government bonds in unlimited volumes where necessary; this contributed to a substantial stabilization of the markets. Both the EONIA overnight reference interest rate and the 3-month EURIBOR rate fell during 2012 and remained at this considerably lower level.
- In connection with the escalating sovereign debt crisis, the ECB released a large volume of liquidity to the market in the form of 3-year longer-term refinancing operations (LTRO) (LTRO I on December 22, 2011 in the total amount of €489 billion; LTRO II on March 1, 2012 in the total amount of €530 billion). The conditions for these long-term transactions are coupled to the rate of the main refinancing transactions.
- As a result of its conservative refinancing strategy, COMMERZBANK generally does not depend on the liquidity facilities furnished by central banks. Some of the units in the COMMERZBANK Group did, however, take part in both of the ECB's LTROs, in particular to reduce the need for Group-internal refinancing by the head office.
- The COMMERZBANK Group repaid the funds from the first LTRO in January 2013 and from the second LTRO in February 2013, in each case two years prior to maturity, as a result of the ECB's stabilization measures and the ongoing reduction of the portfolio in the Non-Core Assets (NCA) segment.
- In the 2010, 2011 and 2012 financial years and in the first half of 2013, COMMERZBANK generally had, and continues to have, widely-diversified access to sources of refinancing on the money, interbank and capital markets, and it also benefits from a stable deposit base in the private and corporate customer business. Measured by volume, customer deposits in the private and corporate customer business, with relatively favorable interest rates, are one of the Group's most important sources of refinancing, while the interbank market is generally only drawn on opportunistically. Thus the share of liabilities to customers as of June 30, 2013 amounted to 46% of total liabilities and equity (December 31, 2012: 42%, December 31, 2011 39%, December 31, 2010: 35%).

European Banking Authority (EBA) measures

EBA recommendation and EBA capital plan

Decisions taken by the EBA towards the end of 2011 resulted in an additional capital requirement for the COMMERZBANK Group. Together with the finance ministers and heads of government, the EU Commission adopted a package of measures at the end of October 2011 to stabilize the financial markets. Besides the expansion of the European Financial Stability Facility (EFSF) and an agreement to restructure Greek debt, a proposal by the EBA for a package of measures to strengthen European banks' capital positions was drawn up. In its "EBA Recommendation on the Creation and Supervisory Oversight of Temporary Capital Buffers to Restore Market Confidence" and based on the results of the EU-wide survey on bank recapitalization of December 8, 2011, the EBA increased COMMERZBANK's capital requirement to €5.3 billion (based on the Group interim financial statements as of September 30, 2011) to be achieved by June 30, 2012 ("**EBA Recommendation**"). The sovereign capital buffer for exposures in the European Economic Area at €4.9 billion was by far the main driver for the capital requirement.

In drawing up the EBA Recommendation, the EBA at first added the effects of CRD III (Capital Requirements Directive) on a pro-forma basis to the Core Tier I ratio as of September 30, 2011. This meant that effects not actually planned for until the end of 2011 were already taken into account in the EBA Recommendation and the "**EBA Capital Requirement**" based on it. In calculating the EBA Capital Requirement, the Core Tier I capital reported in the published interim consolidated financial statements of the banks as of September 30, 2011 was reduced by the sovereign capital buffer, which essentially constituted the difference between the market and book value of all EEA government bonds held by each group as of September 30, 2011. This reduction was applied irrespective of whether these securities were held in the available-for-sale (AfS) or held-to-maturity category (not applicable in the case of the COMMERZBANK) or as loans-and-receivables (LaR). This effectively amounted to a simulation of a further debt restructuring by a euro country at the bond prices frozen as of September 30, 2011, in other words a partial default of European government bonds. In addition, the required minimum capital ratio (Core Tier I), which is to be gradually raised to 7% by January 1, 2019 under the Basel III regulations, was set at 9% as of June 30, 2012.

Initial measures were taken by COMMERZBANK in July 2011 in order to meet these requirements and a comprehensive program was drawn up in November 2011. COMMERZBANK responded to the national specifications for implementation of the EBA Recommendation in this program by setting up a capital plan in January 2012, which it submitted to the EBA via the national supervisory authorities on January 25, 2012.

On the basis of identifying and initiating these measures, not only did COMMERZBANK achieve the EBA Capital Requirement of €5.3 billion by June 30, 2012 but exceeded it by €2.8 billion.

The measures for RWA management and the management of capital deductions led to a charge of €214 million as of June 30, 2012, and management expects that this will lead to an additional total charge of approximately €200 million over the coming years.

Integration and restructuring costs

Since the 2009 financial year, the Group has spent significant amounts on integration and restructuring measures. IAS 37.70 defines restructuring expenses as those expenses for which no benefit is rendered to the Group (such as, for example, severance payments in the case of staff reductions). In the income statement, restructuring expenses are reported separately based on IAS 1.85. If, in contrast, the Group receives benefit for the expenditure related to the restructuring (such as, for example, in the case of IT training of staff in relation to an integration measure), these expenses must be included as integration costs or ongoing implementation costs in operating expenses. These expenditures related to the following projects:

- COMMERZBANK aimed to achieve extensive cost savings with the acquisition of Dresdner Bank (Project Growing Together). The measures to be taken as part of the integration program primarily included staff reductions of around 9,000 full-time equivalent positions, a merger in IT systems and the merger, closure and conversion of business locations. This project is nearly completed. Total staff reduction amounted to approximately 9,000 full-time employees (including separation agreements). Project Growing Together resulted in total integration and restructuring costs of €2.4 billion (2009: €1,865 million; 2010: €410 million; 2011: €117 million; 2012: €49 million; 2013: €0 million; planned costs: €2.5 billion). The Group does not expect to incur any additional integration and restructuring costs as a result of this project. Restructuring expenditure includes, for instance, the cost of personnel measures (severance payments, part-time work for older employees, early retirement, etc.); the costs of relocation, closure, renovation and space efficiency measures; the cost of decommissioning IT systems no longer in use; and the cost of early contract terminations. Integration expenses mainly consisted of the cost of integrating Dresdner Bank's IT operations into COMMERZBANK, as well as the cost of the brand migration and staff training. See also *"Description of the COMMERZBANK Group's Business Activities—Introduction—Overview"*.

  Cost savings (synergies) generated by the project are based on the reduction in headcount (personnel costs) as well as other operating cost. The synergies are reflected in administrative expenses, but have to date been partly offset by countervailing effects (such as adjustments to wages and salaries and higher costs for the deposit insurance fund). Compared with the level of administrative expenses in the 2008 financial year (adding together the administrative expenses of COMMERZBANK and Dresdner Bank), the COMMERZBANK Group has achieved cost synergies amounting to approximately €2.5 billion (beginning with the year 2015; annualized including savings contractually agreed but not yet effective), the largest part of which was attributable to staff costs.

- In response to the unsatisfactory earnings position in the Commercial Real Estate Group division, in 2009 COMMERZBANK launched Project Focus at Hypothekenbank Frankfurt AG (formerly Eurohypo AG). This project was aimed at the strategic realignment of this division and, among other things, it was intended to achieve a clear focus on target customers and markets and the associated reduction in parts of the loan portfolio relating to customers and markets outside the defined targets. This encompassed markets outside Germany that are no longer considered target markets, but also German and international non-core business. The related restructuring measures entailed severance payments and the cost of merging branches. Provisions for the eligible costs of €73 million were recognized and accounted for under the "Restructuring expenses" line item in the 2009 financial year. The project was implemented in the 2009 through 2011 financial years and officially completed as of December 31, 2011.

- In the 2010 financial year, as part of the realignment of Commerz Real AG, COMMERZBANK launched project Correlation with the aim of adapting its business model and thereby creating the basis for strengthening its market position in a challenging environment. This project involved severance payments (due to staff reduction measures) and costs related to rental vacancies. Provisions for the eligible costs of €33 million were recognized and accounted for under the "Restructuring expenses" line item in the 2010 financial year. The project was officially completed as of December 31, 2011.

- As part of the "revised EU condition of March 30, 2012 requiring the winding up of the non-core business of Hypothekenbank Frankfurt (formerly: Eurohypo AG) (including the Public Finance portfolio and the CRE non-core portfolio)" (see "*—SoFFin stabilization measures"*), it was necessary to recognize a provision for restructuring expenses for the required concentration and reduction measures in the first quarter of 2012, specifically including future staff reduction measures and property-related costs (largely rental expenses). Accordingly, Hypothekenbank Frankfurt AG (formerly: Eurohypo AG) recognized a provision of €34 million for restructuring expenses in the first quarter of 2012. In the first quarter of 2012, funds of €25 million from the winding up of the Focus project were reallocated to this project. Finally, an additional provision of €7 million was taken in the fourth quarter of 2012, resulting in a total provision for restructuring expenses of €66 million in the 2012 financial year.
- In addition, COMMERZBANK decided to accelerate the process of focusing on its core business in the third quarter of the 2012 financial year. To this end, commercial real estate financing and ship financing were transferred to the Non-Core Assets (NCA) run-down segment with the objective of gradually phasing them out in full, primarily without disposal in a value-preserving manner. See also *"Description of the COMMERZBANK Group's Business Activities—Strategy*". The originally planned, new core banking area of Real Estate and Ship Finance (RES) was accordingly abandoned in the process. In connection with these transfers, a provision for restructuring expenses of €2.4 million was recognized, primarily in relation to future staffing cuts.

  In the 2012 financial year, restructuring expenses totaled €43 million.
- Furthermore, as of the 2013 financial year COMMERZBANK plans to invest over €2 billion in its business model over the next four years in connection with the "Strategy 2016" (Strategic Agenda) and to take measures through 2016 to adjust its cost basis. To achieve this goal, COMMERZBANK will be required to increase earnings while further reducing costs. Internal structures to manage costs have been introduced and implementation of the necessary measures has begun in all units. The Bank currently expects staff reductions in the Group amounting to approximately 5,200 full-time equivalent positions by 2016. A final agreement with the workers' council has been reached. For more information (particularly on the status of the negotiations with the relevant bodies to reduce staff costs), see *"Description of the COMMERZBANK Group's Business Activities–Strategy*" and "*Risk Factors—Market and Company-related risks—5. There is a risk that the Group may not be able to implement its Strategic Agenda or may be able to do so only in part or at higher cost than planned, and that the implementation of planned measures may not lead to the achievement of the strategic objectives sought to be obtained*".

  In relation to these plans, a provision of €493 million was recognized as a restructuring expense for the scheduled personnel measures in the first quarter of 2013. These expenses will mainly be incurred in the Private Customers segment and the service and Group management units.

SoFFin stabilization measures

On November 2, 2008 and January 7, 2009, the COMMERZBANK applied to SoFFin to make use of the stabilization measures under the German Financial Market Stabilization Fund Act. The terms and conditions of these measures were set out in detail in the framework agreement of December 19, 2008 and the supplementary agreement of May 14, 2009 between COMMERZBANK and SoFFin.

Pursuant to this framework agreement and the supplementary agreement, COMMERZBANK and SoFFin entered into agreements on December 19, 2008 and June 3, 2009 establishing a silent partnership on the basis of which SoFFin contributed to COMMERZBANK two silent participations originally amounting to €8.2 billion each. The silent participations provide for a profit participation consisting of a fixed-interest component of 9% p.a. on the nominal contribution amount plus an additional dividend-linked compensation of 0.01% p.a. for each full €5,906,764 of cash dividends paid. A profit participation is contingent on the achievement of distributable profit in the unconsolidated financial statements of COMMERZBANK Aktiengesellschaft, prepared in accordance with the German Commercial Code (HGB), for the relevant financial year. Because such a profit was not achieved in the 2010 and 2011 financial years, no profit participation was payable for the 2010 and 2011 financial years. According to the agreements, unpaid profit participations do not have to be compensated for in later periods. Distributable profit as defined by the German Commercial Code was realized in the 2012 financial year and therefore interest was paid in 2013 on the silent participation held by SoFFin on the interest payment date.

In addition, pursuant to the framework agreement and the supplementary agreement mentioned above, following a capital increase in 2009, SoFFin obtained a stake of 25% plus one share in the Company and provided guarantees for COMMERZBANK as a borrower. As part of the various capital measures taken by COMMERZBANK in the 2011 and 2012 financial years (in particular, the two-step capital increase in April/May 2011), the government silent participations, which originally amounted to €16.4 billion, were largely converted into shares by SoFFin. In connection with the capital measures implemented in the second quarter of 2013, COMMERZBANK fully repaid the remaining SoFFin's silent participations on May 31, 2013. The guarantees provided expired at the beginning of 2012. For further details, see "*Description of the COMMERZBANK Group's Business Activities—Material agreements—Utilization of the SoFFin stabilization measures by COMMERZBANK*".

Among other things, COMMERZBANK paid compensation to SoFFin in June 2011 in the amount of €1.03 billion (before taxes) and in May 2013 in the amount of €60.5 million. These payments, which were taken from retained earnings in accordance with IFRS, were one-time compensation payments that were agreed in return for the waiver by SoFFin of certain provisions in the framework agreement concluded between the Company and SoFFin, and for the early repayment of the silent participation in connection with the capital measure implemented in the second quarter of 2011 and 2013. For further details, see "*Description of the COMMERZBANK Group's Business Activities—Material agreements—Utilization of the SoFFin stabilization measures by COMMERZBANK*".

On May 7, 2009 the European Commission declared the stabilization measures used by COMMERZBANK to be compatible in principle with the state aid regulations of the EC treaty. For reasons of competition law, the Federal Republic of Germany committed itself to ensuring that COMMERZBANK complies with a number of requirements. These originally included, in particular:

- reducing the Group's total assets to €900 billion by December 31, 2012, and – after the sale of Eurohypo Aktiengesellschaft (now Hypothekenbank Frankfurt) – to approximately €600 billion (including separate requirements to reduce total assets in Investment Banking); a reduction in the number of branches in the Private and Business Customers Group division; reducing the risk-weighted assets in the Western European business in the Mittelstandsbank segment by December 31, 2012; reducing the market presence in Investment Banking; reducing the portfolio volume in the Commercial Real Estate Group division to €60 billion by December 31, 2012; and reducing selected country portfolios in the Central & Eastern Europe segment;
- a reduction in the total assets of Public Finance by €60 billion to €100 billion by December 31, 2012 (with new business limited to the amount required for the cover funds for covered bonds);
- stabilizing the business model by comprehensive de-risking combined with a focus on the customer business and by de-leveraging in particular by reducing the volume of the Commercial Real Estate portfolio and the committed capital in the Corporates & Markets segment (excluding Public Finance) by one fifth compared with the aggregated value of the Dresdner Bank Group and COMMERZBANK Group as of June 30, 2008;
- the sale of Kleinwort Benson Channel Islands Holdings Ltd., Kleinwort Benson Private Bank Ltd., Dresdner Van Moer Courtens S.A., Dresdner VPV NV, Privatinvest Bank AG, Reuschel & Co. Kommanditgesellschaft and Allianz Dresdner Bauspar AG by December 31, 2011 at the latest; these disposals were carried out as scheduled;
- the sale of Eurohypo Aktiengesellschaft (now Hypothekenbank Frankfurt) by 2014; and
- a ban up to and including April 2012 on acquiring financial companies or other companies that are potential competitors of COMMERZBANK.

For further conditions and details, see "*Description of the COMMERZBANK Group's Business Activities—Material agreements—Utilization of the SoFFin stabilization measures by COMMERZBANK*".

The requirements were incorporated in detail in the Framework Agreement on the Granting of Stabilization Measures between SoFFin and COMMERZBANK as obligations of COMMERZBANK and have been already met in part by COMMERZBANK and in some cases modified through a further agreement.

In respect of the condition requiring the sale of Eurohypo Aktiengesellschaft (now Hypothekenbank Frankfurt) by December 31, 2014, the Federal Republic of Germany and COMMERZBANK mutually agreed that a sale to a private investor or via the stock exchange by the end of 2014 did not seem realistic given the market environment and the structural changes in the refinancing markets and banking regulation. In light of this, the Federal Republic of Germany applied to the European Commission at COMMERZBANK's request to amend the condition requiring the sale of Eurohypo Aktiengesellschaft (now Hypothekenbank Frankfurt) in return for substitute conditions. The European Commission granted this request in its decision of March 30, 2012. The substitute requirements include, in particular:

- extension until March 31, 2014 of the ban, originally in place until April 2012, on acquiring financial companies or other companies that are potential competitors of COMMERZBANK, as well as its extension to all companies regardless of the sector in which they operate (with the exception of companies in which COMMERZBANK already holds more than a 50% stake and except debt-to-equity swaps);
- organizational and transparent segregation of core activities and non-core activities within Eurohypo Aktiengesellschaft (now Hypothekenbank Frankfurt). The non-core activities relate to Public Finance and all real estate financing departments of Eurohypo Aktiengesellschaft (now Hypothekenbank Frankfurt) which do not form part of the core activities. The core activities are defined by target markets, target customers and target properties;

- maintenance of the agreed reduction of the Group's total assets to approximately €600 billion by the end of 2014, whereby the portfolios which rank among the non-core activities described above are not included in the calculation of the total assets;
- reduction of the Group-wide Commercial Real Estate portfolio with defined clients and products in the Germany, United Kingdom, France and Poland target markets (core activities) to a total of €25 billion by the end of 2013 and limitation of this Commercial Real Estate core portfolio including net new business to this portfolio volume by the end of 2015;
- limitation of the Group-wide net new business volume in the Commercial Real Estate division to a maximum of €5 billion a year by the end of 2015;
- continuation of the reduction strategy in the Public Finance portfolio and dismantling of the non-core activities portion of the Commercial Real Estate business; and
- discontinuation of the "Eurohypo" brand.

The other business-related requirements not affected by these substitute requirements continue to apply.

For a detailed description of the stabilization measures taken by SoFFin and other requirements (in particular the payment of dividends and coupons on equity instruments, see "*Description of the COMMERZBANK Group's Business Activities—Material agreements—Utilization of the SoFFin stabilization measures by COMMERZBANK*".

On June 4, 2009, COMMERZBANK and AZ-Arges entered into an agreement for the creation of a silent partnership, on which basis AZ-Arges provided COMMERZBANK with a silent participation of €750 million as part of the SoFFin stabilization measures described above. One of its stipulations provided for the equal treatment of Allianz with SoFFin in respect of its silent participation (specifically in respect of regular payments from the profit participation and any repayments of the silent participation). The silent participation had a profit participation consisting of fixed interest of 9% p.a. on the nominal contribution amount plus an additional dividend-linked compensation of 0.01% p.a. for each full €5,906,764 of cash dividends paid. Because the servicing of this profit participation (like the profit participations attached to SoFFin's silent participations) was contingent, among other things, on the achievement of distributable profit as defined under the German Commercial Code (HGB), no profit participation was payable for this silent participation for the 2010 and 2011 financial years. The profit participation need not be compensated for subsequently. Distributable profit as defined by the German Commercial Code was realized in the 2012 financial year, and interest was therefore planned to be paid on the due date in 2013 on the silent participation held by Allianz. In connection with the capital measures implemented in the second quarter of 2013, COMMERZBANK fully repaid the silent participation of Allianz on May 31, 2013. See also *"Description of the COMMERZBANK Group's Business Activities—Material agreements—Agreements with Allianz*".

Effect on the income statement of the capital measures implemented in the 2011 and 2012 financial years and the first half of 2013

In January 2011, COMMERZBANK increased its share capital by 10% less one share from authorized capital against a contribution in kind and subject to the exclusion of the statutory subscription rights of shareholders. The new shares were fully subscribed for against the contribution of hybrid equity instruments (trust preferred securities) previously issued by companies in the COMMERZBANK Group. The nominal amount of the returned hybrid capital amounted to €0.9 billion and had a non-recurring effect on the income of the Group before taxes of €329 million. SoFFin subsequently converted part of its silent participations into shares to maintain its stake in COMMERZBANK.

The capital measures approved by the Annual General Meeting held by COMMERZBANK Aktiengesellschaft on May 6, 2011 were implemented as follows:

- Conditional Mandatory Exchangeable Notes (CoMEN) were placed by way of a bookbuilding procedure from April 6 until April 13, 2011. All of the CoMEN offered were successfully placed at an offer price of €4.25 each with a total volume of €4.3 billion and automatically exchanged for COMMERZBANK shares on May 12, 2011. SoFFin subsequently converted silent participations with a volume of €1.4 billion into shares to maintain its stake in COMMERZBANK.
- In June 2011, a capital increase with subscription rights was implemented and shares were issued from authorized capital at a share price of €2.18 per share, with the shares created in the first step above being vested with subscription rights as a result of the conversion. The total volume of this capital increase amounted to €4.0 billion. SoFFin converted a further tranche of its silent participations in the amount of €1.3 billion into shares to maintain its stake in COMMERZBANK.

The compensation payment of €1.03 billion agreed with SoFFin for the early repayment of the silent participations related to these measures was recognized directly in equity as a withdrawal from retained earnings following deduction of the resulting tax effects of €157 million. This did not have any effect on net income.

In December 2011, COMMERZBANK repurchased Trust Preferred Securities (TruPS) in the nominal volume of €1.3 billion. This resulted in earnings for the Group of €735 million reported under "Other net income".

In January 2012, COMMERZBANK adopted a package of measures to meet the stricter capital requirements of the European Banking Authority (EBA) as of June 30, 2012. The measure included meeting the individual claims to variable compensation by non-collective pay scale employees for the 2011 financial year by issuing COMMERZBANK shares. In June 2012, the compensation was paid by issuing the shares from authorized capital. SoFFin subsequently converted part of its silent participations into shares to maintain its stake in COMMERZBANK. Silent participations in the nominal amount of €80 million were converted into shares from conditional capital. This capital measure had no effects on net income.

In March 2012, COMMERZBANK increased its share capital by 7% by issuing shares from authorized capital against contributions in kind subject to the exclusion of the statutory rights of shareholders. The new shares were subscribed in full against the contribution of hybrid, subordinate and other financial instruments previously issued by COMMERZBANK Aktiengesellschaft and companies in the COMMERZBANK Group. The nominal amount of the financial instruments contributed was €1.0 billion and had a non-recurring effect on Group earnings of €84 million after taxes. SoFFin subsequently converted part of its silent participations into shares to maintain its stake in COMMERZBANK.

Effect of the capital measures implemented in the first half of the 2013 financial year

The capital increase for cash and non-cash capital contributions approved by the Annual General Meeting held by COMMERZBANK Aktiengesellschaft on April 19, 2013 was implemented as follows:

- The 10-to-1 reverse stock split of COMMERZBANK shares was carried out on April 22, 2013, and the shares have been traded under a new securities identification number since April 24, 2013. After the reverse stock split the subscribed capital was reduced by 90% to €583 million.
- In May 2013 a capital increase with pre-emptive rights was carried out, which gave shareholders the right to subscribe to 20 new shares for every 21 existing shares held. The no-par-value shares were issued at a price of €4.50 per share. The total amount raised in the capital increase was €2.5 billion, with subscribed capital increasing by €556 million and the capital reserve by €1,951 million. SoFFin converted part of its remaining portions of its silent participation, in the amount of €0.6 billion, into COMMERZBANK shares in proportion to its stake in COMMERZBANK. At the same time €0.6 billion of shares previously held by SoFFin were placed with investors by a banking consortium at the beginning of the subscription period.

The remaining part of SoFFin's silent participation of €1.0 billion and Allianz SE's silent participation of €750 million were redeemed early and in full out of the issuance proceeds of the cash capital increase. As a result of the early redemption, compensation of €60.5 million was paid to SoFFin and €27.9 million to Allianz SE. This is reported as a withdrawal from retained earnings. The compensation payments comprise interest payments on the silent participations up to their scheduled redemption date.

Effect of the change in fair values related to own credit spread

The fair value option is applied at the COMMERZBANK Group primarily to avoid, or significantly reduce, the accounting mismatches arising out of securities and loans hedged by interest or credit derivatives as well as embedded derivatives in the case of financial instruments. This applies to the same extent to structured bond issues hedged by interest or foreign currency derivatives. For financial instruments that are measured based on the fair value option, an entity's own credit spread ("**OCS**") needs to be assured. Under IAS 39, this valuation must be reflected in the income statement in net trading income; however, an entity's own credit risk has no impact on any of the items included on the assets side. This valuation is extremely volatile during the current crisis, resulting in a positive effect on the income statement of €46 million from fair values in the first half of the 2013 financial year (compared with a negative effect of €332 million in the 2012 financial year, positive effect of €293 million in the 2011 financial year and a negative effect of €89 million in the 2010 financial year). The amount repayable for the financial liabilities reported at fair value was €5,593 million as of December 31, 2012 (€4,501 million December 31, 2011 and €8,625 million as of December 31, 2010). The fair value option is also used for financial instruments whose management and performance is measured on a fair value basis. For further information, see "*Financial Section—Consolidated Financial Statements of COMMERZBANK Aktiengesellschaft as of December 31, 2012—Notes—Note 83 (Information on financial assets and financial liabilities for which the fair value option is applied)*".

Effect of the change in fair value of the default risk of counterparties and COMMERZBANK

Since January 1, 2013, the fair value of the risk of a possible default by counterparties and COMMERZBANK, particularly in the case of OTC derivatives, is taken into account through the recognition of a market data based reserve. Credit valuation adjustments (CVA) represent the fair value of the default risk of counterparties and are derived from positive future exposures with market observable credit spreads. Debt value adjustments (DVA) represent the fair value of the default risk of COMMERZBANK and are derived from negative future exposures together with COMMERZBANK credit spreads. Under IAS 39, this valuation must be reflected within the income statement in net trading income. The reserve is sensitive to the trade's underlying market risk parameters and the credit spreads of COMMERZBANK and its counterparties. COMMERZBANK partially hedges the volatility of CVA and DVA. The net effect on the income statement of the COMMERZBANK Group in the first half of the 2013 financial year of CVA, DVA and related hedges was €4 million.

Effect of the recognition of deferred tax assets and liabilities

Deferred taxes are future tax burdens or tax reductions resulting from temporary differences and from unused tax losses and tax credits. These temporary differences derive from differences in the value of an asset or liability recognized for financial reporting or IFRS accounting purposes and the values recognized for tax purposes (the liability method), which balance each other out in later financial years and result in actual tax effects. Deductible temporary differences and unused tax losses and tax credits lead to deferred tax assets, while taxable temporary differences lead to deferred tax liabilities. Deferred tax assets/tax liabilities must be reported separately from actual tax assets/tax liabilities. During periods of economic uncertainty, significant valuation allowances and subsequent recognitions may be necessary for deferred taxes on tax loss carry-forwards, because the deferred tax assets reflect the internal forecast of the Bank for tax purposes for the next five years. In consequence, the tax expenses in the 2012 financial statements led to a valuation allowance of €673 million due to an adjustment of previously recognized deferred taxes; this was mainly caused by a reduction of future earnings targets. In 2011 and 2010, COMMERZBANK recognized write-ups of €500 million and €244 million, respectively. There were no significant effects in the first half-year of 2013 since the COMMERZBANK Group's revised financial planning (Multi-Year-Plan) 2014 - 2017 was not yet prepared. The revised Multi-Year-Plan is scheduled to be prepared by the end of the third quarter or the beginning of the fourth quarter of 2013.

Key equity stake disposals

In the period under review, COMMERZBANK disposed of the following significant equity stakes:

Subsidiary sold[1]	Registered office	% of stake sold	Segment/Area	Date of transfer of ownership
2010				
Privatinvest Bank AG	Salzburg	74	Private Customers	February 2010
Dresdner VPV N.V.	Gouda	100	Private Customers	February 2010
Dresdner Van Moer Courtens S.A.	Luxemburg	100	Private Customers	March 2010
Kleinwort Benson Private Bank Limited	London	100	Private Customers	July 2010
Kleinwort Benson Channel Islands Holding Limited	St. Peter Port	100	Private Customers	July 2010
Allianz Dresdner Bauspar AG	Bad Vilbel	100	Private Customers	July 2010
Dresdner Bank Monaco S.A.M.	Monaco	100	Private Customers	September 2010
montrada GmbH	Bad Vilbel	100	Group Services	October 2010
Commerzbank International Trust (Singapore) Ltd	Singapore	100	Others and Consolidation	November 2010
2011				
Intermarket Bank AG	Vienna	56.2	Central & Eastern Europe	July 2011
Dresdner Bank Brasil S.A. Banco Multiplo	Sao Paulo	100	Others and Consolidation	September 2011
2012				
Open Joint Stock Company Promsvyazbank	Moscow	14.4	Central & Eastern Europe	June 2012
PUBLIC JOINT STOCK COMPANY "BANK FORUM"	Kiev	96.1	Central & Eastern Europe	October 2012
Bank Forum SPEs (8 companies)	Kiev	100	Central & Eastern Europe	October 2012

[1] Not included are disposals of minority stakes in industrial companies and companies in the financial sector such as Société Foncière Lyonnaise, MAN SE, Conergy AG, Mediobanca and Dedalus GmbH & Co. KGaA (EADS), or other disposals, notably two major disposals of minority stakes in the 2012 financial year.

These transactions affected the Group's results of operations in the form of disposal gains and losses reported in the income statement. The disposals also had an impact on revenues and expenses in the segment to which the relevant company belonged; in some cases, revenues and expenses were also allocated to more than one segment where the company in question belonged to more than one segment in accounting terms. In the fourth quarter of the 2012 financial year, the sale of Bank Forum to the Ukrainian Smart Group was completed. Related to this sale was a negative income of €268 million incurred from the sale of disposal groups, €206 million of which was accounted for in the currency reserve; this did not have an additional adverse effect on the equity capital of COMMERZBANK. For details, see "*—The COMMERZBANK Group's results of operations for the 2010, 2011 and 2012 financial years and for the first halves ending June 30, 2012 and June 30, 2013—Comparison of the 2011 and 2012 financial years*" and "*—The COMMERZBANK Group's results of operations for the 2010, 2011 and 2012 financial years and for the first halves ending June 30, 2012 and June 30, 2013—Comparison of the 2010 and 2011 financial years*". No key stakes were sold in the first half of the 2013 financial year.

Effect of currency fluctuations

The COMMERZBANK Group generates a considerable proportion of its income outside the Eurozone, including in the Central and Eastern European countries in which the Group operates as well as in the United Kingdom, where a significant proportion of its expenses are also incurred. The Group also effects transactions denominated in U.S. dollars. The balance sheet and income statement items of Group companies that prepare their annual financial statements in currencies other than the euro, as well as the assets, liabilities, revenues and expenses of COMMERZBANK and other COMMERZBANK Group companies within the Eurozone denominated in a currency other than the euro, must be converted to euro at the end of each balance sheet date. In this conversion process, monetary assets and liabilities and pending foreign exchange spot transactions are converted at spot rates, while currency forwards are converted at the forward rate on the balance sheet date. Expenses and revenues are translated at average rates for the period. For further details, see *"Financial Section—Consolidated Financial Statements of COMMERZBANK Aktiengesellschaft as of December 31, 2012—Notes*". To the extent that the COMMERZBANK Group effects transactions in Germany or abroad in foreign currencies, fluctuations in these currencies against the euro have an effect on the COMMERZBANK Group's profit/loss.

To the extent that net contributions to profit/loss (after tax) in tradable foreign currencies can be reliably predicted and are of a material amount, these were hedged at the beginning of each year up to and including the 2011 financial year. Currency hedging transactions were monitored over the course of the year and adjusted to changes in the expected results as required. COMMERZBANK initially decided not to hedge these transactions in the 2012 financial year. As of the 2013 financial year, in order to minimize the impact of these effects, the contributions accruing in the income statement in foreign currencies will be exchanged for euro on the currency market every month insofar as they are material, thereby eliminating the risk on a regular basis.

Reclassification in accordance with IAS 39

In its press release of October 13, 2008, the International Accounting Standards Board ("**IASB**") issued an amendment related to the reclassification of financial instruments. In four steps in the third and fourth quarters of 2008 and the first and second quarters of 2009, the COMMERZBANK Group reclassified securities in the Public Finance portfolio for which there was no longer an active market with a total book value of €81 billion, transferring them from the available-for-sale (AfS) to the loans-and-receivables (LaRs) IAS 39 category. This has the consequence that the revaluation reserve of €–1.3 billion assigned to these securities will be released over their remaining term. This is combined with a write-up of the securities in the same amount, so there is generally no charge to the income statement. The fair values at their date of reclassification were recognized as the new book value of these securities holdings. The reclassification to the loans-and-receivables category results in a valuation at amortized cost. The revaluation reserve is not affected by subsequent revaluations of these holdings. The securities concerned are primarily issued by public sector borrowers (including European and U.S. local authorities and publicly guaranteed asset-backed securities) and financial institutions. The Group has the intention and the capacity to hold the securities in the reclassified portfolio for the foreseeable future or to maturity, as applicable, which COMMERZBANK management believes may give rise to potential for appreciation in value through repayment of the securities at nominal value. Reclassified securities have to date been sold at a loss only to a small extent. The trading portfolio (investment banking business) was not affected by this measure. The formation of a general loan loss provision (GLLP) for the reclassified portfolio resulted in charges to the income statement of €1 million in the 2010 financial year, €40 million in the 2011 financial year, and €58 million in the 2012 financial year, and a positive effect (from release of GLLP) on the income statement of €44 million in the first half of 2013. The total GLLP portfolio amounted to €105 million as of June 30, 2013, and the reclassification had no further negative effect on the income statement.

Overview of reclassifications:

Date of reclassification	Nominal volume[1) (audited)	Fair value[2) (audited)	Revaluation reserve after deferred taxes[2) (audited)
		(€ b)	
September 30, 2008	44.8	44.1	(0.7)
November 30, 2008	32.7	33.6	(0.4)
January 30, 2009	2.6	2.5	(0.2)
May 30, 2009	0.8	0.9	—

1) As of the reclassification date.
2) As of the reclassification date (including mark-to-market valuation allowances up to that time).

Reference is made to "—*Significant accounting policies*" for information in the Notes on determining fair value.

As of June 30, 2013, the total fair value of the reclassified holdings was €41.9 billion, while the relevant revaluation reserve after deferred taxes amounted to €–0.6 billion. Without the reclassifications, the Group's revaluation reserve after deferred taxes would have been €–3.4 billion as of June 30, 2013 (compared with €–4.2 billion as of December 31, 2012).

Changes in accounting principles

Changes in accounting principles in the 2011 financial year

- According to IAS 32.33, holdings of treasury shares (COMMERZBANK shares) are to be deducted from equity capital rather than recognized in the income statement. Until September 30, 2011, the effects of purchases and sales of treasury shares were therefore netted in the amount of the nominal value against the subscribed capital and in the amount of the difference to the share price of the stock against the capital reserve. The accounting method for treasury shares was adjusted in the 2011 financial year to facilitate a differentiated presentation of the effects of the acquisition and sale of treasury shares on equity, especially effects from trading. When treasury shares are acquired, the nominal value is deducted from the subscribed capital and the difference between the cost of acquisition and the nominal value is netted against retained earnings. A resale represents an effective capital increase and is recognized as the opposite of the acquisition of treasury shares. If proceeds are generated from the resale of treasury shares, the difference over the original cost of acquisition of these shares is reported in the capital reserve.
- To further improve transparency, commissions from brokerage business, previously included under other commission income and expense, have been reported separately since December 31, 2011. The comparative figures for the previous year were adjusted accordingly.
- A reporting change was also implemented in the note on net trading income to improve the clarity of presentation. Since December 31, 2011, net trading income has been broken down into income from trading, net interest income and income generated from the application of the fair value option. For other changes to net trading income, see below "—*Changes in accounting principles in the first half of the 2013 financial year*".

Changes in accounting principles in the 2012 financial year

For more information, see *"Financial Section—Consolidated Financial Statements of COMMERZBANK Aktiengesellschaft as of December 31, 2012—Notes—Note 2 (Adjustments to the accounting policies)".*

Changes in accounting principles in the first half of the 2013 financial year

As of January 1, 2013, the new prospectively applicable standards IFRS 10, 11 and 12, which are, for the time being, voluntary, the new mandatory, prospectively applicable standard IFRS 13 and the changes to the existing standards IAS 1, 19, 27 and 28 and IFRS 7 have been applied.

- New IFRS 10 (Consolidated Financial Statements) regulating the consolidation of companies supersedes the previous standard IAS 27 and the SIC 12 interpretation. The key change results from the new definition of the parent-subsidiary relationship. Under IFRS 10, one company controls another company if it has the following:
  - Decision-making power to control the activities of the other company,
  - a right to, or power of disposal of, the variable cash flow, and
  - the ability to use its decision-making powers to influence the amount of the variable cash flow.

  This principle is equally applicable to special purpose vehicles. The first-time application of this standard led to 10 first-time consolidations and 9 de-consolidations, resulting in an overall increase in total assets of €0.2 billion. The effect on retained earnings amounted to €–69 million. The prospective application of the standard did not require an adjustment to the comparative figures for the period ending December 31, 2012.

- New IFRS 11 (Joint Arrangements) regulates the reporting for a joint venture or joint operation whenever at least two companies exercise joint control. This standard replaces the previous IAS 31 and the SIC 13 interpretation. There are now two types of joint arrangement following the new definition of IFRS 11:

  – Joint ventures and

  – joint operations.

  The most important change was a consequence of the elimination of proportionate consolidation. The companies that are parties to a joint venture are required to apply at-equity valuation. Companies engaged in joint operations are subject to rules comparable to the accounting principles previously applicable to jointly controlled assets or joint operations (pro rata inclusion of the assets, debt, expenses and income). The first-time application of the standard did not result in any need to adjust the group of companies valued at equity.

- New IFRS 12 (Disclosure of Interests in Other Entities) covers the disclosure obligations under IFRS 10 and IFRS 11, which will not be applied in full until December 31, 2013.

- New IFRS 13, which is to be applied prospectively, brings together the rules on measuring fair value, which were previously contained in a number of different standards. The information in the notes has also been harmonized and expanded. Fair value is now defined as the sale price; this means the price for a financial instrument that market participants would receive for a sale or would pay for the transfer of a liability in a normal transaction process. The three-tier fair value hierarchy of IFRS 7 continues to apply to the valuation. When valuing a liability, it is also obligatory to take into account the credit risk and to apply a staggered valuation procedure. If the valuation of a liability is not possible on the basis of quoted market prices, an identical instrument held as an asset by a third party may be used instead. If this is not possible either, a suitable valuation method must be applied. Under certain circumstances, it is also possible to undertake a group valuation for the market and credit risk of financial assets and liabilities managed on a net basis. No appreciable effect on the statement of comprehensive income and the balance sheet resulted from the first-time application of the standard as compared with the previous regulations (see also "*Financial Section—Consolidated Financial Statements of COMMERZBANK Aktiengesellschaft as of December 31, 2012—Notes—Note 81 (Fair value of financial instruments*)").

- The application of amended IAS 19 (Employee Benefits) leads in particular to a different treatment of actuarial gains and losses. Pension obligations continue to be valued on the basis of various parameters (including retirement age, life expectancy, fluctuation). The difference resulting from the revaluation of the obligation as of the reporting date in comparison to the value predicted at the beginning of the year is referred to as an actuarial gain or loss. The corridor method opted for by COMMERZBANK Group until now is no longer applied to actuarial gains or losses. These are instead recognized directly in equity under retained earnings. In addition, past service costs resulting from changes in plan arrangements must be recognized immediately and in full. These could previously be distributed linearly until the rights became vested. Partial-retirement top-up payments are accumulated on a straight-line basis until the end of the active phase instead of being recognized in the full amount at the time of the commitment as was previously the case. The netting of pension obligations and plan assets taking into account the recognition of actuarial gains and losses leads to the reporting of the actual net pension obligation. Furthermore, net interest expense must be calculated under amended IAS 19 if pension obligations are financed through plan assets. Interest on the net liabilities or net assets (performance-based obligation less fair value of the plan assets) is incurred or accrues at a uniform rate. In the previous standard, the regulations for calculating the interest rate to discount the obligation differed from those regulating the calculation of the anticipated gains from the plan assets. Certain reporting guidelines regarding the calculation of comprehensive income are linked to these changes. It is mandatory to recognize past service costs and net interest in the income statement. In contrast, the effect of the revaluation (actuarial gain or loss) must be reported directly in equity other comprehensive income. The retrospective adjustments generated by the first-time application of the amended IAS 19 had effects of €10 million on interest expense, €2 million on operating expenses and €7 million on taxes on income and earnings in the first half of 2012, resulting in a reduction of €19 million in consolidated profit/loss to €625 million as of June 30, 2012. For the 2012 financial year, such adjustments resulted in earnings per share of €–0.05 (€–0.45 after 10-to-1 reverse stock split of COMMERZBANK shares conducted in May 2013) compared with the earnings per share of €–0.04 (€–0.38 after 10-to-1 reverse stock split) reported in COMMERZBANK's consolidated financial statements as of December 31, 2012. Earnings per share for the first half of 2012 did not need to be adjusted. Retained earnings decreased by €271 million as of January 1, 2012 and by €705 million as of January 1, 2013. Provisions for pensions and similar obligations increased by €346 million as of January 1, 2012 and by €840 million as of December 31, 2012. In addition, other assets decreased by €67 million as of December 31, 2012 and minority interests by €2 million. Deferred income tax assets increased by €201 million (€75 million as of January 1, 2012) and deferred income tax liabilities by €1 million as of December 31, 2012. The figures as of December 31, 2012 and the comparative figures for the first half of 2012 in COMMERZBANK's condensed interim consolidated financial statements for the period ending June 30, 2013 have been adjusted accordingly.

- The additions to IFRS 7 resulted in additional information included in the Notes regarding the accounting of financial instruments for the 2013 financial year and for the previous year. The following information must be provided: gross and net amounts of assets and liabilities resulting from netting as well as the amounts of existing netting rights that fail to satisfy the accounting criteria for netting. This improves the comparability with US GAAP users of the netting of financial instruments.

A number of changes to accounting and valuation principles were also implemented:

- IFRS do not specify any particular requirements for the breakdown of equity, nor are there any clear provisions relating to the allocation of certain items. These items include taking into account the transaction costs of capital measures, accounting for share-based compensation transactions settled using equity instruments and withdrawals from capital reserves to settle net annual losses in the individual financial statements of COMMERZBANK Aktiengesellschaft in accordance with German accounting standards. A presentation method common to German legal practice was chosen to break down the equity in the COMMERZBANK Group. As with the individual financial statements under German Commercial Code, the Group now applies the definition under Section 272(1) and (2) of the German Commercial Code to the capital components having a liability function under corporate law (subscribed capital and capital reserve). Transaction costs incurred in connection with capital measures, which must be reported as a deduction from equity under IAS 32.35, will be deducted from retained earnings as of January 1, 2013 rather than from the capital reserve as previously. Under IFRS 2.10, the fair values of share-based compensation transactions settled using equity instruments as of the date of acceptance must be accounted for in equity. These instruments have also been recognized in retained earnings since January 1, 2013 rather than in the capital reserve as previously. These will not be accounted for in subscribed capital and in the capital reserve, just as under the German Commercial Code, until finally claimed by the beneficiary. If a net annual loss is incurred according to German accounting principles and withdrawn in part or in full from the capital reserve, a corresponding withdrawal is also made from the capital reserve in the consolidated financial statements (IFRS) and an identical allocation to the retained earnings of the Group. The definitions of subscribed capital and the capital reserve are thus consistent with those in the German Stock Corporation Act and the German Commercial Code, which improves transparency. The figures as of December 31, 2012 have been adjusted accordingly in COMMERZBANK's condensed interim consolidated financial statements for the period ending June 30, 2013. These adjustments did not have any effect on consolidated profit nor on the earnings per share.
- In the 2013 financial year, the method used to recognize ratings-based counterparty default adjustments (CDA), which take into account in the fair value the risk of possible default by counterparties, particularly in the case of OTC derivatives, was refined. Since January 1, 2013, the credit risk of the counterparty is taken into account through the recognition, based on market data, of credit valuation adjustments (CVA) for positive future exposures arising primarily from derivatives, or debt value adjustments (DVA) for negative future exposures arising primarily from derivatives. A one-time gain of €41 million in net trading income resulted from this reclassification in the first half of the 2013 financial year. Furthermore, a refinement in the method of bid-offer adjustments in the second quarter of 2013 had a positive impact on trading income of €39 million.
- IAS 1.82 requires that finance costs be reported separately. These costs were recognized as interest expenses in net interest income or net trading income until December 31, 2012. However, interest from trading activities is shown as part of net interest income from the first half of 2013 in accordance with standard market practice. To present the interest effect within the COMMERZBANK Group in a uniform way, it was decided to report bank book interest and trading interest as of January 1, 2013 in net interest income. This means that only current income and expense from trading activities which clearly have the properties of interest are allocated to interest income and expense rather than included in the gains or losses from the measurement of the instrument. This also relates to interest effects from the sale or purchase of financial instruments in trading business that are tied to the provision of capital in a broader sense. Gains or losses on valuation or realization of trading business will continue to be reported under net trading income. It was also decided for the purpose of the uniform presentation of interest income and expense to include the interest components of IAS 19 (net interest) as of January 1, 2013 in net interest income rather than in operating expenses as previously. It was furthermore decided that commission income from the syndication business recognized in net trading income would be reclassified in net commission income so that only gains or losses on valuation or realization of trading business would be reported in net trading income. The comparative figures for the first half of 2012 have been adjusted accordingly in COMMERZBANK's condensed interim consolidated financial statements for the period ending June 30, 2013. The adjustments did not have any effect on consolidated profit, the balance sheet, the calculation of the change in equity capital or on earnings per share.
- Since January 1, 2013, commission income from electronic banking has also been reported in the commissions for payment transactions and international business rather than under other commission income as previously. Furthermore, commissions from syndicated business and similar transactions have been reported consistently on a Group-wide basis under commission income from syndicated business since January 1, 2013. The comparative figures for the first half of 2012 have been adjusted accordingly in COMMERZBANK's condensed interim consolidated

financial statements for the period ending June 30, 2013. The adjustments did not have an effect on consolidated profit.

Segments of the COMMERZBANK Group

The results of the operating segments within the COMMERZBANK Group are reported by segment. IFRS 8, "Operating Segments", which follows the management approach, specifies the data required for each segment: segment data is prepared on the basis of the internal reporting system, which allows the chief operating decision maker to evaluate the performance of the segments and decide on the allocation of resources among them.

The result generated by each segment is measured in terms of operating profit and pre-tax profit as well as return on equity and cost/income ratio. In the statement of pre-tax profits, non-controlling interests are included in both the result and the average capital employed. All the revenue for which a segment is responsible is thus reflected in pre-tax profit.

Income and expenses are shown by the originating segment and 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 business-specific equity holdings assigned to each segment. The Group's return on capital employed is allocated to the net interest income of each segment in proportion to the average capital employed in the segment. The interest rate corresponds to that of a risk-free investment in the long-term capital market. The average capital employed is calculated using the Basel II system, based on the computed average risk-weighted assets and the capital charges for market risk positions (risk-weighted asset equivalents). At Group level, investors' capital is shown, which is used to calculate the return on equity. The regulatory capital requirement assumed for segment reporting purposes for risk-weighted assets was increased as a result of the EBA requirements from 7% through the close of 2011 to 9% as of 2012. This increase resulted in a change in the average amount of capital employed in the segments. The comparative figures for the 2011 financial year were adjusted accordingly. These changes did not have an effect on the results of operation and risk structure of the segments. The capital buffer required by the EBA for the exposure to the risks associated with EU government bonds is reflected in the segment Non-Core Assets.

Segment reporting in the COMMERZBANK Group reports the pre-tax results of the segments. The net interest income of the Corporates & Markets segment includes a pre-tax equivalent corresponding to the after-tax results of these transactions in order to reflect the operating effect on results of certain tax-induced transactions in the Corporates & Markets segment. On the conversion of segment reporting to external accounting figures, this pre-tax equivalent is eliminated in the area of Others and Consolidation.

The operating expenses reported under operating profit consist of personnel expenses, other operating expenses and depreciation on fixed assets and other intangible assets. Restructuring expenses and impairments of goodwill and brand names are reported under operating profit in pre-tax profit. Operating expenses are attributed to the individual segments by origin. The indirect expenses arising in connection with internal services are charged to the user of the service or credited to the segment performing the service. The provision of intra-group services is charged at market prices or at full cost.

In the 2011 financial year, the COMMERZBANK Group introduced a more sophisticated segmentation of risk assets, and minor customer migration occurred between segments. In compliance with the requirements of IFRS 8, the financial figures for the segments reported for the 2010 financial year were adjusted accordingly in COMMERZBANK's consolidated financial statements as of December 31, 2011; these therefore differ slightly from the financial figures for the segments reported for the 2010 financial year in COMMERZBANK's consolidated financial statements as of December 31, 2010. See also "*Financial Section—Consolidated Financial Statements of COMMERZBANK Aktiengesellschaft as of December 31, 2011—Notes—Note 44 (Segment reporting)*".

Segment reporting at the COMMERZBANK Group comprises reporting on the five operating segments as well as Others and Consolidation. As of July 1, 2012, COMMERZBANK Group realigned itself in some segments. The operations of the Portfolio Restructuring Unit segment, which existed through June 30, 2012, were discontinued as of July 1, 2012 and its activities transferred to the Corporates & Markets and Non-Core Assets segments. The comparative figures for the relevant segments were adjusted for the 2011 financial year in the consolidated financial statements as of December 31, 2012 in compliance with the requirements of IFRS 8 in light of the measures taken as of July 1, 2012 as described below (except for the transfer of the remaining activities of the discontinued Portfolio Restructuring Unit segment to the Corporates & Markets and Non-Core Assets segments); these figures therefore differ slightly from the financial data reported for the segments for the 2011 financial year in the consolidated financial statements of COMMERZBANK as of December 31, 2011. See also "*Financial Section—Consolidated Financial Statements of COMMERZBANK Aktiengesellschaft as of December 31, 2011—Notes—Note 44 (Segment reporting)*".

The segmentation of assets was further refined in the first half of 2013. Minor adjustments to the business model of the segments led to small changes to the business responsibilities. The comparative figures for the first half of 2012 in the condensed interim consolidated financial statements of COMMERZBANK as of June 30, 2013 have been adjusted accordingly. See "*—Changes in Accounting Principles—Changes in accounting principles in the first half of the 2013* *financial year*" and "*Financial Section—Consolidated Interim Financial Statements of COMMERZBANK Aktiengesellschaft as of June 30, 2013—Selected Notes—Note 10 (Segment reporting)*". In 2013 a number of new IFRS requirements were implemented at the COMMERZBANK Group, the effects of which are also reflected in segment reporting. See also "*Financial Section—Consolidated Interim Financial Statements of COMMERZBANK Aktiengesellschaft as of June 30, 2013—Selected notes—Changes to accounting policies*".

Below is a brief description of the Group's segments and their various divisions. For a detailed description, see "*Description of the COMMERZBANK Group's Business Activities—Segments*". The Private Customers, Mittelstandsbank, Central & Eastern Europe and Corporates & Markets segments, as well as Others and Consolidation, form the Core Bank of the COMMERZBANK Group.

- Several areas of the Private Customers (PC) segment were realigned in the third quarter of 2012. The segment is now organized in the Group divisions of Private Customers, Direct Banking and Commerz Real (formerly the Asset Management & Leasing Group division). Part of the former Credit Group division has been transferred to the Private Customers Group division, and the other part to the Group Services unit in Others and Consolidation. Its costs are again allocated to the Private Customers segment. The traditional branch business of private customers, private banking and business customers as well as Wealth Management are combined in the Private Customers Group division as part of the cost allocation process. Supported by local branches throughout Germany, the range of services corresponds to those of a full-service bank, the services of which include loans, deposits, securities, payment transactions and pension products. In Wealth Management, assistance is provided to affluent private customers in Germany and abroad, with asset management also included in this area. Its principal areas are securities management/asset management, credit management and financing and real estate management. Advice is also given in matters related to endowments and inheritance and in connection with corporate holdings. Commerz Direktservice GmbH, which provides call center services to COMMERZBANK customers, is also organized under the Private Customers Group division. The joint venture Commerz Finanz (engaged in installment loan sales in particular) is managed centrally by the Private Customers Group division, in which its results are included. Since July 1, 2012, the private real estate subportfolio of the Private Customer portfolio of Hypothekenbank Frankfurt AG (formerly: Eurohypo AG), which had been allocated to the Asset Based Finance segment until June 30, 2012, has also been included in the Private Customers segment. The Direct Banking Group division covers the activities of the comdirect-bank group. The B2B (European Bank for Fund Services GmbH) and B2C (comdirect) businesses concentrated in this area feature standardized advice and services offered to customers primarily over the Internet. Commerz Real has been integrated into the Private Customers segment as a Group division since July 2012 (except for the Warehouse service area). The range of products offered includes open-end real estate funds (hausInvest), to closed-end funds in real estate, aircraft, ships and renewable energy, institutional investments and structured investments in addition to equipment leasing.
- The Mittelstandsbank (MSB) segment is organized into the three Group divisions of Mittelstand Germany, Corporate Banking & International and Financial Institutions. The Mittelstand Group division Germany combines the business in Germany with SME customers, the public sector and institutional customers. The Corporate Banking & International Group division focuses on supporting corporate customers with sales volumes exceeding €500 million (as long as they are not handled as "multinational corporates" under Client Relationship Management in the Corporates & Markets segment). Smaller corporate groups having a high demand for capital market products and those with significant international activities are also managed here. The Corporate Banking & International Group division acts as a strategic partner for its customers through its foreign branches, both for the international business conducted by German corporate customers and for international companies conducting business in Germany. The competence center for customers from the renewable energy sector is also located in this Group division. The corporate customer business of the branches in the Czech Republic and Slovakia, COMMERZBANK (Eurasija) SAO in Russia and COMMERZBANK Zrt. in Hungary were transferred from the Central & Eastern Europe segment to the Corporate Banking & International Group division as of January 1, 2012. In this context, comparative figures for 2011 were adjusted accordingly. The Financial Institutions Group division is responsible for relationships with German and international banks and financial institutions as well as with central banks. Its strategic focus is on promoting COMMERZBANK as the preferred partner in the financial settlement of foreign trade. Financial Institutions promotes the financing and settlement of the export business of all COMMERZBANK Group customers through a worldwide network of correspondence banks and business relationships with emerging markets, thereby also providing support to other Group divisions in their international strategies. The branches in MSB's regions in Germany, Central and Eastern Europe, Western Europe and Asia offer the customers of the Group divisions a comprehensive range of services and products in the areas of payment transactions, financing solutions, interest and foreign currency management, investment advice and investment banking.
- The Central & Eastern Europe (CEE) segment comprises universal banking activities and direct banking in this region. It includes in particular COMMERZBANK's Polish subsidiary BRE Bank, which offers banking products for corporate customers, as well as financial services to private customers in Poland, the Czech Republic and Slovakia.

As of January 1, 2012, the branches in the Czech Republic and Slovakia, COMMERZBANK (Eurasija) SAO in Russia and COMMERZBANK Zrt. in Hungary, which had been assigned to the Central & Eastern Europe segment until then, were transferred to the Mittelstandsbank segment, as these units engage almost exclusively in business with corporate customers and are therefore no longer part of the focus of the new business model for Central & Eastern Europe. Comparative figures for the preceding year were adjusted accordingly. Holdings in microfinancing banks, which were sold in the 2012 and 2013 financial years, also had belonged to the CEE segment until their respective dates of sale. The sale of Bank Forum to the Ukrainian Smart Group was also completed in the fourth quarter of the 2012 financial year. See "*—Key factors influencing the net assets, financial position and results of operations—Key equity stake disposals*". In view of these sales, comparative figures for the preceding year were not adjusted.

- Corporates & Markets (C&M) comprises five Group divisions: Equity Markets & Commodities offers a wide range of products, including shares and commodities in addition to derivative products on shares and commodities. Fixed Income & Currencies handles the trading and marketing activities of interest, credit and foreign currency instruments. Corporate Finance encompasses arrangement and consulting services regarding equity, hybrid capital and debt capital instruments, as well as mergers and acquisitions. Credit Portfolio Management, an independent Group division since July 1, 2012, is responsible for the centralized global control and active management of the credit risks for Corporates & Markets. The portfolios transferred from the Portfolio Restructuring Unit are to be reduced in this division while preserving value. Corporates & Markets also includes Client Relationship Management, whose task is to advise German multinational DAX and MDAX companies, German and international insurance companies, financial investors (private equity investors), sovereign wealth funds and the public sector, as well as to provide support to the Research unit (securities and company analysis).

- The Non-Core Assets (NCA) reduction segment was established as of July 1, 2012, replacing the previous Asset Based Finance segment, as part of the measures adopted to restructure Eurohypo AG, which has been doing business under the name Hypothekenbank Frankfurt AG since August 31, 2012. The Non-Core Assets segment continues to house the commercial real estate financing of Commercial Real Estate Germany and Commercial Real Estate International. The segment also handles the Public Finance portfolio (Public Finance) and the entire ship financing portfolio (Deutsche Schiffsbank, previously Ship Finance). The Commercial Real Estate portfolios will continue to be managed primarily by Hypothekenbank Frankfurt AG. The Public Finance portfolio is allocated to Hypothekenbank Frankfurt AG, its subsidiary Hypothekenbank Frankfurt International S.A. in Luxembourg and the COMMERZBANK subsidiary Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg S.A. The Retail Banking areas of Hypothekenbank Frankfurt AG that are not allocated to the core business and the Commerz Real assets and holdings currently lacking placement options (referred to as the Warehouse portfolio) are also allocated to the Non-Core Assets segment; the private real estate subportfolio of the Private Customers portfolio of Hypothekenbank Frankfurt and Commerz Real were transferred to the Private Customers segment as of July 1, 2012. The infrastructure portfolios from the former Portfolio Restructuring Unit segment were also transferred to the Public Finance portfolio of the Non-Core Assets segment as of July 1, 2012; comparative figures for the preceding year were not adjusted in this regard. The Non-Core Assets segment is expected, over time, to reduce completely the portfolios for which it is responsible, largely without sales but while preserving value. See also "*Description of the COMMERZBANK Group's Business Activities—Strategy*"

- The Portfolio Restructuring Unit segment was wound up as of July 1, 2012. The remaining portfolios were transferred to the Corporates & Markets segment or to the Non-Core Assets segment. The income generated in the first half of the 2012 financial year continued to be reported until the end of the 2012 financial year (see "*Financial Section—Consolidated Financial Statements of COMMERZBANK Aktiengesellschaft as of December 31, 2012—Notes—Note 45 (Segment reporting)*"). The Portfolio Restructuring Unit was responsible for the reduction of assets related to the proprietary trading and investment activities which no longer reflected COMMERZBANK's customer-oriented strategy and were discontinued in the 2009 financial year. The purpose of the segment was to optimize the reduction of the portfolio capital. The positions managed by this segment initially included non-government secured Asset-backed Securities (ABS), other structured credit products and proprietary trading positions in corporate or financial bonds as well as exotic credit derivatives.

- Income and expenses not assignable to the operating business segments are allocated to Others and Consolidation (OaC). "Others" includes equity holdings no longer eligible for allocation to the operating segments as well as Group Treasury. The costs of the service units are also included, which – excluding integration and restructuring costs – are accounted for in full among the segments. Restructuring expenses for the implementation of the strategic agenda through to 2016 are reported under "Others". The assignment of the costs of the service units – excluding integration and restructuring costs, which remain under Others – is based on the cost allocation process. In this process, the individual service units indicate what percentage of their work they perform for the different segments. Following consultation with the segments, the costs of the Group Services units are allocated to the segments accordingly. Fluctuations in the direct costs of the Group Services units, such as due to staff reductions in these Group Services units, affect the results of the individual segments through cost allocation. "Consolidation" includes expenses and income that represent the reconciliation of internal management reporting figures shown in segment reporting with the consolidated financial statements in accordance with IFRS. The costs of the Group management units which are charged in full to the segments – except for integration and restructuring costs, which are recognized under “Others” – are also reported under this heading.

The COMMERZBANK Group's results of operations for the 2010, 2011 and 2012 financial years and for the first halves ending June 30, 2012 and June 30, 2013

The following table provides an overview of the Group's results of operations for the 2010, 2011 and 2012 financial years and for the first halves ending June 30, 2012 and June 30, 2013:

	Financial year ending December 31,			First half ending June 30,	
	2010[1)]	2011[2)]	2012[2)]	2012[3)]	2013[3)]
	(audited, unless otherwise indicated)			(auditor reviewed, unless otherwise indicated)	
	(€ m, except values per share)				
Interest income	18,306	17,343	14,559	8,658	7,514
Interest expense	11,252	10,619	9,020	5,180	4,529
Net interest income	7,054	6,724	5,539	3,478	2,985
Loan loss provisions	(2,499)	(1,390)	(1,660)	(616)	(804)
Net interest income after provisions	4,555	5,334	3,879	2,862	2,181
Commission income	4,237	4,055	3,711	1,893	1,924
Commission expense	590	560	520	260	269
Net commission income	3,647	3,495	3,191	1,633	1,655
Net trading income and net income from hedge accounting	1,958	1,986	1,121	248	308
Net investment income	108	(3,611)	81	(199)	(126)
Current net income from companies accounted for using the equity method	35	42	46	18	19
Other net income	(131)	1,253	(77)	(22)	(67)
Operating expenses	8,786	7,992	7,025	3,522	3,423
Operating profit/loss[4)]	**1,386**	**507**	**1,216**	**1,018**	**547**
Impairments of goodwill and brand names	—	—	—	—	—
Restructuring expenses	33	—	43	43	493
Income from the sale of disposal groups	—	—	(268)	(86)	—
Pre-tax profit/loss	**1,353**	**507**	**905**	**889**	**54**
Taxes on income and earnings	(136)	(240)	796	211	57
Consolidated profit (loss)	**1,489**	**747**	**109**	**678**	**(3)**
Consolidated profit (loss) attributable to non-controlling interests	59	109	103	53	48
Consolidated profit/loss attributable to COMMERZBANK shareholders	1,430	638	6	625	(51)
Earnings per share (in €)[5) 6)]	12.13	1.84	(0.38)	1.01	(0.07)

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2011.

2) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2012.

3) The figures shown are taken from COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2013. Reclassifications within the income statement and accounting changes were implemented beginning in the 2013 financial year. The comparative figures for the first half of 2012 have been adjusted accordingly and therefore differ from the figures in COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2012. See "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*".

4) Operating profit/loss at the COMMERZBANK Group is defined as the sum of net interest income after provisions, net commission income, net trading income, net income from hedge accounting, net investment income, current net income from companies accounted for using the equity method and other net income less operating expenses.

5) Unaudited. Earnings per share is the quotient of the consolidated profit (loss) attributable to COMMERZBANK shareholders and the average number of no-par-value shares issued. A distribution to silent participations must be deducted in advance from consolidated profit (loss) to the extent that such a distribution is expected to be made (in the case of earnings per share for one quarter) or has actually been made (in the case of earnings per share for a financial year).

6) Adjusted earnings per share after the stock consolidation (reverse stock split) carried out in May 2013 at a ratio of 10:1.

Comparison of the first halves ending June 30, 2012 and June 30, 2013

Group results of operations

The following table provides an overview of the Group's results of operations for the first halves ending June 30, 2012 and June 30, 2013:

	First half ending June 30,		Change	
	2012[1] (auditor reviewed)	2013[1] (auditor reviewed)	(unaudited)[2]	(auditor reviewed)[1]
		(€ m)		(%)
Net interest income	3,478	2,985	(493)	(14.2)
Loan loss provisions	(616)	(804)	(188)	(30.5)
Net interest income after provisions	2,862	2,181	(681)	(23.8)
Net commission income	1,633	1,655	22	1.3
Net trading income and net income from hedge accounting	248	308	60	24.2
Net investment income	(199)	(126)	73	36.7
Current net income from companies accounted for using the equity method	18	19	1	5.6
Other net income	(22)	(67)	(45)	—
Operating expenses	3,522	3,423	(99)	(2.8)
Operating profit/loss	**1,018**	**547**	**(471)**	**(46.3)**
Impairments of good will and brand names	—	—	—	—
Restructuring expenses	43	493	450	>100.0
Income from the sale of disposal groups	(86)	—	86	100.0
Pre-tax profit/loss	**889**	**54**	**(835)**	**(93.9)**
Taxes on income and earnings	211	57	(154)	(73.0)
Consolidated profit/loss	**678**	**(3)**	**(681)**	**—**
Consolidated profit (loss) attributable to non-controlling interests	53	48	(5)	(9.4)
Consolidated profit/loss attributable to COMMERZBANK shareholders	625	(51)	(676)	—

1) The figures shown are taken from COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2013. Reclassifications within the income statement and accounting changes were implemented beginning in the 2013 financial year. The comparative figures for the first half of 2012 have been adjusted accordingly and therefore differ from the figures in COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2012. See "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*".

2) The figures shown are unaudited and are taken from the accounting records of the Group.

Net interest income. Net interest income is mainly comprised of interest income from the lending and money market business and from the securities portfolio. It also includes the current income from participations and from properties (real estate) held for sale and from investment properties. Interest expense primarily consists of the interest expense for subordinated and hybrid capital, including securitized and other liabilities. Also included are the current expenses from properties held for sale and from investment properties. Interest flows from interest swaps and interest from derivative financial instruments that do not form part of the trading book are reported by COMMERZBANK in net interest income. In contrast, profit-sharing payments on the former silent participations of SoFFin and Allianz SE are not recognized in net interest income, but in the allocation of profit.

Interest income/expense from trading portfolios and derivative financial instruments from the trading book, which had been reported previously in net trading income, have been reported in net interest income beginning in the 2013 financial year. Actuarial interest income on plan assets and interest expense from pensions are also recognized in net interest income as of January 1, 2013. These were previously included in operating expenses. The comparative figures for the preceding year have been adjusted accordingly. In this regard, see *"—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year".*

The following table provides an overview of the Group's interest expense and income for the first halves ending June 30, 2012 and June 30, 2013:

	First half ending June 30,		Change[1]
	2012[1]	2013[1]	
	(auditor reviewed, unless otherwise indicated)		
	(€ m)		(%)
Interest income from lending and money market transactions and from securities portfolio (available for sale)	476	530	11.3
Interest income from lending and money market transactions and from securities portfolio (loans-and-receivables)	6,646	5,365	(19.3)
Interest income from lending and money market transactions and from securities portfolio (from applying the fair value option)	377	314	(16.7)
Interest income from lending and money market transactions and from securities portfolio (held for trading)	572	1,064	86.0
Prepayment penalty fees	55	68	23.6
Gain from the sale of loans-and-receivables and the repurchase of liabilities	121	101	(16.5)
Dividends from securities	42	25	(40.5)
Current net income from investments and non-consolidated subsidiaries	11	12	9.1
Current income from properties held for sale and from investment properties	35	35	—
Other interest income	323	—	(100.0)
Interest income	*8,658*	*7,514*	*(13.2)*
Interest expense on subordinated and hybrid capital[2]	461	421	(8.7)
Interest expense on securitized liabilities[2]	1,431	1,183	(17.3)
Interest expense on other liabilities[2]	2,659	1,953	(26.6)
Interest expense from application of the fair value option	437	446	2.1
Interest expense on securitized liabilities held for trading	60	56	(6.7)
Loss on the sale of loans-and-receivables and the repurchase of liabilities	72	37	(48.6)
Current expenses from properties held for sale and from investment properties	22	31	40.9
Other interest expense	37	402	—
Interest expense	*5,180*	*4,529*	*(12.6)*
Total	**3,478**	**2,985**	**(14.2)**

1) The figures shown are taken from COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2013. Reclassifications within the income statement and accounting changes were implemented beginning in the 2013 financial year. The comparative figures for the first half of 2012 have been adjusted accordingly and therefore differ from the figures in COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2012. See "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*".

2) The figures shown are unaudited and are taken from the accounting records of the Group.

Net interest income decreased by €493 million, or 14.2%, from €3,478 million in the first half of the 2012 financial year to €2,985 million in the first half of the 2013 financial year. Both interest income and interest expense declined compared to the same period for the previous year, by 13.2% and 12.6% respectively. The main reasons for the decrease in interest income and expense at Group level were the continued low level of market interest rates, the reduction of interest-bearing assets and liabilities, and declining interest income from the trading portfolio and derivative financial instruments from the trading book. The deposit business generated a lower contribution compared to the first half of the 2012 financial year, primarily due to margins. The contribution from the lending business also decreased in some segments due to a lower business volume.

Net interest income decreased across all segments. There was a marked decline particularly in the Corporates & Markets and Mittelstandsbank segments. Interest income in the Corporates & Markets segment was adversely affected by the decline in interest income from the trading portfolio and derivative financial instruments from the trading book. Interest income in the Mittelstandsbank segment was negatively influenced particularly by a further considerable reduction in the deposit margin. This effect could not be offset by an increase in the average deposit volume. In the Non-Core Assets segment, the decrease was primarily attributable to the reduction in the portfolio volume. In the Private Customers segment, the negative performance was mainly the result of the margin-related decline in the deposit business. In the Central & Eastern Europe segment, interest income was adversely affected by the reductions in the reference interest rate by the Polish central bank and the sale of Bank Forum. The decrease in Others and Consolidation resulted primarily from the performance of interest income at Group Treasury due to the low interest rate environment. In the first half of the 2012 financial year, net interest income of €66 million had been realized with structured assets, that were bundled in the Portfolio Restructuring Unit segment until June 30, 2012. The net interest income earned through these assets fell substantially in the first half of the 2013 financial year.

Loan loss provisions. The COMMERZBANK Group provides for default risks in the lending area by forming individual and portfolio valuation allowances. Individual valuation allowances based on consistent criteria throughout the Group are formed in the case of risks related to creditworthiness for claims on customers and banks. A valuation allowance for a loan is necessary when it is likely based on observable criteria that not all interest and redemption obligations can be performed as stipulated in the contract. The amount of the valuation allowance is equivalent to the difference between the book value of the loan minus the cash value of the expected cash flows. The COMMERZBANK Group continues to provide for credit risks in the form of portfolio value allowances. The amount of the portfolio value allowances to be formed is calculated by applying parameters derived from the Basel II regulations. Unless otherwise stated, the line item "Loan loss provisions" in this section "*Presentation and Analysis of the Net Assets, Financial Position and Results of Operations*" is presented as the balance from allocations to, and reversals of, valuation allowances and provisions after taking write-downs, write-ups and income recovered on previously written-down claims into consideration. See also "*Risk Management—Default risk—Intensive Care/Charges against earnings arising from impairments (loan loss provisions)*". Unless otherwise stated, the term "provisions" in the text of this section "*Presentation and Analysis of the Net Assets, Financial Position and Results of Operations*", other than in the tables, signifies net allocations to provisions.

Loan loss provisions amounted to €804 million in the first half of the 2013 financial year, an increase of €188 million (30.5%) over the level in the equivalent period of the previous year (€616 million). This is largely attributable to the increase in provisions in the Mittelstandsbank segment in the first half of 2013 and the increase in provisions due to continued high allocations in the Non-Core Assets segment. About half of the increase in provisions in the Mittelstandsbank segment in the first half of 2013 was attributable to a small number of individual counterparties that are in or near insolvency; provisions in the Mittelstandsbank segment in the first half of 2012 were at a historically low level. In addition, unlike in the first half of 2012 no positive effects from the regular annual update of parameters were reported in the first half of 2013 since these had already been taken into account in December 2012. The increase compared to the first half of 2012 was therefore the result of effects from the update of parameters carried out in the first quarter of 2012, which had led to a release of provisions at the Group in the amount of €91 million. Provisions in the Non-Core Assets segment increased slightly in the first half of 2013, compared to the equivalent period of the previous year, with the increase in provisions in the Commercial Real Estate business being driven by the need for provisions in respect of the United Kingdom. This predominantly resulted from a high need for provisions in the Commercial Real Estate portfolio in the United Kingdom due to unsuccessful restructuring negotiations and required revaluations of assets in respect of a small number of individual counterparties. The entire U.K. Commercial Real Estate portfolio (including performing and non-performing assets) was sold in the third quarter of 2013. In contrast, provisions for Deutsche Schiffsbank were slightly lower than in the equivalent period of the previous year, nevertheless remaining at a high level as a result of the persistently difficult market environment.

Net commission income. Net commission income mainly comprises commission income and expense from the securities business and asset management, payment transactions and the international business, the real estate lending business and from guarantees and syndications and the brokerage business. Beginning the 2013 financial year, commission income from the syndication business, previously recognized in net trading income, has been reported in net commission income.

The following table provides an overview of the Group's commission income and expense for the first half ending June 30, 2012 and June 30, 2013:

	First half ending June 30,		Change[1]
	2012[1]	2013[1]	
	(auditor reviewed, unless otherwise indicated)		
	(€ m)		(%)
Securities transactions[2]	512	578	12.9
Asset management[2]	86	92	7.0
Payment transactions and foreign business[2]	715	698	(2.4)
Real estate lending business[2]	77	59	(23.4)
Guarantees[2]	114	124	8.8
Net income from syndicated business[2]	129	141	9.3
Brokerage business[2]	139	118	(15.1)
Fiduciary transactions[2]	4	4	—
Other income[2]	117	110	(6.0)
Commission income[2]	*1,893*	*1,924*	*1.6*
Securities transactions[2]	87	89	2.3
Asset management[2]	16	19	18.8
Payment transactions and foreign business[2]	64	69	7.8
Real estate lending business[2]	18	19	5.6
Guarantees[2]	29	34	17.2
Net income from syndicated business[2]	1	1	—
Brokerage business[2]	32	34	6.3
Fiduciary transactions[2]	2	1	(50.0)
Other expenses[2]	11	3	(72.7)
Commission expense[2]	*260*	*269*	*3.5*
Net commission income			
Securities transactions	425	489	15.1
Asset management	70	73	4.3
Payment transactions and foreign business	651	629	(3.4)
Real estate lending business	59	40	(32.2)
Guarantees	85	90	5.9
Net income from syndicated business	128	140	9.4
Brokerage business	107	84	(21.5)
Fiduciary transactions	2	3	50.0
Other	106	107	0.9
Total	**1,633**	**1,655**	**1.3**

1) The figures shown, unless marked as "unaudited", are taken from COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2013. Reclassifications within the income statement and accounting changes were implemented beginning in the 2013 financial year. The comparative figures for the first half of 2012 have been adjusted accordingly and therefore differ from the figures in COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2012. See "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*".

2) The figures shown are unaudited and are taken from the accounting records of the Group.

Net commission income increased by €22 million, or 1.3%, from €1,633 million in the first half of the 2012 financial year to €1,655 million in the first half of the 2013 financial year. Net income increased particularly in the Private Customers segment. Decreasing uncertainty in the financial markets caused a slight recovery in customer activity and an increased demand for capital market products. In the Private Customers segment in particular income from the securities business increased as a consequence of this, relating to both the sales-based and the portfolio-based securities business. In addition the Mittelstandsbank profited from a positive contribution from foreign trade-related products. Net commission income declined in the Non-Core Assets segment, mainly due to the discontinuation of new business.

Net trading income and net income from hedge accounting. Net trading income has two components:

- Income generated from trading securities, promissory notes, precious metals and derivative instruments (including the income from the valuation of derivative financial instruments that fail to qualify for hedge accounting);
- Income from the application of the fair value option.

All financial instruments in the trading portfolio are valued at their fair value. Both stock exchange prices and internal price models (especially cash value and option price models) are used in the valuation. Interest and currency-related derivatives are valued in accordance with common market practice taking into account the particular fixing frequency for variable payments.

Interest income/expense from the trading portfolio and derivative financial instruments from the trading book previously recognized in net trading income are recognized in net interest income beginning in the 2013 financial year. Commission income from the syndication business, previously recognized in net trading income, is also reported in net commission income. The comparative figures for the previous year's period have been adjusted accordingly. See "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*".

The following table provides an overview of the composition of the Group's net trading income for the first halves ending June 30, 2012 and June 30, 2013:

	First half ending June 30		Change[1]
	2012[1]	2013[1]	
	(auditor reviewed)		
	(€ m)		(%)
Net trading income	350	161	(54.0)
Net gain/loss from application of the fair value option	(76)	111	—
Total	**274**	**272**	**(0.7)**

1) The figures shown are taken from COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2013. Reclassifications within the income statement and accounting changes were implemented beginning in the 2013 financial year. The comparative figures for the first half of 2012 have been adjusted accordingly and therefore differ from the figures in COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2012. See "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*".

Net income from hedge accounting includes gains and losses from the measurement of effective hedges in fair value hedge accounting as well as the ineffective portion of cash flow hedges.

The following table shows the Group's net income from hedge accounting for the first halves ending June 30, 2012 and June 30, 2013:

	First half ending June 30,		Change[1]
	2012[1]	2013[1]	
	(unaudited, unless otherwise indicated)		
	(€ m)		(%)
Changes in fair value attributable to hedging instruments	(102)	1,254	—
Changes in fair value attributable to hedged items	75	(1,218)	—
Profit/loss from fair value hedges	(26)	36	—
Net gain/loss of effectively hedged cash flow hedges (ineffective part only)	—	—	—
Total[2]	**(26)**	**36**	**—**

1) The figures shown are unaudited and are taken from the accounting records of the Group.
2) The figures shown are taken from COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2013 and have been reviewed by auditors.

Net trading income and net income from hedge accounting amounted to €308 million in the first half of the 2013 financial year, representing an increase of €60 million, or 24.2%, compared to €248 million in the first half of the 2012 financial year. Adjustments of €187 million to the fair value of own liabilities (own credit spread, or "OCS"), which affected almost exclusively the Corporates & Markets segment, contributed particularly to the increase in the comparison between the two periods. The affected items principally concerned securitized liabilities, which are required to be reported at market value due to the application of the IFRS fair value option. Reporting at market value requires taking account of changes to an entity's own credit risk (which increased in the first half of 2013). Since COMMERZBANK's spread, as reflected from trading in the market, increased during the first half of 2013, this valuation parameter resulted in a decline in the market value of the affected liabilities and hence in a positive contribution to income.

Developments in the individual segments were varied. In the Corporates & Markets segment, there was a marked increase of €396 million to €168 million in the first half of the 2013 financial year. This segment accounted for by far the largest part of net trading income and net income from hedge accounting in the Group. Apart from adjustments to the fair value of own liabilities, profits from the loan portfolio management in the Credit Portfolio Management Group division and an improved result in the Equity Markets & Commodities Group division contributed to the increase. In the Non-Core Assets segment, net trading income and net income from hedge accounting amounted to €–20 million in the first half of the 2013 financial year, thus remaining negative, although representing an improvement of €71 million upon the same period in the previous year. This was due to lower valuation losses from derivatives concluded as hedging instruments and the recalibration of the counterparty risk model. In contrast, there was a significant decrease of €264 million in Others and Consolidation, primarily attributable to the extremely high contribution of Group Treasury in the first half of the 2012 financial year due to cross currency hedges and the tenor basis of derivatives, which could not be achieved on the same scale in the first half of the 2013 financial year. Furthermore, net trading income in the first half of the 2013 financial year was burdened by losses from Bund futures used as hedges for the liquidity portfolio, partly offset by a positive one-time effect of €39 million resulting from the refinement in the method of recognizing bid-offer adjustments in 2013. Additionally, a one-time gain of €41 million in 2013 resulted from the refinement in the method of recognizing counterparty risks (implementation of the CVA / DVA methodology). Net trading income and net income from hedge accounting from structured assets, that were bundled in the Portfolio Restructuring Unit segment until June 30, 2012, amounted to €122 million in the first half of the 2012 financial year. Of the total earnings generated from these assets in the first half of the 2013 financial year, €137 million were accounted for by the Corporates & Markets segment – in its Credit Portfolio Management Group division – and €–46 million by the Non-Core Assets segment. The Central & Eastern Europe segment realized income of €51 million in the first half of the 2013 financial year, compared with €57 million in the first half of the 2012 financial year. The decrease of €6 million resulted primarily from the positive contribution to results in the first half of the 2012 financial year from the hedging of currency exchange risks from the decision to sell the stake in the Russian Promsvyazbank.

Net investment income. Net investment income comprises (divided into interest-bearing business and equity capital financial instruments) gains or losses from the disposal and measurement of available-for-sale securities and loans-and-receivables, securities holdings, shares in investment funds, shares in companies accounted for using the equity method and shares in non-consolidated subsidiaries.

Net investment income amounted to €–126 million in the first half of the 2013 financial year compared with €–199 million in the first half of the 2012 financial year, representing an improvement of €73 million.

Income from the interest-bearing business amounted to €–150 million in the first half of the 2013 financial year, and hence negative mainly due to substantial risk provisions charged in respect of the exposures of the COMMERZBANK Group to obligations of the City of Detroit in the second quarter of 2013 in the segment Non-Core Assets. Offsetting this development were releases from loan loss provisions resulting from valuation increases on European sovereign debt held in the loans-and-receivables portfolio. This was in line with the interest-bearing business of €–144 million in the first half of the 2012 financial year, which had been adversely affected by the negative result realized from the sale of Greek sovereign bonds and disposal losses from the targeted reduction of the public finance portfolio, particularly the reduction of Spanish and Hungarian sovereign bonds. All of these were reflected in the Non-Core Assets segment.

Income from equity instruments significantly increased in the first half of the 2013 financial year and included a number of countervailing effects. The positive income of €51 million realized from available-for-sale financial assets was partly compensated by measurement losses of €13 million from available-for-sale financial assets and charges of €14 million from companies accounted for using the equity method, particularly from measurement losses. In the first half of the 2012 financial year, income from equity instruments amounted to €–55 million, consisting primarily of charges from losses from the disposal and measurement of companies accounted for using the equity method.

Current net income from companies accounted for using the equity method. Current net income from companies accounted for using the equity method amounted to €19 million in the first half of the 2013 financial year, compared with €18 million in the first half of the 2012 financial year.

Other net income. Other net income represents the balance of all other income and expense. Other net income primarily includes additions to and reversals of reserves (including for legal proceedings, damage claims and expected losses) and income and expense from operating leasing agreements. Expenses and income from construction and architect's fees are accounted for in the building management conducted by the Commerz Real subgroup. Other net income also contains exchange rate fluctuations (currency conversion differences resulting from the conversion of receivables/liabilities of foreign currency subsidiaries, i.e., subsidiaries reporting in foreign currencies), gains or losses from the measurement of real estate investments and other taxes.

Other net income amounted to €–67 million in the first half of the 2013 financial year, compared with €–22 million in the first half of the 2012 financial year, representing a decrease of €45 million. The negative result in the first half of the 2013 financial year resulted from the increase in allocations to provisions, mostly in respect of litigation and an establishment of reserves for withholding tax liabilities in the United States at the end of the second quarter of 2013 (see "*Description of the COMMERZBANK Group's Business Activities—Legal proceedings—Settlement discussions with Internal Revenue Service*").

Operating expenses. Operating expenses includes personnel expenses, other operating expenses and the depreciation of office furniture and equipment, property and other intangible assets. Personnel expenses include the expenses for social contributions. In the presentation of the segments, the expenses of the service and Group management units are netted among the individual operating segments by origin, with the exception of the integration and restructuring expenses of these service and Group management units, which remain in the Others and Consolidation area. Since January 1, 2013, actuarial interest income on plan assets and the interest expense of pensions has been reported in net interest income. These items previously formed part of operating expenses. The comparative figures for the previous year's period have been adjusted accordingly. See "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*".

The following table shows the items composing operating expenses for the first halves ending June 30, 2012 and June 30, 2013:

	First half ending June 30,		Change[1]
	2012[1]	2013[1]	
	(auditor reviewed)		
	(€ m)		(%)
Personnel expenses	2,023	1,991	(1.6)
Other operating expenses	1,304	1,238	(5.1)
Depreciation of office furniture and equipment, property and other intangible assets	195	194	(0.5)
Total	**3,522**	**3,423**	**(2.8)**

1) The figures shown are taken from COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2013. Reclassifications within the income statement and accounting changes were implemented beginning in the 2013 financial year. The comparative figures for the first half of 2012 have been adjusted accordingly and therefore differ from the figures in COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2012. See "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*".

Operating expenses decreased by €99 million, or 2.8%, from €3,522 million in the first half of the 2012 financial year to €3,423 million in the first half of the 2013 financial year. Reductions in other operating expenses of €66 million, personnel expenses of €32 million and depreciation of office furniture and equipment, property and other intangible assets of €1 million contributed to the decrease. The decrease in other operating expenses was primarily attributable to declining occupancy expenses as a result of the ongoing consolidation of the branch network in Germany. The decrease in personnel expenses was mostly accounted for by declining current salaries due to a reduction in the number of employees despite increased salaries agreed by the negotiating partners in 2012 and a slight increase in accruals for variable compensation. Furthermore expenses for pensions decreased.

Operating profit/loss. As a result of these developments, the COMMERZBANK Group achieved an operating profit of €547 million in the first half of the 2013 financial year, compared with €1,018 million in the first half of the 2012 financial year, representing a decrease of €471 million or 46.3%. The main reasons for this were the sharp fall in net interest income and increased loan loss provisions. This development was only partially offset by adjustments to fair value of own liabilities, and the decline in operating expenses.

Restructuring expenses. Restructuring expenses amounted to €493 million in the first half of the 2013 financial year. Most of these were related to planned personnel measures as part of the "Strategy 2016 (Strategic Agenda)" and will be incurred principally by the Private Customers segment and the service and Group management units. See "*Description of the COMMERZBANK Group's Business Activities—Strategy*" and "*Risk Factors—Market and Company-related risks—5. There is a risk that the Group may not be able to implement its Strategic Agenda or may be able to do so only in part or at higher cost than planned, and that the implementation of planned measures may not lead to the achievement of the strategic objectives sought to be obtained".* Restructuring expenses in the prior year' period amounted to €43 million and resulted from the "revised EU condition of March 30, 2012" aimed at winding up Hypothekenbank Frankfurt AG (formerly: Eurohypo AG). See also "*—Key factors influencing the net assets, financial position and results of operations—Integration and restructuring costs*".

Pre-tax profit/loss. The developments described above led to a pre-tax gain of €54 million in the first half of the 2013 financial year. This amounts to a decrease of €835 million compared with the first half of the 2012 financial year, when the Group achieved a pre-tax profit of €889 million.

Taxes on income and earnings. In the first half of the 2013 financial year, a tax expense of €57 million (tax rate: 106%) was reported, whereas in the first half of the 2012 financial year a tax expense of €211 million (tax rate: 24%) had been incurred. The tax rate in the first half of the 2013 financial year resulted from the fact that profits in some branches and legal entities led to a tax expense (including the Luxembourg branch and BRE Bank), while at others losses were incurred for which no additional deferred tax assets were recorded. In particular, there was no relief to the tax rate due to losses at COMMERZBANK AG in Germany.

Consolidated profit/loss. In the first half of the 2013 financial year, the COMMERZBANK Group realized a loss of €3 million, compared with a profit of €678 million in the first half of the 2012 financial year. Consolidated profit/loss thus declined by €681 million compared with the previous year.

Segment performance

Private Customers

The following table provides an overview of the results of operations of the Private Customers segment for the first halves ending June 30, 2012 and June 30, 2013:

	First half ending June 30		Change[2]	
	2012[1]	2013[1]		
	(auditor reviewed)		(unaudited)	
	(€ m)			(%)
Net interest income	920	875	(45)	(4.9)
Loan loss provisions	(34)	(62)	(28)	(82.4)
Net interest income after provisions	886	813	(73)	(8.2)
Net commission income	784	817	33	4.2
Net trading income and net income from hedge accounting	1	1	—	—
Net investment income	2	8	6	>100.0
Current net income from companies accounted for using the equity method	10	15	5	50.0
Other net income	(11)	(19)	(8)	(72.7)
Operating expenses	1,505	1,512	7	0.5
Operating profit/loss	**167**	**123**	**(44)**	**(26.3)**
Restructuring expenses	—	—	—	—
Pre-tax profit/loss	**167**	**123**	**(44)**	**(26.3)**
Average capital employed	3,928	3,961	33	0.8
Cost/income ratio in operating business (%)	88.2	89.1	0.9	—
RWA (as of June 30)[2]	28,767	28,975	208	0.7

1) The figures shown are taken from COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2013. Effective January 1, 2013, reclassifications in the income statement and changes in accounting have been implemented. See "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*". The segments were also reorganized; see "*—Segments of the COMMERZBANK Group"*. The comparative figures for the first half of 2012 have been adjusted accordingly and therefore differ from the figures reported in COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2012.

2) The figures shown are unaudited and are taken from the accounting records of the Group.

At €1,697 million, income before provisions in the Private Customers segment was slightly lower in the first half of the 2013 financial year than in the first half of 2012 (€1,706 million). This slight decline was attributable to the Private Customers (primarily net interest income) and Commerz Real (primarily net commission income) Group divisions. In contrast, Direct Banking recorded an increase in income before provisions compared to the equivalent period of the previous year due to net commission income and net investment income.

Net interest income. Net interest income in the Private Customers segment decreased by €45 million, or 4.9%, from €920 million in the first half of the 2012 financial year to €875 million in the first half of the 2013 financial year. Net interest income was adversely affected by increased liquidity cost allocations (€–37 million) within the Group compared to the previous year. Net interest income in the deposit business decreased by €9 million, or 2.6%. However a considerable improvement in the interest margin in the deposit business could be achieved in the second quarter of the current year as a result of ongoing active interest rate management. At €75.6 billion, the deposit volume remained almost at the average level for the first 6 months of 2012, with a structural shift away from fixed-term deposits and towards demand deposits. In contrast, the lending business recorded a slight increase in earnings in the amount of €18 million, or 4.2%. The smaller net charge arising out of what is referred to as market value equalizations had a positive effect, *i.e.* downside in connection with the early repayment of loans, and improved margins in the construction loan and individual loan business. Lower earnings from the planned reduction of the consumer credit portfolio (€–10 million) and the retail banking core portfolio of Hypothekenbank Frankfurt (€–6 million) had a countervailing effect. Overall, the increase in new business volume compared to the first half of the 2012 financial year, particularly in respect of construction loans, which experienced a positive development in credit demand, was not sufficient to completely offset the diminution of the existing portfolio. Furthermore, interest income was also adversely affected by lower earnings from interest rate hedging transactions.

Loan loss provisions. Loan loss provisions increased by €28 million from €34 million in the first half of the 2012 financial year to €62 million in the first half of the 2013 financial year. The changes in provisions for the 2013 financial year resulting from the regular annual update of parameters had already been taken into account in the annual financial statements for 2012, with the result that provisions did not include any effects arising out of the recalibration in the first half of 2013. Without taking into account the reversal resulting from the regular annual update of parameters in the first quarter of 2012, provisions in the first half of 2013 were slightly lower than in the equivalent period of the previous year. The ongoing stability of the overall economic conditions in Germany in the first half of 2013 made a positive contribution to this development.

Net commission income. Net commission income generated in the Private Customers segment increased by €33 million, or 4.2%, from €784 million in the first half of 2012 to €817 million in the first half of 2013. This increase was primarily attributable to an improvement in securities earnings in both the sales-based and the portfolio-based securities business. The recovery of customer activity demonstrated that the uncertainty in the capital markets has at least temporarily subsided somewhat compared to the previous financial year. The development in respect of credit brokerage commissions had an offsetting effect, particularly as a result of lower earnings from the brokerage of consumer loans on behalf of Commerz Finanz.

Net trading income and net income from hedge accounting, net investment income, current net income from companies accounted for using the equity method, other net income. Net trading income and net income from hedge accounting remained unchanged in the first half of 2013 compared to the first half of the previous year, while net investment income increased by €6 million from €2 million to €8 million in the first half of 2013 as a result of capital gains on special funds of comdirect. Net income from companies accounted for using the equity method increased during the same period by €5 million from €10 million to €15 million as a result of higher earnings on the part of Commerz Finanz. In contrast, other net income decreased by €8 million from €–11 million in the first half of the 2012 financial year to €–19 million in the first half of the 2013 financial year, a result which was primarily attributable to the effect of a net release of provisions in the first half of the previous year compared to a net charge to allocations to provisions in the first half of 2013.

Operating expenses. Operating expenses increased slightly by €7 million, or 0.5%, from €1,505 million in the first half of the 2012 financial year to €1,512 million in the first half of the 2013 financial year. Personnel costs decreased slightly by €4 million compared to the first half of 2012 due to the synergy-driven reduction in the employee headcount. Operating costs increased by €25 million from €377 million in the first half of 2012 to €402 million. Lower charges in operating costs — resulting mainly from active cost management (for example, occupancy costs) — in the first half of 2013 were insufficient to offset greater expenditure for the new advertising campaign, an increase in provisions for court and legal fees, and investment in the realignment of the business model.

Operating profit/loss. Overall, the Private Customers segment realized operating profit in the amount of €123 million in the first half of 2013, compared to €167 million in the first half of 2012, corresponding to a decline of €44 million, or 26.3%. This was the result of the effects mentioned above, that is, primarily the poorer result from the interest-earning business and the increase in loan loss provisions; these effects could only be partially offset by improvements in net commission income.

Pre-tax profit/loss. No restructuring expenses were incurred in the Private Customers segment in either the first half of 2012 or the first half of 2013. Accordingly, the pre-tax result was identical to the operating result.

Mittelstandsbank

The following table provides an overview of the results of operations of the Mittelstandsbank segment for the first halves ending June 30, 2012 and June 30, 2013:

	First half ending June 30		Change[2]	
	2012[1]	2013[1]		
	(auditor reviewed)		(unaudited)	
	(€ m)			(%)
Net interest income	1,029	889	(140)	(13.6)
Loan loss provisions	3	(225)	(228)	—
Net interest income after provisions	1,032	664	(368)	(35.7)
Net commission income	543	552	9	1.7
Net trading income and net income from hedge accounting	(11)	(26)	(15)	(>100)
Net investment income	(7)	(21)	(14)	(>100)
Current net income from companies accounted for using the equity method	—	1	1	—
Other net income	(16)	28	44	—
Operating expenses	667	656	(11)	(1.6)
Operating profit/loss	**874**	**542**	**(332)**	**(38.0)**
Restructuring expenses	—	—	—	—
Pre-tax profit/loss	**874**	**542**	**(332)**	**(38.0)**
Average capital employed	5,841	5,839	(2)	(0.0)
Cost/income ratio in operating business (%)	43.4	46.1	2.7	—
RWA (as of June 30)[2]	53,191	56,106	2,915	5.5

1) The figures shown are taken from COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2013. Effective January 1, 2013, reclassifications in the income statement and changes in accounting have been implemented. See "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*". The segments were also reorganized; see "*—Segments of the COMMERZBANK Group"*. The comparative figures for the first half of 2012 have been adjusted accordingly and therefore differ from the figures reported in COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2012.

2) The figures shown are unaudited and are taken from the accounting records of the Group.

In the first half of the 2013 financial year, income before provisions in the Mittelstandsbank segment amounted to €1,423 million, representing a decrease of €115 million, or 7.5%, compared with the same period in the previous year. All Group divisions within the Mittelstandsbank segment were affected by this decline, albeit to varying degrees. The strongest decline in income before provisions was in the Corporate Banking & International Group division. In the Financial Institutions Group division, earnings likewise decreased slightly compared to the first half of the previous year, while the Mittelstand Germany Group division developed stably for the most part and made by far the greatest contribution to earnings (in absolute terms) within the segment.

Net interest income. Net interest income in the Mittelstandsbank segment, which amounted to €889 million in the first half of the 2013 financial year, declined by €140 million, or 13.6%, compared with net interest income of €1,029 million in the first half of the 2012 financial year. This substantial decrease in interest income was mainly caused by the continued low market interest rate levels in the first half of 2013, which had a major negative impact on the contribution from margins from the deposit business. This effect could not be offset by improved lending income compared to the previous year's period. The noticeable decline in interest income from the deposit business in the first half of 2013 was attributable to the considerable decrease in margins caused by market interest rates. The short-term market interest rate level in the first half of 2012, which was already low as compared over the long term, had again fallen suddenly by a substantial amount in the middle of the 2012 financial year, leading to an additional, considerable reduction in the segment's deposit margin in the first half of the 2013 financial year. This effect could not be offset by an increased average deposit volume of around 10%. All three Group divisions of Mittelstandsbank recorded significant growth in deposits. In the lending business, the contribution to overall results increased slightly in the first half of 2013 compared to the equivalent period of the previous year as a result of a further broadening of margins in the customer business, despite the average loan volume having fallen by a moderate single-digit billion euro amount in a half-year comparison. The main reasons for this volume decline were the ongoing reduction of non-strategic loan exposures abroad alongside weak demand for loans in Germany in the Corporate Banking & International Group division. In contrast, the Mittelstand Germany Group division, the backbone of the segment in the lending business, experienced an increase in demand in the first half of 2013, such that, following the robust performance in 2012, a further increase in the average loan volume has been discernible since the beginning of 2013. The development of the average loan volume in the Financial Institutions Group division was also marked by a decrease, albeit a small one. The targeted reduction of bank risks envisioned for the end of the first six months of 2012 as part of active capital management also served to dampen the loan business for the rest of the year continuing through into the first quarter of 2013, although signs of recovery could also be observed here in the second quarter of 2013.

Other net interest income decreased in the first half of 2013 compared to the equivalent period of the previous year. The main components of internal Group liquidity netting, which were previously part of other net interest income, have been reported under the lending or deposit business since the beginning of 2013.

Loan loss provisions. Loan loss provisions increased by €228 million in the first half of the 2013 financial year compared with the same period for the previous year. Whereas net income of €3 million was still realized in the first half of 2012, provisions in the first half of 2013 were equivalent to a net charge of €225 million, and thus significantly higher overall. About half of this increase in provisions in the Mittelstandsbank segment in 2013 was attributable to a small number of individual counterparties that were in or near insolvency. Changes to provisions resulting from the regular annual update of parameters for the 2013 financial year had already been taken into account in the annual financial statements for 2012, with the result that provisions in the first half of 2013 do not contain any effects from the recalibration. In the 2012 financial year, the Mittelstandsbank segment's provisions overall reached a historically low level. The low level of provisions in the first half of the 2012 financial year was primarily attributable to a lower number of new cases as well as positive effects from the regular annual update of parameters.

Net commission income. The Mittelstandsbank segment realized net commission income of €552 million in the first half of the 2013 financial year, representing an increase of €9 million, or 1.7%, compared with net commission income of €543 million in the first half of the 2012 financial year. As in the 2012 financial year, continuingly strong German foreign trade provided major impetus at the beginning of the 2013 financial year for the business of the Mittelstandsbank segment with foreign trade-related products, although a dampening in export activities could be discerned at the beginning of the second quarter of 2013. Nevertheless, foreign trade-related products continued to make a significant contribution (in the amount of approximately one-half) to the segment's total net commission income. The high level of results in the first half of 2012, particularly in the documentary business, was slightly exceeded in the equivalent period of 2013, however a decline was recorded in the foreign exchange business. Also, with respect to domestic payment transactions, the Mittelstandsbank segment achieved a contribution to the results in the first half of 2013 commensurate to the first half of 2012. Due to an increase in customer demand for capital market products in the first half of 2013, driven by syndicated lending, the contribution from this product group increased slightly. Another positive effect on net commission income on a half-yearly comparison resulted from a lower internal Group charge, reflecting the remuneration for other Group segments for their collaboration in common activities in this area.

Net trading income and net income from hedge accounting. A loss in the amount of €26 million was reported in net trading income and net income from hedge accounting in the first half of the 2013 financial year, compared to a loss of €11 million in the equivalent period of 2012. This decline in results was primarily attributable to negative valuation effects arising out of the modification of the counterparty default adjustment model, which takes into account default risk posed by counterparties to derivatives (see also "*—Changes in accounting principles*"). In this respect, the previous methodology was refined at the beginning of the year, which was reflected in greater volatility in results for the Mittelstandbank segment in the second quarter of 2013. Thus, the result in the first half of 2013 was impacted by a loss of €35 million, compared to a loss of €5 million in the same period in 2012. This effect was only partially offset by positive valuation effects arising in connection with securities taken onto the books in the context of a loan restructuring.

Net investment income, current net income from companies accounted for using the equity method, other net income. Net investment income was adversely affected by valuation effects arising out of shareholdings in the first half of the 2013 financial year, amounting to a loss of €21 million; a slightly negative result of €7 million was recorded in the equivalent period of the previous year. Current net income from companies accounted for using the equity method amounted to €1 million in the first half of 2013, while no results were reported in the equivalent period in 2012. Other net income was principally affected by a one-time charge arising out of rescheduled loans in the first half of the 2012 financial year, which resulted in a reported loss of €16 million. A gain of €28 million was reported in the first half of 2013, largely as a result of the release of provisions for court fees in the wake of a ruling in legal proceedings in favor of COMMERZBANK.

Operating expenses. Operating expenses decreased slightly by €11 million, or 1.6%, from €667 million in the first half of the 2012 financial year to €656 million in the first half of the 2013 financial year. While other operating expenses increased slightly, personnel expenses decreased slightly as a result of lower expenses for performance-based compensation components in the first half of 2013. A decrease in indirect operating expenses also contributed to the lower level of operating expenses on a half-yearly comparison.

Operating profit/loss. Overall the Mittelstandsbank segment realized an operating profit of €542 million in the first half of the 2013 financial year. The substantial decline in results of €332 million, or 38.0%, compared with the first half of the previous year was primarily determined by two factors. Results from provisions in the Mittelstandsbank segment, which in the first half of 2012 were still affected by positive effects arising in connection with high releases and an update of parameters, were in the first half of the 2013 financial year significantly burdened by the recording of new provisions for a number of individual exposures. In addition, the persistently low market interest rate level had a negative effect on net interest income in the first half of 2013, which also resulted in a considerable drop in results compared to the equivalent period of the previous year. This significant decline in results could only be offset to a limited extent by the positive development of other items, in particular other net income (as a result of special effects) and operating expenses.

Pre-tax profit/loss. Since no restructuring expenses were incurred in either the first half of the 2013 financial year or the previous year's period, pre-tax profit/loss is identical with operating profit/loss.

Central & Eastern Europe

The following table provides an overview of the results of operations of the Central & Eastern Europe segment for the first halves ending June 30, 2012 and June 30, 2013:

	First half ending June 30		Change[2]	
	2012[1]	2013[1]		
	(auditor reviewed)		(unaudited)	
	(€ m)			(%)
Net interest income	250	202	(48)	(19.2)
Loan loss provisions	(53)	(42)	11	20.8
Net interest income after provisions	197	160	(37)	(18.8)
Net commission income	97	100	3	3.1
Net trading income and net income from hedge accounting	57	51	(6)	(10.5)
Net investment income	6	9	3	50.0
Current net income from companies accounted for using the equity method	—	—	—	—
Other net income	20	17	(3)	(15.0)
Operating expenses	231	210	(21)	(9.1)
Operating profit/loss	**146**	**127**	**(19)**	**(13.0)**
Restructuring expenses	—	—	—	—
Income from the sale of disposal groups	(86)	—	86	100.0
Pre-tax profit/loss	**60**	**127**	**67**	**>100.0**
Average capital employed	1,889	1,688	(201)	(10.6)
Cost/income ratio in operating business (%)	53.7	55.4	1.7	—
RWA (as of June 30)[2]	15,971	14,206	(1,765)	(11.1)

1) The figures shown are taken from COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2013. Effective January 1, 2013, reclassifications in the income statement and changes in accounting have been implemented. See "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*". The segments were also reorganized; see "*—Segments of the COMMERZBANK Group"*. The comparative figures for the first half of 2012 have been adjusted accordingly and therefore differ from the figures reported in COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2012.

2) The figures shown are unaudited and are taken from the accounting records of the Group.

Net interest income. Net interest income in the Central & Eastern Europe segment declined by €48 million, or 19.2%, in the first half of the 2013 financial year, when it amounted to €202 million compared to €250 million in the first half of 2012. The Polish central bank reduced the reference interest rate to 2.75% by the end of June 2013. This interest rate had been as high as 4.75% at the middle of the previous year. This low interest rate in Poland resulted in a decrease in net interest income at BRE Bank compared with the first half of 2012, despite the increase in lending and especially deposit volumes in a climate of subdued demand for credit. Moreover, Bank Forum, which was sold in the fourth quarter of 2012, was still included in the segment in the first half of 2012, which also led to reduced net interest income.

Loan loss provisions. Loan loss provisions decreased by €11 million in the first half of the 2013 financial year compared with the first half of the previous year, from €53 million to €42 million. The decrease is primarily attributable to successful restructurings, which enabled provisions at BRE Bank to be reversed in the first half of 2013. This was in contrast to a number of larger allocations at BRE Bank in the first half of 2012. In the first half of 2012, Bank Forum contributed a net release to the segment's net income from provisions.

Net commission income. Net commission income in the Central & Eastern Europe segment remained virtually unchanged compared to the first half of 2012 despite minor negative effects from the sale of Bank Forum and new statutory regulations to reduce fees in the credit card business in Poland beginning in the 2013 financial year.

Net trading income and net income from hedge accounting. Net trading income and net income from hedge accounting decreased by €6 million, or 10.5%, compared with the first half of 2012 to €51 million in the first half of 2013. This decrease was caused by valuation effects of €22 million in the first half of the 2012 financial year related to the sale of the

Russian Promsvyazbank that did not reoccur in the first half of 2013. Net trading income at BRE Bank was above the previous year's level.

Net investment income, other net income. Net investment income as well as other net income remained basically unchanged in the year-on-year-comparison. Net investment income in both periods was mainly driven by sale of bonds by BRE Bank.

Operating expenses. Operating expenses decreased by €21 million, or 9.1%, from €231 million in the first half of 2012 to €210 million in the first half of the 2013 financial year. The decrease largely resulted from the sale of Bank Forum, which was still included in the results of the segment in the first half of 2012. This was partly offset by a moderate increase in costs at BRE Bank, partly driven by the implementation of the "One Bank" strategy and the full consolidation of certain subsidiaries in 2013.

Operating profit/loss. Operating profit in the Central & Eastern Europe segment decreased by €19 million, or 13.0%, to €127 million in the first half of the 2013 financial year, compared with €146 million in the first half of the 2012 financial year. BRE Bank's operating profit in the first half of 2013 was virtually unchanged from the prior-year period. This was offset, however, by the gain in the first half of 2012 arising from the market valuation effects related to the sale of Promsvyazbank, which did not recur in the first half of 2013. Currency effects had no material impact on the comparison of the first half of the 2012 and 2013 financial years at the Central & Eastern Europe segment.

Pre-tax profit/loss. Pre-tax profit in the Central & Eastern Europe segment increased by €67 million from €60 million in first half of 2012 to €127 million in first half of 2013, because the first half of financial year 2012 included a loss on the prospective selling price of disposals of €86 million from the sale of Bank Forum. This sale was closed in the fourth quarter of 2012.

Corporates & Markets

The following table provides an overview of the results of operations of the Corporates & Markets segment for the first halves ending June 30, 2012 and June 30, 2013:

	First half ending June 30,		Change[2)]	
	2012[1)]	2013[1)]		
	(auditor reviewed)		(unaudited)	
	(€ m)			(%)
Net interest income	831	750	(81)	(9.7)
Loan loss provisions	(50)	45	95	—
Net interest income after provisions	781	795	14	1.8
Net commission income	177	175	(2)	(1.1)
Net trading income and net income from hedge accounting	(228)	168	396	—
Net investment income	4	12	8	>100.0
Current net income from companies accounted for using the equity method	9	8	(1)	(11.1)
Other net income	(5)	39	44	—
Operating expenses	661	673	12	1.8
Operating profit/loss	**77**	**524**	**447**	**>100.0**
Restructuring expenses	—	—	—	—
Pre-tax profit/loss	**77**	**524**	**447**	**>100.0**
Average capital employed	3,238	3,297	59	1.8
Cost/income ratio in operating business (%)	83.9	58.4	(25.5)	—
RWA (as of June 30)[2)]	26,129	32,367	6,238	23.9

1) The figures shown are taken from COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2013. Effective January 1, 2013, reclassifications in the income statement and changes in accounting have been implemented. See "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*". The segments were also reorganized; see "*—Segments of the COMMERZBANK Group"*. The comparative figures for the first half of 2012 have been adjusted accordingly and therefore differ from the figures reported in COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2012.
The figures for the first half of 2013 also include the reduction positions of the former Portfolio Restructuring Unit segment. The comparative figures for the first half of 2012 were not adjusted to this extent.

2) The figures shown are unaudited and are taken from the accounting records of the Group.

Income before provisions performed differently at the individual Group divisions in half of 2013 as compared to the same period in 2012. In the Corporate Finance Group division, there was a decline, primarily attributable to lower income in the Structured Capital Markets business and DCM Bonds resulting from declining customer activity. In the Fixed Income & Currencies Group division, there was similarly a decrease in overall income despite improved contributions from interest rate trading, primarily driven by a decrease in income from credit trading and currency trading. In the Equity Markets &

Commodities Group division, by contrast, income increased, primarily due to increased demand for share and derivative products and the implementation of corporate actions. The Credit Portfolio Management Group division more than doubled its income in the first half comparison, although this income was still much lower in absolute terms than in the other Group divisions. This was mainly caused by the integration of structured credit assets in this Group division. These were part of the Portfolio Restructuring Unit segment in the first half of 2012.

Net interest income. Net interest income decreased by €81 million, or 9.7%, from €831 million in the first half of the 2012 financial year to €750 million in the first half of the 2013 financial year. The reduction was mainly driven by lower loan volumes due to reduced demand from clients. In the Corporate Finance Group division, income from the marketing of liquidity management products decreased as a result of the continuing low interest rate levels. Net interest income within this Group division also decreased particularly in the Structured Capital Markets product area, where fewer of the larger single transactions typical in this product area were originated in the first half of 2013. Further contributing to the decrease in net interest income was a significant write-down on a single position in Structured Credit Legacy. Another material effect resulted from the changes to accounting principles implemented in the first half of 2013. The reclassification of interest income/expense (interest income from securities, securitizations and derivatives, and the refinancing of trading activities), previously reported in net trading income, resulted in a substantial income shift from net trading income to net interest income. The 2012 results were restated to reflect this adjustment to net interest income but the adjustment proved even higher in the first half of 2013 compared with the first half of 2012, resulting in a difference of €38 million.

Loan loss provisions. Provisions decreased by €95 million, from €50 million in the first half of the 2012 financial year, resulting in a net release of €45 million in the first half of 2013. Generally, the segment's provisions are significantly affected by the performance of individual large exposures. Thus the reduction in the first half of 2013 was primarily driven by the successful restructuring of exposures in contrast to the first half of 2012, when a single exposure with a material impact on provisions in particular had to be taken into account.

Net commission income. Net commission income decreased by €2 million, or 1.1%, in the first half of the 2013 financial year, from €177 million to €175 million. This was mainly caused by reduced net commission income in the Corporate Finance Group division resulting from a decrease in new bond issues as well as reduced business activities in syndicated loans, Structured Capital Markets and M&A transactions. In addition, net commission income was adversely affected by lower income from the currency business at the Fixed Income & Currencies Group division. Net commission income increased within Credit Portfolio Management Group division and Equity Markets & Commodities Group division driven by restructurings and increased client flow.

Net trading income and net income from hedge accounting. Net trading income and net income from hedge accounting improved significantly from €–228 million to €168 million. The most important factor for the recovery in net trading income was the adjustment to the fair value of own liabilities (own credit spread, or "OCS"), which changed from reporting a loss of €142 million in the first half of 2012 to generating income of €45 million in the first half of the 2013 financial year. The affected positions principally concerned securitized liabilities, which are required to be reported at market value due to the application of the IFRS fair value option. Reporting at market value requires taking account of an entity's own credit risk. Since COMMERZBANK's spread, as reflected from trading in the market, increased during the first half of 2013, this valuation parameter resulted in a decline in the market value of the affected liabilities and hence in a positive contribution to income. The reclassification from net trading income to net interest income was €38 million lower in the first half of 2013 than the first half of 2012, which resulted in an improvement in net trading income; see also above, "—*Net interest income*". CVA, DVA and related hedges contributed €–24 million in the first half of 2013 compared to a €9 million gain in the same period in 2012. The Credit Portfolio Management Group division, an independent Group division within the Corporates & Markets segment since July 2012, made a significant contribution to the positive result in the first half of 2013. This was made possible by the inclusion of €137 million of trading income resulting from positions within the Structured Credit Legacy business which was part of the former Portfolio Restructuring Unit segment in the first half of 2012, as well as a result of trading income in loan portfolio management, where losses had been incurred in the first half of 2012. This had been caused by the divergence of spreads for various hedging instruments. A gain was reported in the first half of 2013. Excluding the above-mentioned OCS effect, net trading income increased at the Corporate Finance and Equity Markets & Commodities Group divisions in the half yearly comparison, primarily due to increased customer demand in the share and derivatives business and in corporate actions, while it fell at Fixed Income & Currencies despite improvements in income from interest trading, primarily due to lower income in currency trading and trading with credit products.

Net investment income, current net income from companies accounted for using the equity method, other net income. While in the first half of the 2012 financial year a gain of €4 million was realized in net investment income, in the first half of 2013 a gain of €12 million was reported. This was primarily attributable to a gain on a legacy position booked under the Structured Credit Legacy partly offset by losses from available-for-sale portfolios and permanent impairments to other positions in the first half of 2013. Current net income from companies accounted for using the equity method decreased from €9 million to €8 million based on the half yearly comparison, while other net income improved from €–5 million to €39 million. The latter resulted primarily from a release of a provision taken in 2012.

Operating expenses. Operating expenses increased from €661 million in the first half of 2012 to €673 million in the first half of 2013. This included an increase in personnel expenses, particularly the performance based component thereof reflecting improved revenue in the first half of 2013. There was also an increase in the indirect costs to the Corporates & Markets segment. This was offset, however, by a reduction in direct operating expenses driven by a VAT provision release and lower legal fees.

Operating profit/loss. Operating profit increased from €77 million to €524 million, primarily due to the OCS impact on the first half comparison, the integration of structured credit assets from the former Portfolio Restructuring Unit segment to Corporates & Markets, and improved contribution from Equity Markets & Commodities.

Pre-tax profit/loss. Because no restructuring expenses were incurred, pre-tax profit/loss is identical with operating profit/loss.

Non-Core Assets

The following table provides an overview of the results of operations of the Non-Core Assets segment for the first halves ending June 30, 2012 and June 30, 2013:

	First half ending June 30		Change[2]	
	2012[1]	2013[1]		
	(auditor reviewed)		(unaudited)	
	(€ m)			(%)
Net interest income	340	351	11	3.2
Loan loss provisions	(479)	(522)	(43)	(9.0)
Net interest income after provisions	(139)	(171)	(32)	(23.0)
Net commission income	46	38	(8)	(17.4)
Net trading income and net income from hedge accounting	(91)	(20)	71	78.0
Net investment income	(257)	(149)	108	42.0
Current net income from companies accounted for using the equity method	—	(2)	(2)	—
Other net income	19	9	(10)	(52.6)
Operating expenses	186	178	(8)	(4.3)
Operating profit/loss	**(608)**	**(473)**	**135**	**22.2**
Restructuring expenses	43	0	(43)	(100.0)
Pre-tax profit/loss	**(651)**	**(473)**	**178**	**27.3**
Average capital employed	10,172	9,854	(318)	(3.1)
Cost/income ratio in operating business (%)	326.3	78.4	(247.9)	—
RWA (as of June 30,)[2]	67,225	64,105	(3,120)	(4.6)

1) The figures shown are taken from COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2013. Effective January 1, 2013, reclassifications in the income statement and changes in accounting have been implemented. See "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*". The segments were also reorganized; see "*—Segments of the COMMERZBANK Group*". The comparative figures for the first half of 2012 have been adjusted accordingly and therefore differ from the figures reported in COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2012.
The figures for the first half of 2013 also include the reduction positions of the former Portfolio Restructuring Unit segment. The comparative figures for the first half of 2012 were not adjusted to this extent.

2) The figures shown are unaudited and are taken from the accounting records of the Group.

Net interest income. Net interest income increased by €11 million, or 3.2%, from €340 million in the half of the 2012 financial year to €351 million in the first half of the 2013 financial year. The increase was due to significant adjustments in conditions in cases in which a credit extension was granted for economic reasons. In addition, net interest income benefited from lower refinancing costs. These positive contributions to interest income more than offset the reduced income due to portfolio reduction mainly in the Commercial Real Estate Business.

Loan loss provisions. In the first half of the 2013 financial year, provisions, at €522 million, were €43 million higher than in the equivalent period of the previous year (€479 million). Provisions in the Commercial Real Estate business increased by €90 million from €188 million in the first half of the 2012 financial year to €278 million in the first half of the 2013 financial year with the increase in provisions largely attributable to the commercial real estate financing portfolio in the United Kingdom. The higher need for provisions in the Commercial Real Estate portfolio in the United Kingdom resulted from unsuccessful restructuring negotiations and the required revaluation of assets in respect of a small number of individual counterparties. The entire U.K. Commercial Real Estate portfolio (including performing and non-performing assets) was sold in the third quarter of 2013. In contrast, a decrease in provisions in both the Commercial Real Estate Germany Group division and in the U.S. portfolio was recorded in the first half of 2013 compared to the first half of the previous year, and benefitted primarily from releases due to successful restructurings, which reflected the stabilizing trend observed in these markets in the first half of 2013. The situation in the commercial real estate market in Spain remains strained, however provisions in respect thereof remained stable for the most part compared to the equivalent period of the previous year. In Deutsche Schiffsbank, provisions decreased by €36 million from €284 million in the first half of 2012 to €248 million in the first half of 2013. However, the situation in the shipping markets remained challenging in the first half of 2013 as a result of the sluggish economic growth in the global economy and correspondingly subdued trading volumes, coupled with high levels of fleet over-capacity. Provisions in Public Finance decreased by €12 million, which resulted in a net gain of €5 million in the first half of 2013. This development was almost exclusively due to a decline in general provisions.

Net commission income. Net commission income decreased as expected from €46 million in previous year to €38 million in the first half of 2013 due to the discontinuation of the origination of new business. The decline impacted the Commercial Real Estate business.

Net trading income and net income from hedge accounting. The improvement of €71 million in net trading income and net income from hedge accounting, from €–91 million in the first half of 2012 to €–20 million in the first half of 2013, primarily reflects the remeasurement of counterparty default adjustments (implementation of the CVA / DVA methodology) as well as lower valuation losses from derivatives concluded as hedging instruments in Public Finance and Deutsche Schiffsbank. CVA, DVA and related hedges contributed a gain of €54 million in the first half of 2013 compared to a loss of €30 million in the same period in 2012. In addition, positive effects were experienced in the Commercial Real Estate International Group division from valuation requirements for hedging derivatives. This was offset by a negative effect on earnings in the first half of 2013 from the infrastructure portfolio, which had been reclassified from the former Portfolio Restructuring Unit segment to the Public Finance portfolio as of July 1, 2012.

Net investment income. Net investment income improved significantly by €108 million in the first half of 2013 to €–149 million, compared to €–257 million in the first half of 2012. The first half of 2013 was significantly affected by write-downs on securities classified as loans and receivables in the Public Finance division, including exposures of the COMMERZBANK Group companies to obligations of the City of Detroit. The negative value in the first half of 2012 had been marked, among other things, by losses from disposals in Public Finance following risk reduction in the public finance portfolio (especially due to the disposal of bonds of a number of countries, including Spain and Hungary) and losses from the exchange and sale of Greek bonds as part of the private sector involvement. The Deutsche Schiffsbank portfolio and the Commercial Real Estate business also recorded substantial losses in the first half of 2012. In addition to a gain realized from a transaction in the United Kingdom, the Commercial Real Estate International Group division also reported smaller valuation effects in the first half of 2013.

Current net income from companies accounted for using the equity method, other net income. At €–2 million, current net income from companies accounted for using the equity method in the first half of 2013 was close to the previous year's level of €0 million. The gain from other net income of €9 million was lower than the €19 million recorded in the previous year, and resulted from a number of different and to some extent countervailing factors, *i.e.*, currency effects in the Warehouse portfolio and accruals.

Operating expenses. Operating expenses decreased by €8 million, from €186 million the first half of 2012 to €178 million in the first half of the 2013 financial year. The decrease resulted from sustained cost management for indirect costs as well as personnel costs, reflecting the decline in headcount compared with the first half of 2012. The cost reduction was achieved in all Group divisions apart from Commercial Real Estate due to an increase of legal fees and consulting fees regarding the sale of the Commercial Real Estate financing portfolio in United Kingdom.

Operating profit/loss. Operating profit/loss improved by €135 million, from €–608 million in the first half of 2012 to €–473 million in the first half of 2013. This resulted mainly from the performance in net investment income and net trading income described above.

Pre-tax profit/loss. Because no restructuring expenses were incurred in the first half of 2013, the pre-tax loss of €–473 million was identical with operating loss. Restructuring expenses of €43 million were incurred in the first half of the 2012 financial year due to the "revised EU condition of March 30, 2012" relating to Hypothekenbank Frankfurt AG (formerly: Eurohypo AG) and the resulting decision to reduce the entire non-core business. See "*—Key factors influencing the net assets, financial position and results of operations—Integration and restructuring costs*". Pre-tax loss amounted to €–651 million in the first half of 2012.

Others and Consolidation

The following table provides an overview of the results of operations of Others and Consolidation for the first halves ending June 30, 2012 and June 30, 2013:

	First half ending June 30		Change[2]	
	2012[1]	2013[1]		
	(auditor reviewed)		(unaudited)	
	(€ m)			(%)
Net interest income	42	(82)	(124)	(>100.0)
Loan loss provisions	—	2	2	—
Net interest income after provisions	42	(80)	(122)	(>100.0)
Net commission income	(14)	(27)	(13)	(92.9)
Net trading income and net income from hedge accounting	398	134	(264)	(66.3)
Net investment income	25	15	(10)	(40.0)
Current net income from companies accounted for using the equity method	(1)	(3)	(2)	(>100.0)
Other net income	(29)	(141)	(112)	(>100.0)
Operating expenses	243	194	(49)	(20.2)
Operating profit/loss	**178**	**(296)**	**(474)**	**(>100.0)**
Restructuring expenses	—	493	493	—
Pre-tax profit/loss	**178**	**(789)**	**(967)**	**(>100.0)**
Average capital employed	2,263	3,921	1,658	73.3
Cost/income ratio in operating business (%)	—	—		—
RWA (as of June 30)[2]	14,049	12,881	(1,168)	(8.3)

1) The figures shown are taken from COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2013. Effective January 1, 2013, reclassifications in the income statement and changes in accounting have been implemented. See "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*". The segments were also reorganized; see "*—Segments of the COMMERZBANK Group"*. The comparative figures for the first half of 2012 have been adjusted accordingly and therefore differ from the figures reported in COMMERZBANK's condensed interim consolidated financial statements for the half-year period ending June 30, 2012.

2) The figures shown are unaudited and are taken from the accounting records of the Group.

Net interest income. Net interest income declined by €124 million from €42 million in the first half of the 2012 financial year to €–82 million in the first half of the 2013 financial year. This was mainly due to lower net interest income from Group Treasury where, largely resulting from to the continuing low interest rate environment, spread and rate management activities provided lower revenues. Additionally, Others and Consolidation was affected by a negative impact of €18 million from a change of the consolidation scope pursuant to IFRS 10 that took place at the beginning of the 2013 financial year (note that this effect is fully offset by equal and opposite effects under "*Other net income"* and *"Operating expenses"*; see below).

Net commission income. Net commission income decreased by €13 million, from €–14 million in the first half of the 2012 financial year to €–27 million in the first half of the 2013 financial year, mainly due to a series of different, smaller and to some extent compensating individual effects that together served to reduce net commission income.

Net trading income and net income from hedge accounting. Net trading income and net income from hedge accounting declined by €264 million, from €398 million in the first half of the 2012 financial year to €134 million in the first half of the 2013 financial year. This was primarily attributable to the substantial decrease in net trading income at Group Treasury, despite being partially offset by a positive one-time effect of €39 million resulting from the refinement in the method of recognizing bid-offer adjustments in 2013. Additionally, a one-time gain of €41 million in 2013 resulted from the refinement of the method of recognizing counterparty risks (implementation of the CVA / DVA methodology). This gain was partially offset by negative DVAs of €26 million in the first half of 2013. Net trading income in Group Treasury in the first half of the 2012 financial year was highly driven by increases in cross currency spreads. This resulted in large positive valuation effects on existing cross currency swaps to hedge foreign currency liquidity. In addition Group Treasury showed large positive valuation effects from changes in the tenor basis of derivatives. In the first half of the 2013 financial year it was not possible to repeat the extremely good result of the previous year's first half, however the Group still reports positive income from interest rate risk management, partially reduced by losses on Bund futures used as hedges for the liquidity portfolio and negative cross currency basis spread effects.

Net investment income. Net investment income decreased by €10 million, from €25 million in the first half of the 2012 financial year to €15 million in the first half of the 2013 financial year. This decline was mainly due to Group Treasury, which in the first half of the 2012 financial year realized gains of approximately €27 million by selling European sovereign bonds (primarily German bunds) and debt securities issued by financial institutions. In the first half of the 2013 financial year Others and Consolidation included gains from the sale of small participations.

Other net income. The decline in other net income, which decreased by €112 million, from €–29 million in the first half of the 2012 financial year to €–141 million in the first half of the 2013 financial year, was mainly due to additions to the Group's legal provisions as well as due to a negative impact of €28 million on net income from Group-occupied real estate resulting from the change of the consolidation scope pursuant to IFRS 10, which took place at the beginning of the 2013 financial year (note that this effect is fully offset by equal and opposite effects under Net interest income and Operating expenses; see above and below).

Operating expenses. Operating expenses decreased by €49 million, from €243 million in the first half of the 2012 financial year to €194 million in the first half of the 2013 financial year. This decrease was mainly due to the impact of €46 million decline due to the change of the consolidation scope related to IFRS 10 that took place at the beginning of the 2013 financial year (note that this effect is fully offset by equal and opposite effects under Net interest income and Other net income; see above).

Operating profit/loss. Operating loss amounted to €–296 million in the first half of the 2013 financial year, representing a significant decrease of €474 million compared with the operating profit of €178 million for the first half of the 2012 financial year. The main cause was the considerable decrease at Group Treasury.

Restructuring expenses. Restructuring expenses of €493 million were incurred in the first half of the 2013 financial year. No restructuring expenses were incurred in the first half of the 2012 financial year. See also "*—Key factors influencing the net assets, financial position and results of operations—Integration and restructuring costs*".

Pre-tax profit/loss. Pre-tax loss amounted to €–789 million in the first half of the 2013 financial year, representing a significant decrease of €967 million compared with the pre-tax profit of €178 million in the first half of the 2012 financial year. This was primarily attributable to the considerable decrease at Group Treasury as well as restructuring expenses of €493 million incurred in the first half of the 2013 financial year.

Comparison of the 2011 and 2012 financial years

Group results of operations

The following table provides an overview of the Group's results of operations for the 2011 and 2012 financial years:

	Financial year ending December 31,		Change	
	2011[1] (audited)	2012[1] (audited)	(unaudited)[2]	(audited)[1]
		(€ m)		(%)
Net interest income	6,724	5,539	(1,185)	(17.6)
Loan loss provisions	(1,390)	(1,660)	(270)	(19.4)
Net interest income after provisions	5,334	3,879	(1,455)	(27.3)
Net commission income	3,495	3,191	(304)	(8.7)
Net trading income and net income from hedge accounting	1,986	1,121	(865)	(43.6)
Net investment income	(3,611)	81	3,692	—
Current net income from companies accounted for using the equity method	42	46	4	9.5
Other net income	1,253	(77)	(1,330)	—
Operating expenses	7,992	7,025	(967)	(12.1)
Operating profit/loss	**507**	**1,216**	**709**	**>100.0**
Impairments of good will and brand names	—	—	—	—
Restructuring expenses	—	43	43	—
Income from the sale of disposal groups	—	(268)	(268)	—
Pre-tax profit/loss	**507**	**905**	**398**	**78.5**
Taxes on income and earnings	(240)	796	1,036	—
Consolidated profit (loss)	**747**	**109**	**(638)**	**(85.4)**
Consolidated profit (loss) attributable to non-controlling interests	109	103	(6)	(5.5)
Consolidated profit/loss attributable to COMMERZBANK shareholders	638	6	(632)	(99.1)

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2012.
2) The figures shown are unaudited and are taken from the Group's accounting records.

Net interest income. The following table provides an overview of the Group's interest expense and income for the 2011 and 2012 financial years:

	Financial year ending December 31,		Change[1]
	2011[1]	2012[1]	
	(audited, unless otherwise indicated)		
	(€ m)		(%)
Interest income from lending and money market transactions and from securities portfolio (available for sale)	1,232	876	(28.9)
Interest income from lending and money market transactions and from securities portfolio (loans-and-receivables)	15,456	12,856	(16.8)
Interest income from lending and money-market transactions and from securities portfolio (from applying the fair value option)	119	101	(15.1)
Prepayment penalty fees	87	139	59.8
Gain from the sale of loans-and-receivables and repurchase of liabilities	166	264	59.0
Dividends from securities	115	221	92.2
Current net income from investments and non-consolidated subsidiaries	41	21	(48.8)
Current income from properties held for sale and from investment properties	127	69	(45.7)
Other interest income	—	12	—
Interest income	**17,343**	**14,559**	**(16.1)**
Interest expense on subordinated and hybrid capital including securitized and other liabilities[2]	9,780	8,546	(12.6)
Of which			
Interest expense on subordinated and hybrid capital	940	891	(5.2)
Interest expense on securitized liabilities	3,584	2,733	(23.7)
Interest expense for other liabilities	5,256	4,922	(6.4)
Interest expense from application of the fair value option	36	50	38.9
Loss on the sale of loans-and-receivables and repurchase of liabilities	73	103	41.1
Current expenses from properties held for sale and from investment properties	78	54	(30.8)
Other interest expense	652	267	(59.0)
Interest expense	**10,619**	**9,020**	**(15.1)**
Total	**6,724**	**5,539**	**(17.6)**

1) Unless otherwise indicated, the figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2012.
2) The figures shown are unaudited and are taken from the Group's accounting records.

Net interest income declined by €1,185 million, or 17.6%, from €6,724 million in the 2011 financial year to €5,539 million in the 2012 financial year. Both interest income and interest expense decreased by 16.1% and 15.1%, respectively, compared with the 2011 financial year. The main reason for the lower interest income and expenses at the Group level was the reduction of interest-bearing assets and liabilities, partially resulting from the targeted reduction measures undertaken in the Non-Core Assets segment. In comparison with the 2011 financial year, the contribution by the deposit business was lower as a result of margins primarily attributable to higher market interest rates, while the decline in lending was largely due to the reduction of volume. Aside from positive non-recurring income in the 2011 financial year, the alignment toward liquidity contributed to the decline in net interest income, *i.e.*, surplus liquidity from the existing net liability position was invested in highly liquid securities, which generated lower earnings.

A substantial decline in some cases was reported in the Private Customers, Mittelstandsbank, Corporates & Markets, Central & Eastern Europe and Non-Core Assets (NCA) segments, while net interest income increased slightly in Others and Consolidation. The interest income in the Mittelstandsbank segment was adversely affected by a markedly lower deposit margin, while credit-induced net interest income was slightly above that of the 2011 financial year. The signficant average annual increase in deposit volume in 2012 could not compensate for the markedly-decreasing deposit margin compared with that in the 2011 financial year. Net interest income in this segment was also negatively influenced by the fact that non-recurring income from rescheduled loans was included in the 2011 financial year. Non-recurring income from rescheduled loans also negatively affected the Corporates & Markets segment in the year-on-year comparison. The decline in interest income in this segment in the 2012 financial year was primarily attributable to reduced loan volumes. In contrast, the inclusion of positions reported under the Portfolio Restructuring Unit segment until June 30, 2012 led to an increase in interest income in the 2012 financial year. The transfer of earnings from net trading income to the net interest income in the Structured Capital Markets business of the Corporate Finance Group division had a further positive effect. The margin-related decline in income generated by the deposit business accounted for the downturn in the Private Customers segment. The decline in the Central & Eastern Europe segment was the result of increased liquidity costs and the sale of Bank Forum. In the Non-Core Assets segment, the reduction in the portfolio volume was the reason for the decline. Non-recurring income from the sale of a claim against Lehman Brothers in the 2011 financial year was one factor contributing to the decrease. The increase in Others and Consolidation was mainly attributable to the positive development of interest income generated by Group Treasury. The active interest risk management resulted in an increase in net interest income compared with the previous year. Net interest income from the structured assets, which were included in the Portfolio Restructuring Unit segment until June 30, 2012, remained virtually unchanged in the comparison of the 2011 and 2012 financial years.

Loan loss provisions. Loan loss provisions amounted to €1,660 million in the 2012 financial year, €270 million, or 19.4%, higher than the previous year's value of €1,390 million. Included herein was a Group-wide net charge resulting from parameter effects of €69 million, which resulted from the regular annual update of parameters performed in the 2012 financial year.

The increase in provisions resulted in particular from the highly adverse effects of the portfolios defined as non-strategic in the Non-Core Assets segment. Provisions in this segment increased by €471 million, or 52.2%, to €1,374 million. Compared with the previous year, Deutsche Schiffsbank was the main driver due to the persistently difficult situation in the shipping market. This resulted in drastic reductions in charter rates and the accompanying increasing numbers of insolvencies, thus requiring higher provisions. Provisions for the Non-Core Assets segment in the 2012 financial year includes a parameter-related, net adverse effect of €138 million. This was a product of the regular annual updating of the parameters in the Performing Portfolio, non-recurring adjustments of parameters in the Default Portfolio and the required verification and adjustment of loss-identification period (LIP) factors in Deutsche Schiffsbank. The reduction of LIP factors reflected the adjusted and consequently more efficient processes in risk management following strategic realignment. In the 2011 financial year, the adjustment of LIP factors still resulted in earnings of €199 million. See also "*Risk Management—Default risk—Intensive Care/Charges against earnings arising from impairments (loan loss provisions)*".

Provisions in the Core Bank's segments decreased by €199 million, or 41.3%, to €283 million. This was primarily driven by the stable economic performance of the core market of Germany and successfully restructuring, and subsequently winding up, of large individual items. In the Mittelstandsbank and Corporates & Markets segments in particular, provisions in the 2012 financial year were significantly lower than the respective values for the previous year, decreasing by €160 million, or 84.2%, and €94 million, or 64.4%, respectively. The good quality of the portfolio and regular annual updating of parameters in the Core Bank also had a positive effect. Updating the parameters led to a net provision reversal of €69 million, which was roughly equivalent to the previous year's figure. The prevailing favorable performance of the economy led to largely improved statistical input data.

Net commission income. The following table shows the net commission income and expenses of the Group for the 2011 and 2012 financial years:

	Financial year ending December 31,		Change[1]
	2011[1]	2012[1]	
		(audited)	
	(€ m)		(%)
Securities transactions	1,221	1,019	(16.5)
Asset management	161	176	9.3
Payment transactions and foreign business	1,303	1,365	4.8
Real estate lending business	193	152	(21.2)
Guarantees	230	238	3.5
Net income from syndicated business	272	152	(44.1)
Brokerage business	325	303	(6.8)
Fiduciary transactions	8	8	0.0
Other income	342	298	(12.9)
Commission income	**4,055**	**3,711**	**(8.5)**
Securities transactions	181	170	(6.1)
Asset management	22	34	54.5
Payment transactions and foreign business	131	131	0.0
Real estate lending business	36	37	2.8
Guarantees	86	69	(19.8)
Net income from syndicated business	4	1	(75.0)
Brokerage business	67	67	0.0
Fiduciary transactions	3	3	0.0
Other expenses	30	8	(73.3)
Commission expense	**560**	**520**	**(7.1)**
Net commission income			
Securities transactions	1,040	849	(18.4)
Asset management	139	142	2.2
Payment transactions and foreign business	1,172	1,234	5.3
Real estate lending business	157	115	(26.8)
Guarantees	144	169	17.4
Net income from syndicated business	268	151	(43.7)
Brokerage business	258	236	(8.5)
Fiduciary transactions	5	5	0.0
Other	312	290	(7.1)
Total	**3,495**	**3,191**	**(8.7)**

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2012.

Net commission income decreased by €304 million, or 8.7%, from €3,495 million in the 2011 financial year to €3,191 million in the 2012 financial year. The main reason for the decline was the weak securities business, in particular in the Private Customers segment, which was attributable to continuing cautious customer behavior in light of the uncertainty in the financial markets. In the Mittelstandsbank segment, a decline was reported in particular for income from loan syndications. The change in net commission income in this segment was also negatively influenced due to the inclusion of a positive valuation effect resulting from rescheduled loans in the 2011 financial year. The decline in the Non-Core Assets segment was primarily attributable to the discontinuation of new business. In contrast, the once again noticeable increase in foreign trade in the Mittelstandsbank segment had a positive impact.

Net trading income and net income from hedge accounting. The following table provides an overview of the composition of the Group's net trading income for the 2011 and 2012 financial years:

	Financial year ending December 31,		Change[1]
	2011[1]	2012[1]	
	(audited, unless otherwise indicated)		
	(€ m)		(%)
Net trading income	703	473	(32.7)
Net interest	1,114	974	(12.6)
Net gain/loss from application of the fair value option	292	(334)	—
Total	**2,109**	**1,113**	**(47.2)**

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2012.

The following table shows the net income from hedge accounting for the Group in the 2011 and 2012 financial years:

	Financial year ending December 31,		Change[1]
	2011[1]	2012[1]	
	(audited, unless otherwise indicated)		
	(€ m)		(%)
Changes in fair value attributable to hedging instruments	(3,215)	(155)	95.2
Changes in fair value attributable to hedged items	3,092	163	(94.7)
Profit/loss from fair value hedges[2]	*(123)*	*8*	—
Net gain/loss of effectively hedged cash flow hedges (ineffective part only)	—	—	—
Total	**(123)**	**8**	**—**

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2012.
2) The figures shown are unaudited and are taken from the Group's accounting records.

Net trading income and net income from hedge accounting amounted to €1,121 million in the 2012 financial year, which was €865 million, or 43.6%, lower than the value of €1,986 million in the 2011 financial year. A negative effect resulted from the ongoing development of the procedure used to value secured derivatives consistent with changed market practices related to discounting. This resulted in an expense in net trading income of €119 million in the 2012 financial year. Opposing trends could be observed in the individual segments. In the Corporates & Markets segment, a pronounced decline of €535 million was recorded, from €1,069 million in the 2011 financial year to €534 million in the 2012 financial year. Negative effects derived in particular from adjustments to fair value of own liabilities. Whereas this segment contributed income from the valuation of own credit spreads in the amount of €288 million in the 2011 financial year, the narrowing of COMMERZBANK's own credit spreads had an adverse effect in the amount of €315 million in the 2012 financial year. In the Non-Core Assets segment, net trading income and net income from hedge accounting was also significantly worse (declining by €367 million from €123 million in the 2011 financial year to €–244 million in the 2012 financial year), which was largely attributable to the valuation triggered by the market fluctuations of derivatives mostly held as hedging instruments pursuant to IAS 39. In addition, the Central & Eastern Europe segment reported a decline of €144 million to €103 million, due in particular to non-recurring income from the decision to sell the share in the Russian Promsvyazbank in the 2011 financial year (see also *"Description of the COMMERZBANK Group's Business Activities—Segments—Central & Eastern Europe segment"*). A decline of €93 million was also reported in Others and Consolidation, although the change in this area was negatively influenced by the fact that non-recurring income of €316 million was still included in the 2011 financial year as a result of applying more sophisticated models to interest rate hedging. A slight increase was reported, in contrast, in the Mittelstandsbank segment, primarily attributable to the reduced costs of loan hedging transactions. Write-downs of derivative positions were also required in the 2011 financial year, which had been triggered by the default of one counterparty, but which did not reoccur in the 2012 financial year. The net trading income and net income from hedge accounting generated by structured products, which were combined under the Portfolio Restructuring Unit segment until June 30, 2012, improved considerably. As of June 30, 2012, net trading income and net income from hedge accounting generated by the liquidated Portfolio Restructuring Unit segment still amounted to €146 million compared with €–108 million in the 2011 financial year. Write-ups of structured products largely accounted for this increase, prompted by more favorable market conditions and liquidity, whereas net trading income and net income from hedge accounting in the 2011 financial year were adversely affected by the difficult market environment in the context of the European sovereign debt crisis. Of the positive contribution to income in the second half of the 2012 financial year, the Corporates & Markets segment accounted for €60 million and the Non-Core Assets segment for €37 million.

Net investment income. Net investment income amounted to €81 million in the 2012 financial year, compared with €–-3,611 million in the 2011 financial year, corresponding to an increase of €3,692 million. The significant increase was primarily attributable to impairments required as a result of the European sovereign debt crisis in the 2011 financial year. These were not required again on this scale in the 2012 financial year.

Income from interest-bearing business in the 2012 financial year was negative at €–150 million, where income from the valuation of rescheduled loans was offset by losses from disposals resulting from targeted portfolio derisking – in particular from the reduction of the Public Finance portfolio in the Non-Core Assets segment. Valuation gains on ABS portfolios, which were bundled in the Portfolio Restructuring Unit segment until June 30, 2012, also made a positive contribution to net investment income in the comparisons of the 2011 and 2012 financial years. This was compared to the clearly negative result of €–3,520 million from interest-bearing business in the 2011 financial year, which included in particular a negative value adjustment of €2,226 million on Greek government bonds. This included both the portfolio classified pursuant to the IAS 39 loans-and-receivables category, amounting to a negative value adjustment of €1,938 million (independent of the term) and representing an impairment of 27% of their nominal value, and the available-for-sale portfolio, which was written down to current market values at an expense of €288 million. Transactions aimed at hedging interest risks and fluctuations due to inflation were also conducted in connection with the Public Finance portfolio. The negative valuation effects pursuant to IAS 39.85ff. attributable to these instruments amounted to €962 million.

Income from equity instruments amounted to €231 million in the 2012 financial year. The main positive contributor to this increase was income of €298 million from the sale of available-for-sale participations (including the sale of the participation in Dedalus GmbH & Co. KGaA, which holds shares in EADS, and two additional minority interests). This was offset by losses from the disposal and measurement of companies accounted for using the equity method of €–40 million and losses from the measurement of available-for-sale assets of €–27 million. The available-for-sale investments sold in the 2012 financial year exhibited a positive change in market value of €229 million between the beginning and end of the 2012 financial year.

Income from equity instruments amounted to €–91 million in the 2011 financial year and included effects of losses from the disposal and valuation of companies accounted for using the equity method of €–155 million and losses from the valuation from the sale of available assets of €–77 million. The income from the sale of available-for-sale participations in the amount of €141 million had a counteracting positive effect (including from the sale of MAN shares and Banco Multiplo).

Current net income from companies accounted for using the equity method. Current net income from companies accounted for using the equity method amounted to €46 million in the 2012 financial year, compared with €42 million in the 2011 financial year, which represents an increase of €4 million.

Other net income. Other net income amounted to €–77 million in the 2012 financial year, compared with €1,253 million in the 2011 financial year, which represents a decrease of €1,330 million. The decline was attributable to the fact that other net income in the 2011 financial year was extremely positive, which was related to the measures implemented in January and December of 2011 to optimize the subordinated capital structure, *i.e.*, the repurchase of hybrid instruments trading considerably below their nominal value. In this regard, see "*—Key factors influencing the net assets, financial position and results of operations—Effect on the income statement of the capital measures implemented in the 2011 and 2012 financial years".* The resulting effect on income amounted to €1,064 million (€329 million in January 2011 and €735 million in December 2011) and was recognized in Others and Consolidation. Other net income was also negatively influenced in the 2012 financial year by changes in the estimates of losses related to legal proceedings and damage claims. Under the line item "Balance of sundry other income/expenses", there were also a number of different effects, none of which had a significant impact on other net income.

Operating expenses. The following table shows the line items that comprise operating expenses:

	Financial year ending December 31,		Change[1]
	2011[1]	2012[1]	
	(audited)		
	(€ m)		(%)
Personnel expenses	4,178	3,956	(5.3)
Other operating expenses	3,340	2,664	(20.2)
Depreciation of office furniture and equipment, property and other intangible assets	474	405	(14.6)
Total	**7,992**	**7,025**	**(12.1)**

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2012.

Operating expenses decreased by €967 million or 12.1%, from €7,992 million in the 2011 financial year to €7,025 million in the 2012 financial year. Other operating expenses of €676 million, personnel expenses of €222 million and the depreciation of fixed assets and other intangible assets of €69 million contributed to this decrease. The decline in other operating expenses remained attributable to the cost synergies realized after the completion of the integration of Dresdner Bank. See also "*—Key factors influencing the net assets, financial position and results of operations—Integration and restructuring costs".* Strict cost management aimed at offsetting the decrease in income also was a factor. This enabled a considerable reduction in the amount of the remaining other operating expenses. The decline in personnel expenses was mainly the result of lower pension provision expenses, primarily accounted for by lower amortization of actuarial losses in the 2011 financial year. Accruals for performance-based compensation components also decreased. Despite a collective pay-scale raise, current salary payments declined slightly, primarily due to the decrease in headcount. Depreciation of fixed assets and other intangible assets decreased from €474 million in the 2011 financial year to €405 million in the 2012 financial year, primarily attributable to the absent or lower need for the valuation of internally developed and acquired software.

Operating profit/loss. The COMMERZBANK Group realized an operating profit of €1,216 million in the 2012 financial year, compared with €507 million in the 2011 financial year, representing an increase of €709 million. This increase was largely influenced by the fact that impairments required as a result of the European sovereign debt crisis were much lower in the 2012 financial year than in the 2011 financial year. A negative effect resulted particularly from adjustments to the fair value of liabilities and increases in provisions in the 2012 financial year. Other factors continued to have an indirect impact on income, such as the lower level of interest rates and generally cautious customer behavior with respect to business activities. In contrast, the decline in operating expenses led to an increase in operating profit.

In both the 2011 and 2012 financial years, operating profit/loss was influenced by a series of factors, which are considered by COMMERZBANK to be material non-recurring effects, and which consequently hamper the ability to make comparisons. In the 2011 financial year, the measures conducted to optimize the capital structure and the impairments (on Greek sovereign bonds in the Public Finance portfolio) resulting from the European sovereign debt crisis should be noted in this regard. In both financial years, adjustments to fair value of own liabilities and the income contributed from the sale of the stake in the Russian Promsvyazbank each had an impact on operating profit/loss. Finally, the loss incurred due to the disposal of Bank Forum represented an extraordinary charge in the 2012 financial year. Eliminating these effects in both financial years yields an operating profit/loss of the Core Bank of €2,845 million for the 2012 financial year and €3,140 million for the 2011 financial year. Unadjusted operating profit/loss for the Core Bank amounted to €2,557 million in the 2012 financial year and €4,655 million in the 2011 financial year.

Restructuring expenses. Restructuring expenses amounted to €43 million in the 2012 financial year, primarily incurred in connection with the "revised EU condition of March 30, 2012" for the purpose of winding up Hypothekenbank Frankfurt AG (formerly: Eurohypo AG), and the decision to completely reduce all commercial real estate financing and ship financing activities.

Income from the sale of disposal groups. An extraordinary charge was incurred for the 2012 financial year in connection with the sale of Bank Forum to the Ukranian Smart Group, which amounted to €268 million and was allocated to the Income from the sale of disposal groups. Cumulatively incurred currency effects accounted for the majority of gains/losses on disposals, which had already been taken into account in the currency conversion reserve in the past.

Taxes on income and earnings. A tax expense of €796 million (tax rate 88%) was incurred in the 2012 financial year compared with tax income of €240 million (tax rate –47%) in the 2011 financial year. The high tax rate of the 2012 financial year primarily resulted from the valuation allowance for deferred tax assets (€673 million, due to lower expected tax income in the future based on COMMERZBANK's current planning calculations. This included lower tax income at COMMERZBANK Aktiengesellschaft Germany and the branch offices of COMMERZBANK in London and New York). The use of loss carrryforwards for which no deferred tax assets had previously been recognized (€–130 million) and actual taxes from other periods (€–40 million), however, positively affected the Group tax rate.

In the 2011 financial year, the negative tax rate resulted primarily from netting profits against tax loss carryforwards for which no deferred tax assets had been recognized, and from the subsequent capitalization of deferred tax assets in the branch offices of COMMERZBANK in London and New York.

Consolidated profit/loss. The COMMERZBANK Group generated profit a of €109 million in the 2012 financial year, compared with €747 million in the 2011 financial year. Profit declined by €638 million, or 85.4%, compared with the previous year. The capital measure implemented in March 2012 had a positive effect of €84 million in the 2012 financial year, which was largely attributable to the liquidation of deferred tax liabilities.

Segment performance

Private Customers

The following table provides an overview of the results of operations of the Private Customers segment for the 2011 and 2012 financial years:

	Financial year ending December 31,		Change[2]	
	2011[1]	2012[1]		
	(audited)		(unaudited)	
	(€ m)			(%)
Net interest income	2,107	1,835	(272)	(12.9)
Loan loss provisions	(61)	(95)	(34)	(55.7)
Net interest income after provisions	2,046	1,740	(306)	(15.0)
Net commission income	1,880	1,546	(334)	(17.8)
Net trading income and net income from hedge accounting	—	3	3	—
Net investment income	(5)	(4)	1	20.0
Current net income from companies accounted for using the equity method	20	27	7	35.0
Other net income	63	(57)	(120)	—
Operating expenses	3,528	3,010	(518)	(14.7)
Operating profit/loss	**476**	**245**	**(231)**	**(48.5)**
Restructuring expenses	—	—	—	—
Pre-tax profit/loss	**476**	**245**	**(231)**	**(48.5)**
Average capital employed[2]	4,155	3,919	(236)	(5.7)
Cost/income ratio in operating business (%)	86.8	89.9	3.1	—
RWA (as of December 31)[3]	29,468	29,047	(421)	(1.4)

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2012; the comparative figures for the 2011 financial year were restated to take restructurings into account. See "*—Segments of the COMMERZBANK Group*".
2) The comparative figures for the 2011 financial year were restated due to the new capital adequacy requirements.
3) The figures shown are unaudited and are taken from the accounting records of the Group.

Net interest income. Net interest income in the Private Customers segment decreased in the 2012 financial year by €272 million, or 12.9%, from €2,107 million in the 2011 financial year to €1,835 million in the 2012 financial year. Margins in the deposit business decreased in the wake of the constant decline in market interest rates, leading to a decline in income of €267 million. Substantial growth in the average deposit volume was not able to compensate for the decline. Lower net interest income was also generated in the lending business. Despite growth in new business, declining loan volumes were reported overall in the context of stable margins, among other factors due to the scheduled phasing out of the reduction portfolio of Hypothekenbank Frankfurt Retail Core and the discontinuation of the old COMMERZBANK installment loan book. This was offset by the marked increase in new real estate financing business and individual loans compared with the 2011 financial year. Net interest income was positively affected by higher liquidity compensation.

Loan loss provisions. Loan loss provisions increased by €34 million, or 55.7%, from €61 million in the 2011 financial year to €95 million in the 2012 financial year. The difference between 2011 and 2012 principally reflects the net effect of the parameters updated in the 2011 and 2012 financial years, which were influenced mainly by the reduction of the LIP factor and the associated reversal of provisions in the 2011 financial year. In the 2012 financial year, this did not reoccur to the degree that it had previously occurred. Even in the 2011 financial year, however, provisions were already characterized by stable operating performances, especially due to fewer new exposures. In the 2012 financial year, the macroeconomic environment remained stable in Germany. Private households benefited from declining unemployment and improved wages, which contributed to a slightly positive development in provisions in terms of operations, *i.e.*, excluding the effects of the updated parameters referred to above.

Net commission income. Net commission income generated in the Private Customers segment decreased from €1,880 million in the 2011 financial year to €1,546 million in the 2012 financial year, representing a decline of €334 million, or 17.8%. The main reason was the lower earnings of €177 million from the sales-dependent securities business, as products with lower commissions and the lower volume of sales resulted in a lower sales-dependent securities margin. The effect of cautious customer behavior as a result of continuing uncertainty in the financial markets was noticeable. Earnings in the portfolio-dependent securities business declined by €98 million, where there were both declining securities margins and slightly lower portfolio volume. There was also a decline in earnings from pension products and lending brokerage.

Net trading income and net income from hedge accounting. Net trading income and net income from hedge accounting in the 2012 financial year remained largely unchanged compared with the previous year. Prior year effects, including those from the sale of the repurchased Lehman shares and from the consolidation of the "Premium-Management-Immobilien-Anlagen" (PMIA) fund, were mainly offset by trading income at Commerzbank International S.A. in the 2012 financial year.

Net investment income, current net income from companies accounted for using the equity method, other net income. Net investment income in the 2012 financial year remained nearly unchanged compared with the 2011 financial year. Current net income from companies, accounted for using the equity method, improved by €7 million, from €20 million in the 2011 financial year to €27 million in the 2012 financial year. Other net income decreased by €120 million, from €63 million in the 2011 financial year to €–57 million in the 2012 financial year. In the 2011 financial year, other net income largely benefited from the sale of the Zentrales Inkassobüro (central collection agency) of the former Dresdner Bank and the adjustment of provisions for PMIA. The 2012 financial year was heavily affected by the increased number of legal provisions, which were attributable particularly to investor lawsuits related to closed-end funds.

Operating expenses. Operating expenses decreased by €518 million, or 14.7%, from €3,528 million in the 2011 financial year to €3,010 million in the 2012 financial year. The increase in cost synergies and strict cost management led to this decrease. Personnel expenses decreased in the 2012 financial year by €115 million, or 8.7%. This was attributable firstly to substantially lower performance-based remuneration components and lower personnel capacities following the integration of Dresdner Bank in the 2012 financial year and, secondly, to considerably lower expenses for pension provisions (amortization of actuarial losses in the 2011 financial year), compared with the preceding year. Other operating expenses decreased during the same period by €81 million, or 9.3%, where cost discipline in the 2012 financial year had a positive impact. Indirect expenses decreased by €322 million, or 24.1%, compared with the 2011 financial year. The decline was primarily attributable to the increase in cost synergies and absence of integration expenses for the "Growing Together" project.

Operating profit/loss. The Private Customers segment achieved a total operating profit of €245 million in the 2012 financial year compared with €476 million in the previous year, representing a decline of €231 million. Substantially lower operating expenses could not compensate for lower income from the deposit business, the securities business and the decrease in other net income.

Pre-tax profit/loss. Since no restructuring expenses were incurred in the Private Customers segment in either the 2011 or the 2012 financial year, pre-tax profit/loss is identical with operating profit/loss.

Mittelstandsbank

The following table provides an overview of the results of operations of the Mittelstandsbank segment for the 2011 and 2012 financial years:

	Financial year ending December 31,		Change[2]	
	2011[1]	2012[1]		
	(audited)		(unaudited)	
	(€ m)			(%)
Net interest income	2,254	1,954	(300)	(13.3)
Loan loss provisions	(190)	(30)	160	84.2
Net interest income after provisions	2,064	1,924	(140)	(6.8)
Net commission income	1,116	1,061	(55)	(4.9)
Net trading income and net income from hedge accounting	(39)	(22)	17	43.6
Net investment income	(45)	31	76	—
Current net income from companies accounted for using the equity method	11	6	(5)	(45.5)
Other net income	(4)	(14)	(10)	(>100.0)
Operating expenses	1,515	1,337	(178)	(11.7)
Operating profit/loss	**1,588**	**1,649**	**61**	**3.8**
Restructuring expenses	—	—	—	—
Pre-tax profit/loss	**1,588**	**1,649**	**61**	**3.8**
Average capital employed[2]	6,958	5,771	(1,186)	(17.1)
Cost/income ratio in operating business (%)	46.0	44.3	(1.7)	—
RWA (as of December 31)[3]	60,339	53,814	(6,525)	(10.8)

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2012; the comparative figures for the 2011 financial year were restated to take restructurings into account. See "—*Segments of the COMMERZBANK Group"*.
2) The comparative figures for the 2011 financial year were restated due to the new capital adequacy requirements.
3) The figures shown are unaudited and are taken from the accounting records of the Group.

Net interest income. Net interest income in the Mittelstandsbank segment amounted to €1,954 million in the 2012 financial year compared with €2,254 million in the 2011 financial year. This represents a decrease of €300 million, or 13.3%, compared on a year-on-year basis. Interest income in the 2012 financial year principally reflected a clearly declining contribution from the deposit business in contrast to the preceding year. There was also a reduced effect on income from rescheduled loans. Declining market interest rates, together with a persistently low level of market interest rates, particularly on the short-term end of the interest structure curve, had an adverse effect on the deposit business of the segment in the 2012 financial year. The significant increase in the annual average for deposit business in the 2012 financial year compared with the 2011 financial year, could not compensate for the effect on income resulting from the significant collapse of the deposit margin due to market interest rates. The Financial Institutions Group division and the combined Group divisions Corporate Banking & International and Mittelstand Germany reported an increase in volume (a detailed comparison is not possible due to the transfer of customers at the beginning of 2012).

The increase in income from the lending business was unable to compensate for these factors. The income contributed by the lending business increased by low single-digit euro billion figure, despite a decline in the average loan volume, driven by a noticeable margin spread compared with the previous year. The decline in volume primarily affected the Corporate Banking & International Group division and was the result of the reduction of non-strategic engagements and the continuing subdued demand for loans. The lending business in the Mittelstand Group division Germany was extremely robust, however, despite a highly volatile market throughout 2012. In the business with German SME customers, there was a slight increase in the average volume of loans, as compared with the previous year. In the Financial Institutions Group division, however, the targeted reduction of banking risks as part of the active management of capital in the segment had an effect in the 2012 financial year, resulting in a slight decline in the average loan volume compared with the previous year.

Other net interest income in the 2012 financial year was substantially below the level of the previous year. The decline was exacerbated by the declining income from rescheduled loans, which had been considerably higher in the previous year.

Loan loss provisions. Loan loss provisions decreased significantly by €160 million, or 84.2%, from €190 million in the 2011 financial year to €30 million in the 2012 financial year. Reinforced by the continuing stable economic environment, the level of income generated from the reversal of existing provisions was similar to that of the previous year. This was a result of successful restructuring in the 2012 financial year. Provisions were considerably lower particularly for new exposures compared with the preceeding year and therefore acted as a driver of the positive development in the 2012 financial year. The Mittelstandsbank segment also benefited from improving statistical input data during the course of 2011, which was positively impacted by the largely positive performance of companies. The regular updating of parameters, which took place in January, also had a positive effect on portfolio provisions, which was comparable in scale to the same effects in the 2011 financial year.

Net commission income. In the 2012 financial year, the Mittelstandsbank segment generated net commission income of €1,061 million. This represented a decline of €55 million, or 4.9%. compared with the previous year, when net commission income had amounted to €1,116 million. In the 2012 financial year, as in the previous year, the vibrant German export business was a notable impetus for companies' demand for export-related products, such as letters of credit or foreign payment transaction services. The high level of income generated in these product categories, which forms the backbone of commission business in the segment, was further substantially improved in the 2012 financial year. This built on the strong performance in the 2011 financial year. However, the equally high level of transactions related to capital market products in the 2011 financial year could not be sustained due to subdued customer demand in 2012. Net commission income decreased on the whole as a result of the declining number of transactions, especially in the loan syndication business, but also in the business with guarantees. The absence in the 2012 year financial year of the positive valuation effect from rescheduled loans, as was the case in the preceding year, was also a factor.

Net trading income and net income from hedge accounting. A loss of €22 million was reported for net trading income and net income from hedge accounting for the 2012 financial year. This represents an improvement of €17 million compared with the loss of €39 million in the 2011 financial year and was primarily attributable to the reduced costs of hedging loans. A key factors driving the loss in the 2012 financial year was the negative valuation effect of counterparty default adjustments (CDAs), which account for the default risks of derivative counterparties. Costs for hedge accounting were also incurred, which until changed to the hedging procedure at the beginning of the second half of 2012, were reported in net trading income. A cross-segment agreement was reached, according to which transactions in connection with hedging loans will be contracted by the Corporates & Markets segment in the future. As of July 1, 2012, the resulting expense was netted by the segments as a component of net commission income in the form of an insurance premium.

Net investment income, current net income from companies accounted for using the equity method, other net income. A profit of €31 million was generated in net investment income in the 2012 financial year, compared with a loss of €45 million in the previous year. While the result for the 2011 financial year was significantly dampened by valuation effects from shareholdings, there were also sizeable positive valuation effects were reported for rescheduled loans in the

2012 financial year. Current net income from companies, accounted for using the equity method, amounted to €6 million in the 2012 financial year, compared with €11 million in the previous period. Apart from the slight decline in income contributed by AKA Ausfuhrkreditgesellschaft mbH in the 2012 financial year, no noteworthy effects on income occurred in this area. Other net income, which was adversely affected in the 2012 financial year by costs associated with an extraordinary syndication transaction, declined from €–4 million in 2011 to €–14 million in the 2012 financial year.

Operating expenses. Compared on a year-on-year basis, operating expenses decreased substantially in the Mittelstandsbank segment, from €1,515 million in the 2011 financial year to €1,337 million in the 2012 financial year, representing a decrease of €178 million, or 11.7%. This decline reflected the absence of the added expenses relating to integration, which had continued to adversely affect income in 2011, and the increasing impact of the cost synergies resulting from successful integration. These two effects primarily had an impact on indirect operating expenses.

Operating profit/loss. The Mittelstandsbank segment generated total operating profit of €1,649 million in the 2012 financial year compared with €1,588 million in the previous year, thus surpassing the already high level of results of the previous year by €61 million, or 3.8%. In light of the stable economic market environment in Germany, the segment again benefited from a marked reduction in newly formed provisions in the 2012 financial year, compared with the previous year. However, this was not able to offset the decline of net interest income, which was largely due to declining market interest rates. The continued strong demand from abroad in the 2012 financial year supported the segment's net commission income due to the good positioning of COMMERZBANK in the settlement of export transactions, the results of which were only slightly below that of the previous year. The significant reduction in costs compared with the 2011 financial year led to an increase in operating profit in the 2012 financial year despite declining overall income.

Pre-tax profit/loss. Since no restructuring expenses were incurred in either the 2011 or the 2012 financial year, pre-tax profit/loss is identical with operating profit/loss.

Central & Eastern Europe

The following table provides an overview of the results of operations of the Central & Eastern Europe segment in the 2011 and 2012 financial years:

	Financial year ending December 31,		**Change[2)]**	
	2011[1)]	**2012[1)]**		
	(audited)		**(unaudited)**	
	(€ m)			**(%)**
Net interest income	573	482	(91)	(15.9)
Loan loss provisions	(86)	(105)	(19)	(22.1)
Net interest income after provisions	487	377	(110)	(22.6)
Net commission income	187	188	1	0.5
Net trading income and net income from hedge accounting	247	103	(144)	(58.3)
Net investment income	1	9	8	>100.0
Current net income from companies accounted for using the equity method	—	—	—	—
Other net income	36	36	—	—
Operating expenses	531	473	(58)	(10.9)
Operating profit/loss	**427**	**240**	**(187)**	**(43.8)**
Income from the sale of disposal groups	—	(268)	(268)	—
Pre-tax profit/loss	**427**	**(28)**	**(455)**	**—**
Average capital employed[2)]	1,812	1,763	(49)	(2.7)
Cost/income ratio in operating business (%)	50.9	57.8	6.9	—
RWA (as of December 31)[3)]	17,004	15,279	(1,725)	(10.1)

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2012; the comparative figures for the 2011 financial year were restated to take restructurings into account. See "—*Segments of the COMMERZBANK Group*".
2) The comparative figures for the 2011 financial year were restated due to the new capital adequacy requirements.
3) The figures shown are unaudited and are taken from the accounting records of the Group.

Net interest income. Net interest income in the Central & Eastern Europe segment declined by €91 million, or 15.9%, from €482 million in the 2012 financial year to €573 million in the 2011 financial year. Bank Forum contributed a small amount to net interest income prior to being sold, as the income due to restructuring was below that of the previous year. Moreover, since the sale took place in October 2012, Bank Forum did not collect any interest income for the remainder of the 2012 financial year. The economic downturn in Poland together with the reduction in interest rates by the Polish central bank beginning in the middle of the year affected the net interest income of BRE Bank, as did targeted accounting management aimed at achieving balanced accounting. In the 2012 financial year, deposit volumes increased substantially, in particular as a result of this accounting management. In retail banking the focus on non-mortgage loans, particularly on consumer loans, had a positive effect. The contribution of the lending business to net interest income increased overall in the segment given the larger volumes and a nearly stable margin. Higher liquidity costs had an adverse effect on the net interest income of the segment in the 2012 financial year.

Loan loss provisions. Loan loss provisions increased by €19 million, or 22.1%, to €105 million in the 2012 financial year compared with the previous year. This increase was largely accounted for by BRE Bank. The 2011 financial year was primarily influenced by two effects, firstly the non-recurring income from the sale of a problem loan portfolio in the retail area, and secondly, the review and updating of parameters used to calculate the portfolio of provisions for non-delinquent loans (LIP factor). Provisions at Bank Forum were significantly below the previous year's level until the date of its sale.

Net commission income. Net commission income of €188 million in the Central & Eastern Europe segment in the 2012 financial year remained at the level of the previous year (€187 million). Within the segment, only a slight increase was recorded at BRE Bank compared on a year-on-year basis. The economic downturn in Poland in the 2012 financial year largely accounted for this. Until its sale to the Ukranian Smart Group in October 2012, Bank Forum's commission income remained at approximately the same level as in the previous year.

Net trading income and net income from hedge accounting. Net trading income and net income from hedge accounting decreased by €144 million, from €247 million in the 2011 financial year to €103 million in the 2012 financial year. The result in the previous year was largely the result of an increase in income of €154 million in CEE Holding, which had already been earned as a result of the decision to sell COMMERZBANK's stake in the Russian Promsvyazbank on the basis of the market valuation of the sale option determined in December 2011. This sale resulted in income totaling €22 million in the 2012 financial year. At CEE Holding the result of hedging the foreign currency income of BRE Bank was negative in the 2012 financial year, compared with a positive result in 2011. BRE Bank's net trading income in the 2012 financial year remained stable compared with the previous year.

Net investment income, other net income. Net investment income increased by €8 million to €9 million in the 2012 financial year compared with €1 million in the 2011 financial year. The sale of holdings in ProCredit banks in Albania, Bosnia, Serbia, Kosovo and Bulgaria had positively affected the CEE Holding. At BRE Bank, net investment income increased primarily due to the sale of bonds in the 2012 financial year. Other income, the outcome of a series of different factors, amounted to €36 million in each of the 2011 and 2012 financial years.

Operating expenses. Operating expenses declined by €58 million, or 10.9%, from €531 million in the 2012 financial year compared with €473 million in the 2011 financial year. The decrease resulted from the strict cost management of personnel and other operating expenses throughout the Central & Eastern Europe segment. In addition, the disposal of Bank Forum in October 2012 also reduced costs.

Operating profit/loss. Overall the operating profit of the Central & Eastern Europe segment in the previous year (€427 million) was not repeated in the 2012 financial year, when €240 million was achieved. The contribution of BRE Bank to the operating profit of the segment amounted to €283 million in the 2012 financial year. The development of operating profit at BRE Bank in the 2011 financial year was largely determined by positive non-recurring effects in provisions. In CEE Holding, the sale of the Russian Promsvyazbank had a material effect on operating results in both financial years. Bank Forum's results were only included in the segment's profit/loss in the 2012 financial year on a pro rata basis (until its sale in October 2012). The comparability of the 2011 and 2012 financial years in the Central & Eastern Europe segment was not permanently impeded by the currency effects of the relevant currencies.

Income from the sale of disposal groups. In connection with the sale of the Ukranian Bank Forum, negative income from the sale of disposal groups in the amount of €268 million was incurred for the 2012 financial year, of which the currency reserves accounts for €206 million. This did not result in a charge to the equity of COMMERZBANK, as this amount had already been recognized in preceding years in the profit and loss account.

Pre-tax profit/loss. Pre-tax profit/loss amounted to €–28 million in the 2012 financial year, compared with €427 million in the 2011 financial year. This was the result of a decline in operating profit/loss to €240 million in the 2012 financial year, and a negative profit/loss of €268 million was incurred in the 2012 financial year from the sale of Bank Forum.

Corporates & Markets

The following table provides an overview of the results of operations of the Corporates & Markets segment in the 2011 and 2012 financial years:

	Financial year ending December 31,		Change[2]	
	2011[1]	2012[1]		
	(audited)		(unaudited)	
	(€ m)			(%)
Net interest income	832	546	(286)	(34.4)
Loan loss provisions	(146)	(52)	94	64.4
Net interest income after provisions	686	494	(192)	(28.0)
Net commission income	300	319	19	6.3
Net trading income and net income from hedge accounting	1,069	534	(535)	(50.0)
Net investment income	30	208	178	>100.0
Current net income from companies accounted for using the equity method	15	12	(3)	(20.0)
Other net income	(12)	(23)	(11)	(91.7)
Operating expenses	1,505	1,347	(158)	(10.5)
Operating profit/loss	**583**	**197**	**(386)**	**(66.2)**
Restructuring expenses	—	—	—	—
Pre-tax profit/loss	**583**	**197**	**(386)**	**(66.2)**
Average capital employed[2]	3,807	3,211	(596)	(15.7)
Cost/income ratio in operating business (%)	67.4	84.4	17.0	—
RWA (as of December 31)[3]	35,564	29,776	(5,787)	(16.3)

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2012. The figures for the 2012 financial year include the reduction items from the former Portfolio Restructuring Unit segment from July 1, 2012. The comparative figure for the 2011 financial year have therefore not been restated.
2) The comparative figures for the 2011 financial year were restated due to the new capital adequacy requirements.
3) The figures shown are unaudited and are taken from the accounting records of the Group.

Net interest income. Net interest income decreased markedly from €832 million to €546 million, representing a fall of €286 million. COMMERZBANK pursued a reduction in the balance sheet volume, and thus also in risk assets, which resulted in dwindling interest income from debt capital markets loans and the loan portfolio with multinational companies. This effect was magnified by the trend of declining loan margins in an environment of low interest rates and by the move towards refinancing corporate customers on the capital market, whose most notable negative effect was on the Corporate Finance Group division. The interest environment was also the cause of declining earnings from the sale of commercial banking products to multinational enterprises. Another factor reducing interest was that earnings generated from restructuring loan portfolios in the 2011 financial year did not reoccur in this form. Finally, the further reduction of positions recorded under leveraged finance, which no longer form part of core activities (high-yield distressed debt, or “HYDD”), led to declining interest income. Expanded regulatory requirements also substantially increased the expenses for liquidity costs in the year-on-year comparison. In contrast, the inclusion of the line items reported in the Portfolio Restructuring Unit segment as of June 30, 2012 accounted for an increase in interest income in the 2012 financial year. Transferring the earnings from net trading income to the net interest income in the structured capital markets business of the Corporate Finance Group division had a further positive effect, contributing positively to income just as in the previous year.

Loan loss provisions. Loan loss provisions in the 2012 financial year declined substantially by €94 million (64.4%) to €52 million when compared with the preceding year. Provisions generally depend heavily on the performance of large individual exposures. The reduction in the 2012 financial year was therefore primarily driven by large reversals in two large exposures. One case concerned assets reallocated from the Portfolio Restructuring Unit segment. The updating of parameter effects did not have a material effect on provisions in the 2012 financial year.

Net commission income. Net commission income amounted to €319 million, representing only a slight change compared with the previous year (€300 million). Commission income declined substantially in the Corporate Finance Group division. Commission income from bond issuance business (debt capital markets bonds) did in fact increase, benefiting from the trend towards directly refinancing corporate customers on the capital market. A consequence of this increase in the bond issuance business was, however, a substantial reduction in business activities in syndicated loans, resulting in a negative effect in this respect. The unfavorable climate for share issues and corporate mergers also led to a negative impact on the product areas of equity capital markets (EMC) and mergers and acquisitions (M&A), also resulting in a fall in these business activities. Net commission income in the Fixed Income and Currencies Group division increased, however, as earnings contributors from customer currency transactions previously reported under net trading income are now booked under net commission income.

Net trading income and net income from hedge accounting. Net trading income and net income from hedge accounting was halved, from €1,069 million to €534 million. Net trading income in the Corporate Finance Group division decreased considerably. One reason for this drop was that trading income was restated as interest income in the case of Structured Capital Markets. Furthermore, net trading income decreased significantly in the Fixed Income & Currencies Group division. As a consequence of continued of low interest rates and the associated reduced investor interest in interest rate hedging associated therewith, the steep decline in earnings generated by interest rate trading had a particularly adverse effect. This decline could only be partially offset by the increase in net trading income for credit trading, which benefited from an expanded product range and increased market penetration. The most important factor causing the decline in net trading income was, however, the adjustments of own liabilities recognized at fair value (OCS), which made a positive contribution of €288 million in the 2011 financial year, but incurred a loss of €315 million in the 2012 financial year. The positions primarily relate to certificated liabilities, which must be carried at market value because of the application of the IFRS fair value option. Recording such liabilities on the balance sheet at market value, entails the consideration of one's own default/credit risk. Since COMMERZBANK's spread traded on the market (as measured on the basis of earning premiums for COMMERZBANK bonds over/divided by SWAPs) declined substantially during the course of the 2012 financial year, this valuation parameter resulted in an increase in the market value of the liabilities concerned, and thus resulted in a significantly negative earnings contribution. In contrast, net trading income in the Equity Markets & Commodities Group division improved markedly, where the main drivers of the losses incurred in the 2011 financial year included the revaluation of a portfolio of U.S. Life Settlement Funds and retirement products for the Austrian insurance market ("retirement plans"). Net trading income from commodities business remained stable. Income from the EMC flow business, primarily the marketing of derivatives to private customers, showed a positive result despite the difficult conditions on the market and the risk aversion of potential customers. The Credit Portfolio Management Group division, established as an independent Group division on July 1, 2012, benefited from trading income from positions reported under the Portfolio Restructuring Unit segment until June 30, 2012. These positions were integrated into the trading income of the Corporates & Markets segment, as of July 1, 2012. This resulted in a positive contribution of €60 million in the second half of the 2012 financial year.

Net investment income, current net income from companies accounted for using the equity method, other net income: A net investment income of €208 million was reported in the 2012 financial year, compared to €30 million in the 2011 financial year. This was the result of proceeds from the sale of two minority share holdings, in particular, as well as rescheduled loan commitments. Current net income from companies accounted for using the equity method amounted to €12 million, and did not change significantly, compared to €15 million in the 2011 financial year. The largest component of this income results from a minority holding in the Equity Markets & Commodities Group division. The loss of €23 million incurred with respect to other net income exceeds the 2011 financial year levels, as negative positions in connection with capital market transactions were reported in the 2012 financial year.

Operating expenses. Operating expenses decreased by 10.5%, from €1,505 million to €1,347 million. Direct costs were cut primarily in the form of personnel expenses as a result of reduced provisions for variable compensation. Indirect costs fell sharply, which was the consequence of ongoing cost-cutting measures, including in the IT area.

Operating profit/loss. The Corporates & Markets segment generated an operating profit of €197 million in the 2012 financial year, compared to €583 million in the year prior. This included valuation effects on liabilities, which had a negative impact of €315 million on income in the current reporting year and increased the previous year's result by €288 million. Despite a further reduction in risk assets, the Fixed Income & Currencies Group division, exceeded the net income from the previous year, excluding the valuation of own liabilities. The Equity Markets & Commodities Group division made a steady contribution to the segment results. The Corporate Finance Group division generated stable income amidst the challenging market environment in the 2012 financial year. The Credit Portfolio Management Group division succeeded in making a significant contribution to the positive result of the segment through the targeted management of employed capital.

Pre-tax profit/loss. Pre-tax profit/loss is identical to operating profit/loss as no restructuring expenses were incurred in the 2011 or the 2012 financial year.

Non-Core Assets

The following table provides an overview of the results of operations of the of the Non-Core Assets segment in the 2011 and 2012 financial years:

	Financial year ending December 31,		Change[2)]	
	2011[1)]	2012[1)]		
	(audited)		(unaudited)	
	(€ m)			(%)
Net interest income	941	689	(252)	(26.8)
Loan loss provisions	(903)	(1,374)	(471)	(52.2)
Net interest income after provisions	38	(685)	(723)	—
Net commission income	134	104	(30)	(22.4)
Net trading income and net income from hedge accounting	123	(244)	(367)	—
Net investment income	(3,796)	(323)	3,473	91.5
Current net income from companies accounted for using the equity method	(9)	(2)	7	77.8
Other net income	(70)	1	71	—
Operating expenses	438	376	(62)	(14.2)
Operating profit/loss	**(4,018)**	**(1,525)**	**2,493**	**62.0**
Restructuring expenses	—	43	43	—
Pre-tax profit/loss	**(4,018)**	**(1,568)**	**2,450**	**61.0**
Average capital employed[2)]	7,641	10,003	2,362	30.9
Cost/income ratio in operating business (%)	—	167.1	183.5	—
RWA (as of December 31)[3)]	68,493	67,782	(711)	(1.0)

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2012; the comparative figures for the 2011 financial year were restated to take into account the restructurings. See "—*Segments of the COMMERZBANK Group*". The figures for the 2012 financial year include parts of the former Portfolio Restructuring Unit segment from July 1, 2012. The comparative figure for the 2011 financial year have therefore not been restated.

2) The comparative figures for the 2011 financial year were restated due to the new capital adequacy requirements.

3) The figures shown are unaudited and are taken from the accounting records of the Group.

Net interest income. Net interest income in the Non-Core Assets segment amounted to €689 million in the 2012 financial year, marking a decrease of €252 million (26.8%), compared to the previous year's value of €941 million. Net interest income declined in all Group areas as a result of the reduction in exposure at default (EaD), representing a decrease of €31 billion (17%), compared to the year-end 2011. In the Commercial Real Estate business, the decline from €713 million in the 2011 financial year to €591 million in the 2012 financial year reflects the portfolio reduction and simultaneous increase in margins. In addition to effects resulting from portfolio reduction, Deutsche Schiffsbank witnessed a decline of net interest income, of €62 million to €169 million in the 2012 financial year, as a result of significantly higher liquidity costs. In Public Finance, net interest income decreased from €–3 million in the 2011 financial year to €–71 million in the 2012 financial year, given the increasing liquidity costs in the 2012 financial year as well as to the non reoccurrence of income resulting from the sale of a claim against Lehman Brothers in the 2011 financial year. The sale of promissory notes in the fourth quarter had a compensating effect.

Loan loss provisions. Loan loss provisions increased substantially by €471 million (52.2%), to €1,374 million in the 2012 financial year, compared to the previous year. Deutsche Schiffsbank was largely accounted for the increase, because provisions increased by €509 million, from €232 million in the 2011 financial year to €741 million in the 2012 financial year. The key drivers thereof with respect to Deutsche Schiffsbank were significantly lower charter rates and the associated growing number of insolvencies. Provisions for Deutsche Schiffsbank in the 2012 financial year also included charges from parameter effects of €145 million. This resulted from the regular annual updating of parameters in the Performing Portfolio and a non-recurring adjustment of parameters in the Default Portfolio. The reduction of LIP factors reflects the adjusted and consequently more efficient processes in risk management introduced after strategic realignment. Provisions for the Commercial Real Estate business declined by €72 million, or 10.4%, to €625 million in the 2012 financial year compared to the previous year. In the 2011 financial year, the Commercial Real Estate business benefited from a non-recurring special reversal resulting from the reviewing and updating of parameters used to calculate provisions for the portfolio of non-delinguent loans. In the 2012 financial year, parameter effects did not have a material effect. In the Commercial Real Estate Germany division, there was a marked decline in provisions of €257 million, resulting in a decrease from €371 million in 2011 to €114 million in the 2012 financial year. However, provisions increased by €184 million, from €327 million to €511 million in the Commercial Real Estate International Group division. The main drivers of this increase were the markets in Spain and the United Kingdom. Although provisions in Spain experienced a slight decline of 11.6%, they remained at a continued high level of €219 million, as a result of the continuing difficult market environment. The increase in provisions in the United Kingdom was driven by individual exposures in secondary locations and thus substantially surpassed the previous year's level.

Provisions in Public Finance increased by €34 million to €8 million compared to the previous year. The net earnings of €26 million primarily generated in one individual case in the 2011 financial year were largely offset by charges from valuation allowances for portfolios in the 2012 financial year.

Net commission income. Net commission income declined as a result of the strategic decision to discontinue all new business activities in the Non-Core Assets segment. Income decreased by 22.4% to €104 million compared with the previous year. This decision principally affected the Commercial Real Estate Group division, where the absence of new commissions given the discontinuation of new business led to a noticeable decrease in net commission income. In the remaining Group divisions, net commission income remained stable a prior year level.

Net trading income and net income from hedge accounting. Net trading income and net income from hedge accounting in the 2012 financial year reported a negative result of €244 million, compared to the positive result of €123 million in the year prior. In Public Finance, the decline of €170 million to €–58 million resulted specifically from the valuation based on market fluctuations of derivatives largely held as hedging instruments pursuant to IAS 39. This included a much lower yet positive, result reported by Erste Europäische Pfandbrief- und Kommunalkreditbank. A positive effect was derived from the results of the infrastructure portfolio, formerly part of the Portfolio Restructuring Unit segment. For the first time, these results were reflected in the second half of the 2012 financial year under the Public Finance portfolio within the Non-Core Assets segment. The results of Deutsche Schiffsbank declined markedly by €155 million, from €60 million in the 2011 financial year to €–95 million in the 2012 financial year. This change was also primarily attributable to negative valuation effects from interest and currency derivatives held as hedging instruments in the Deutsche Schiffsbank portfolio. The decline in the Commercial Real Estate business from €–49 million to €–90 million was attributable to international business.

Net investment income. Net investment income amounted to €–323 million, including disposal gains realized as a consequence of the reduction of risks. This was primarily the result of disposal gains during the first half of the 2012 financial year in the Public Finance portfolios of Italy and Spain. The portfolio of Greek bonds in the Public Finance portfolio, following Greece's exchange of bonds in connection with private sector involvement in the 2012 financial year, was sold in full during the reporting period. In the 2012 financial year, portfolios were also reduced, especially in Germany, the United States of America and Switzerland. The previous year's negative value of €3,796 million included valuation losses on the portfolio of Greek bonds, in particular of €2,155 million in Public Finance, as well as €957 million in negative value adjustments of derivatives resulting from the liquidation of hedging relationships.

Current net income from companies accounted for using the equity method, other net income. Current net income from companies accounted for using the equity method amounted to €–2 million in the 2012 financial year, compared to €–9 million in the previous year. Other net income amounted to €1 million compared with €–70 million for the 2011 financial year. The increase was largely attributable to Deutsche Schiffsbank and resulted from currency effects in its Warehouse portfolio, as a consequence of shipping limited partnerships as well as lower charges from valuation effects compared to the year prior.

Operating expenses. Operating expenses decreased by €62 million, (14.2%), to €376 million in the 2012 financial year. Direct costs were incurred in connection with personnel expenses mainly resulted from a lower headcount and declining variable compensation. Cost-cutting measures were reflected in other operating expenses but were offset by increasing write-downs. The reduction in indirect costs was primarily attributable to lower charges for IT services and central support units.

Operating profit/loss. Largely as a result of the non-reoccurrence of the substantial write-downs on the Greek sovereign debt portfolio of €2,226 million in the previous year, the results of the Non-Core Assets segment improved in the 2012 financial year overall, increasing to an operating loss of €–1,525 million compared to an operating loss of €–4,018 million in the 2011 financial year.

Pre-tax profit/loss. In Compliance with the revised EU condition of March 30, 2012 for Hypothekenbank Frankfurt AG (formerly: Eurohypo AG), and as a result of the decision to liquidate the commercial real estate financing and ship financing portfolios in full, restructuring expenses of €43 million were required in the 2012 financial year Pre-tax profit/loss amounted to €–1,568 million in the 2012 financial year. Pre-tax profit/loss amounted to €–4,018 million in the 2011 financial year.

Others and Consolidation

The following table provides an overview of the results of operations of Others and Consolidation in the 2011 and 2012 financial years:

	Financial year ending December 31,		Change[2]	
	2011[1]	2012[1]		
	(audited)		(unaudited)	
	(€ m)			(%)
Net interest income	(32)	(9)	23	71.9
Loan loss provisions	1	(1)	(2)	—
Net interest income after provisions	(31)	(10)	21	67.7
Net commission income	(122)	(27)	95	77.9
Net trading income and net income from hedge accounting	694	601	(93)	(13.4)
Net investment income	200	132	(68)	(34.0)
Current net income from companies accounted for using the equity method	5	3	(2)	(40.0)
Other net income	1,247	(20)	(1,267)	—
Operating expenses	412	453	41	10.0
Operating profit/loss	**1,581**	**226**	**(1,355)**	**(85.7)**
Restructuring expenses	—	—	—	—
Pre-tax profit/loss	**1,581**	**226**	**(1,355)**	**(85.7)**
Average capital employed[2]	4,661	3,399	(1,262)	(27.1)
Cost/income ratio in operating business (%)	—	—	—	—
RWA (as of December 31)[3]	14,954	12,436	(2,518)	(16.8)

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2012; the comparative figures for the 2011 financial year have been have been adjusted for rounding due to deviating segment results, which was made necessary as a result of the adjustment to the figures in other segments for the 2011 financial year.
2) The comparative figures for the 2011 financial year were restated due to the new capital adequacy requirements.
3) The figures shown are unaudited and are taken from the accounting records of the Group.

Net interest income. Net interest income increased by €23 million to €–9 million in the 2012 financial year compared to the 2011 financial year. A series of different, to some extent opposite, effects were the main drivers thereof. The main positive effect came from the development of interest risk management in Group Treasury (increasing by €84 million compared with the 2011 financial year) in the 2012 financial year. A further positive effect of €55 million compared to the 2011 financial year resulted from a lower charge due to valuation effects in connection with the purchase price allocation of the Dresdner Bank acquisition. One of the factors with an opposing effect was the development of the effects of profit-based equity instruments (hybrid bonds, such as trust preferred securities, silent participations and profit-sharing certificates). In the 2011 financial year, net interest income was positively affected by the non-servicing of profit-based equity instruments in an amount of €137 million, while the effect of the non-servicing of profit-based equity instruments on results in the 2012 financial year amounted to €27 million.

Net commission income. Net commission income increased by €95 million, or 77.9%, to €–27 million compared in the 2011 financial year. The main reason for this increase was the fact that in the 2011 financial year expenses were still incurred for the guarantee granted by SoFFin, as well as the payment of internal compensation in the Equity Capital Markets division (Corporates & Markets segment) for services rendered in the 2011 financial year in connection with the measures for the optimization of the capital structure of COMMERZBANK and a transaction for the optimization of the Group's tax position in association with the integration of Deutsche Schiffsbank (see *"—Comparison of the 2010 and 2011 financial years—Segment performance—Corporates & Markets—Net commission income"*).

Net trading income and net income from hedge accounting. Net trading income and net income from hedge accounting decreased by €93 million, compared to the 2011 financial year, to €601 million in the 2012 financial year. The main reason for this was predominantly the markedly negative performance of trading income at Group Treasury. A key driver of this decline was an income of €316 million in the 2011 financial year attributable to the application of a more sophisticated valuation model for interest rate hedging, which did not reoccur in the 2012 financial year. Positive opposing effects resulted in particularly from global liquidity and risk management. Positive contributions to income in this area resulted from the creation of foreign currency liquidity through cross currency swaps and from interest risk management. The positive net trading income for the 2011 financial year from free interest and cross currency derivatives at Hypothekenbank Frankfurt AG could not be repeated in the 2012 financial year. The IAS 39 results of COMMERZBANK, that is the valuation effects from free derivatives and inefficiencies in the Bank's hedge accounting, which contributed positively to results in the 2012 financial year, were slightly negative in the 2011 financial year.

Net investment income. Net investment income declined by €68 million to €132 million compared to the 2011 financial year. In the 2011 financial year, net investment income contained earnings from the sale of bonds (mainly bunds) of €141 million, amortization of Mediobanca (€–17 million) and effects from the sale of equity holdings (partial sale of MAN shares: €38 million, sale of Banco Multiplo: €37 million). In the 2012 financial year, income included earnings from the sale of bonds of €35 million and effects from the sale of the Dedalus holding (through which COMMERZBANK indirectly held EADS shares) of €113 million.

Other net income. The sharp decline in other net income of €1,267 million to €–20 million in the 2012 financial year compared to the 2011 financial year resulted above all from positive effects related to the capital measures for the optimization of the capital structure in the first quarter of 2011 (€329 million) and in the fourth quarter of 2011 (€735 million). Other large individual items in other net income for the 2011 financial year included contributions to income from the sale of "Silvertower" (€46 million), a positive effect related to meeting the SoFFin requirements (€13 million) and the reversal of €83 million in reserves created in connection with the Growing Together (*ZusammenWachsen*) project. In the 2012 financial year, other net income also included charges from the formation of legal reserves and a positive effect from the write-up of a building in Singapore.

Operating expenses. Operating expenses in the 2012 financial year increased slightly by €41 million to €453 million compared to the 2011 financial year. A significant decline in the integration expenses of the service and management units in connection with the Growing Together (*ZusammenWachsen*) project was offset by a series of various, to some extent opposite, isolated effects, which had a positive impact on operating expenses as a whole.

Operating profit/loss. Operating profit amounted to €226 million in the 2012 financial year, representing a substantial decrease of €1,355 million compared to €1,581 million in the 2011 financial year. Positive non-recurring effects from the capital measures for the optimization of the capital structure amounting to €1,064 million in the 2011 financial year were primarily responsible for this drop.

Pre-tax profit/loss. Pre-tax profit/loss is identical to operating profit/loss as no restructuring expenses were incurred in the 2011 or the 2012 financial year.

Comparison of the 2010 and 2011 financial years

Group results of operations

The following table provides an overview of the Group's results of operations for the 2010 and 2011 financial years:

	Financial year ending December 31,		Change	
	2010[1]	2011[1]		
	(audited)	(audited)	(unaudited)[2]	(audited)[1]
	(€ m)			(%)
Net interest income	7,054	6,724	(330)	(4.7)
Loan loss provisions	(2,499)	(1,390)	1,109	44.4
Net interest income after provisions	4,555	5,334	779	17.1
Net commission income	3,647	3,495	(152)	(4.2)
Net trading income and net income from hedge accounting	1,958	1,986	28	1.4
Net investment income	108	(3,611)	(3,719)	—
Current net income from companies accounted for using the equity method	35	42	7	20.0
Other net income	(131)	1,253	1,384	—
Operating expense	8,786	7,992	(794)	(9.0)
Operating profit/loss	**1,386**	**507**	**(879)**	**(63.4)**
Impairments of good will and brand names	—	—	—	—
Restructuring expenses	33	—	(33)	(100.0)
Pre-tax profit/loss	**1,353**	**507**	**(846)**	**(62.5)**
Taxes on income and earnings	(136)	(240)	(104)	(76.5)
Consolidated profit (loss)	**1,489**	**747**	**(742)**	**(49.8)**
Consolidated profit (loss) attributable to non-controlling interests	59	109	50	84.7
Consolidated profit/loss attributable to COMMERZBANK shareholders	1,430	638	(792)	(55.4)

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2011.
2) The figures shown are unaudited and are taken from the Group's accounting records.

Net interest income. The following table provides an overview of the Group's interest expense and income for the 2010 and 2011 financial years.

	Financial year ending December 31,		Change[1]
	2010[1]	2011[1]	
	(audited, unless otherwise indicated)		
	(€ m)		(%)
Interest income from lending and money market transactions and from securities portfolio (available for sale)	1,225	1,232	0.6
Interest income from lending and money market transactions and from securities portfolio (loans-and-receivables)	15,949	15,456	(3.1)
Interest income from lending and money-market transactions and from securities portfolio (by applying the fair value option)	130	119	(8.5)
Prepayment penalty fees	132	87	(34.1)
Gain from the sale of loans-and-receivables and the repurchase of liabilities	26	166	>100.0[2]
Dividends from securities	53	115	>100.0[2]
Current net income from investments and non-consolidated subsidiaries	77	41	(46.8)
Current income from properties held for sale and from investment properties	106	127	19.8
Other interest income	608	—	(100.0)
Interest income	**18,306**	**17,343**	**(5.3)**
Interest expense on subordinated and hybrid capital including securitized and other liabilities[2]	10,579	9,780	(7.6)
Of which			
Interest expense on subordinated and hybrid capital	1,030	940	(8.7)
Interest expense on securitized liabilities	4,494	3,584	(20.2)
Interest expense for other liabilities	5,055	5,256	4.0
Interest expense from application of the fair value option	94	36	(61.7)
Loss on the sale of loans-and-receivables and repurchase of liabilities	102	73	(28.4)
Current expenses from properties held for sale and from investment properties	85	78	(8.2)
Other interest expense	392	652	66.3
Interest expense	**11,252**	**10,619**	**(5.6)**
Total	**7,054**	**6,724**	**(4.7)**

1) Unless otherwise indicated, the figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2011.
2) The figures shown are unaudited and are taken from the Group's accounting records.

Net interest income decreased by €330 million, or 4.7%, from €7,054 million in the 2010 financial year to €6,724 million in the 2011 financial year. Both interest income and interest expense fell as compared with the 2010 financial year by 5.3% and 5.6%, respectively. A major reason for the decline of interest income and interest expense at the Group level was the reduction of interest-bearing assets and liabilities, including as a result of targeted reduction measures in the Asset Based Finance segment and the sale of non-strategic bank participations in the 2010 financial year. As compared with the 2010 financial year, the contribution of the deposit business was greater owing to margins primarily attributable to higher market interest rates, while in general the lending business saw a decline. The Group Treasury's contribution to net interest income was also negative, decreasing significantly compared with the extremely high level of the 2010 financial year, despite non-recurring income from a measure to optimize the subordinated capital structure (€29 million). Contributing to this decrease in particular was the fact that the available surplus liquidity from the existing net liability position was invested in highly liquid instruments, which generated lower earnings. The change in the COMMERZBANK Group's net interest income was also adversely affected by non-recurring income included in the first quarter of the 2010 financial year from the reversal of interest accruals for profit-related equity instruments established in the amount of €75 million in the 2009 financial year.

While the Private Customers, Mittelstandsbank and Corporates & Markets segments recorded a slight increase, net interest income in the Asset Based Finance segment and in Others and Consolidation decreased significantly. In the Central & Eastern Europe and Portfolio Restructuring Unit segments, net interest income declined slightly. Net interest income in the Mittelstandsbank segment was positively affected by non-recurring income from restructured loans, in addition to an increased deposit margin, whereas loan-induced net interest income was slightly below that for the 2010 financial year. The positive development in the Corporates & Markets segment was primarily attributable to non-recurring income from restructured loans. Interest income from structured financing also contributed to the increase. In the Private Customers segment, the upturn was the result of improved results in the deposit business. In the Asset Based Finance segment, higher income in the Asset Management and Leasing Group division and non-recurring income from the sale of a claim against Lehman Brothers in the Public Finance portfolio was largely offset by the reduction in the portfolio volume and the lower repo income. The decline in the Portfolio Restructuring Unit segment was mainly due to the scheduled reduction of portfolios, while in the Central & Eastern Europe segment, the higher income generated by the BRE Bank was offset by a declining lending business and increasing liquidity costs.

Loan loss provisions. Loan loss provisions in the 2011 financial year amounted to €1,390 million and were thus €1,109 million, or 44.4%, lower than the previous year's value of €2,499 million. As compared with the previous year, loan loss provisions decreased in virtually all segments in a year marked by an economic recovery of the core markets, particularly during the first half of the year. The regular updating of parameters, which took place in January, also had a positive effect in this regard. The preceding favorable performance of the economy led to largely improved statistical input data. The inclusion of these in the recalibration of the rating procedures resulted, on a net basis, in a one-off non-recurring reversal of approximately €70 million, a significant portion of which was attributable to the Mittelstandsbank segment. Furthermore, a non-recurring reversal in the amount of €199 million was included in the fourth quarter of the 2011 financial year as an outcome of the required review and updating of the parameters used to determine the provisions for portfolio risks of non-delinquent loans (LIP factors). A clearer distinction was drawn in the process between the parameters throughout the lending processes established at the Bank and the subportfolios. In most cases a reduction occurred, but for some subportfolios the parameters were increased. The Asset Based Finance segment accounted for the greatest share of the reduction in provisions, where the reduction was €677 million, or 42.7%, compared with the 2010 financial year. The Commercial Real Estate International Group division was the key driver as a result of its stabilization in the 2011 financial year, where provisions declined significantly compared with the previous year, primarily due to a reduced U.S. portfolio. In the Central & Eastern Europe and Private Customers segments, provisions in the 2011 financial year were considerably lower than the value of the previous year, decreasing by €272 million, or 75.3%, and €189 million, or 76.8%, respectively. In the Corporates & Markets segment, loan loss provisions increased to €146 million compared with the 2010 financial year, in which net income was generated. The individual performance of larger single engagements played a key role in the development of provisions. The economic downturn that began during 2011 still had no substantial effect on loan loss provisions in the 2011 financial year as a whole, as such negative effects frequently only materialize following a delay, depending on the given subportfolio.

Net commission income. The following table shows the Group's commission income and expense for the 2010 and 2011 financial years:

	Financial year ending December 31,		Change[1]
	2010[1]	2011[1]	
	(audited)		
	(€ m)		(%)
Securities transactions	1,403	1,221	(13.0)
Asset management	175	161	(8.0)
Payment transactions and foreign business	1,290	1,303	1.0
Real estate lending business	226	193	(14.6)
Guarantees	238	230	(3.4)
Net income from syndicated business	241	272	12.9
Brokerage business[2]	330	325	(1.5)
Fiduciary transactions	8	8	—
Other income[2]	326	342	4.9
Commission income	**4,237**	**4,055**	**(4.3)**
Securities transactions	182	181	(0.5)
Asset management	17	22	29.4
Payment transactions and foreign business	158	131	(17.1)
Real estate lending business	40	36	(10.0)
Guarantees	80	86	7.5
Net income from syndicated business	2	4	100.0
Brokerage business[2]	72	67	(6.9)
Fiduciary transactions	4	3	(25.0)
Other expenses[2]	35	30	(14.3)
Commission expense	**590**	**560**	**(5.1)**
Net commission income			
Securities transactions	1,221	1,040	(14.8)
Asset management	158	139	(12.0)
Payment transactions and foreign business	1,132	1,172	3.5
Real estate lending business	186	157	(15.6)
Guarantees	158	144	(8.9)
Net income from syndicated business	239	268	12.1
Brokerage business[2]	258	258	—
Fiduciary transactions	4	5	25.0
Other[2]	291	312	7.2
Total	**3,647**	**3,495**	**(4.2)**

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2011.
2) As of the 2011 financial year, commissions from the brokerage business are reported separately. In the previous financial year, commissions from the brokerage business were reported under "Other". The previous year's figures have been adjusted. See also "*Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the 2011 financial year*".

Net commission income declined by €152 million, or 4.2%, from €3,647 million in the 2010 financial year to €3,495 million in the 2011 financial year. The main reason for the decline was the weak securities business, in particular in the Private Customers segment, where customer activities declined due to the uncertain market environment especially in the second half of the 2011 financial year. In the Private Customers segment, the sale of subsidiaries had an additional adverse effect in the 2010 financial year, while negative integration-related effects were also perceptible. In contrast, higher earnings were recorded for syndications and payment transactions. Positive effects resulted from the following: non-recurring earnings generated from restructured loans, particularly in the Mittelstandsbank segment, another notable increase in foreign trade and the favorable performance of BRE Bank in the Central & Eastern Europe segment.

Net trading income and net income from hedge accounting. The following table provides an overview of the composition of the Group's net trading income for the 2010 and 2011 financial years:

	Financial year ending December 31,		Change[1]
	2010[1]	2011[1]	
	(audited, unless otherwise indicated)		
	(€ m)		(%)
Net trading income	1,504	703	(53.3)
Net interest	417	1,114	>100.0[2]
Net gain/loss from application of the fair value option	131	292	>100.0[2]
Total	**2,052**	**2,109**	**2.8**

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2011. In the 2011 financial year, net trading income was restructured. "Net trading income", including "income from the valuation of derivative instruments" and "net interest", is reported separately as of the 2011 financial year, including an adjustment to the previous year's figures. See "*Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the 2011 financial year*".

2) The figures shown are unaudited and are taken from the Group's accounting records.

The following table shows the Group's net income from hedge accounting for the 2010 and 2011 financial years:

	Financial year ending December 31,		Change[1]
	2010[1]	2011[1]	
	(audited, unless otherwise indicated)		
	(€ m)		(%)
Changes in fair value attributable to hedging instruments	(1,363)	(3,215)	(>100.0)[2]
Changes in fair value attributable to hedged items	1,269	3,092	>100.0[2]
Profit/loss from fair value hedges[2]	*(94)*	*(123)*	*(30.9)*
Net gain/loss of effectively hedged cash flow hedges (ineffective part)	—	—	—
Total	**(94)**	**(123)**	**(30.9)**

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2011.

2) The figures shown are unaudited and are taken from the Group's accounting records.

Net trading income and net income from hedge accounting in the 2011 financial year amounted to €1,986 million, representing an increase of €28 million, or 1.4%, compared with €1,958 million in the 2010 financial year. There were, however, countervailing developments as well. In the Portfolio Restructuring Unit segment, a marked decline of €895 million was recorded, from €787 million in the 2010 financial year to €–108 million in the 2011 financial year. This is explained by write-ups of structured products in the very positive market environment in the 2010 financial year contrasted with a negative effect on net trading income and net income from hedge accounting in the 2011 financial year given the difficult market environment in the context of the sovereign debt crisis, which not only prevented further write-ups but also led to additional adverse effects. Despite the extremely difficult market environment in the second half of the 2011 financial year, the Corporates & Markets segment achieved net trading income and net income from hedge accounting of €1,069 million, representing a decline of €91 million. A positive effect came in particular from adjustments to the fair value of own liabilities, which contributed income of €283 million in the 2011 financial year (adjusted in the 2012 financial year by €–5 million due to a correction of the own credit spread in the Equity Markets & Commodities Group division). By far the greatest share of net trading income and net income from hedge accounting in the Group was generated in this segment. In the Mittelstandsbank segment, a decrease of €66 million to €–42 million was also reported, primarily attributable to the increased costs of loan hedging transactions that could no longer be offset by current valuation gains arising out of hedging positions. Write-offs of derivative positions triggered by a counterparty default also had a negative impact on the 2011 financial year. In the Asset Based Finance segment, the results of net trading income and net income from hedge accounting were considerably better (increasing by €201 million), which was largely due to positive results from the valuation of free derivatives, including foreign currency swaps and credit default swaps. In the Central & Eastern Europe segment, there was likewise an increase of €178 million attributable to non-recurring income of €154 million from the decision to sell the stake in the Russian Promsvyazbank (see also *"Description of the COMMERZBANK Group's Business Activities—Segments—Central & Eastern Europe Segment"*). In Others and Consolidation, a significant increase of €702 million was recorded, of which €316 million was attributable to the application more sophisticated valuation models to interest rate hedging.

Net investment income. Net investment income was heavily affected by the evolution of the sovereign debt crisis. It amounted to €–3,611 million in the 2011 financial year compared with €108 million in the 2010 financial year, representing a decrease of €3,719 million.

The result from interest-bearing business amounted to €–3,520 million in the 2011 financial year and contains in particular a significant negative value adjustment on Greek government bonds of €2,226 million. This included both the portfolio classified under the IAS 39 loans-and-receivables category, which – depending on the term – was adjusted to 27% of its nominal value (a negative value adjustment of €1,938 million), and the available-for-sale portfolio, which was written down to current market values, incurring an expense of €288 million. Transactions aimed at hedging interest risks and fluctuations due to inflation were also carried out in connection with the Public Finance portfolio. The negative valuation effects under IAS 39.85ff. attributable to these instruments amounted to €962 million.

This was in contrast to a slightly positive result from the interest-bearing business amounting to €67 million in the 2010 financial year, while income from the valuation of rescheduled loans was offset by losses due to disposals from targeted portfolio de-risking, particularly from reducing the Public Finance portfolio in the Asset Based Finance segment. Impairments on ABS portfolios were also recorded in the Portfolio Restructuring Unit segment.

Income from equity instruments amounted to €–91 million in the 2011 financial year and included effects of €–155 million from the disposal and measurement of companies accounted for using the equity method and from the valuation of assets held for sale amounting to €–77 million. This was offset by income from the sale of available-for-sale participations of €141 million (including from the sale of MAN shares and Banco Multiplo). The available-for-sale investments sold in the 2011 financial year have shown a positive change in market value of €88 million over the course of the 2011 financial year. In the 2010 financial year, income from equity instruments was positive, amounting to €41 million. This primarily included gains from the sale of participations (including the sale of Generali shares and the Kleinwort Benson activities).

Current net income from companies accounted for using the equity method. Current net income from companies accounted for using the equity method amounted to €42 million in the 2011 financial year compared with €35 million in the 2010 financial year, representing an increase of €7 million.

Other net income. Other net income amounted to €1,253 million in the 2011 financial year compared with €–131 million in the 2010 financial year, representing an increase of €1,384 million. The increase was related to the measures conducted in January and December of 2011 to optimize the subordinated capital structure, *i.e.*, the repurchase of hybrid instruments trading considerably below their nominal value. The resulting effect on income amounted to €1,064 million and was included in Others and Consolidation. Moreover, under the line item “Balance of sundry other income/expenses” there were also a number of different effects, including the reversal of allocations to provisions, none of which had a significant impact on other net income.

Operating expenses. The following table shows the line items that comprise operating expenses:

	Financial year ending December 31,		Change[1]
	2010[1]	2011[1]	
	(audited)		
	(€ m)		(%)
Personnel expenses	4,418	4,178	(5.4)
Other operating expenses	3,768	3,340	(11.4)
Depreciation of office furniture and equipment, property and other intangible assets	600	474	(21.0)
Total	**8,786**	**7,992**	**(9.0)**

[1] The figures shown are taken from COMMERZBANK’s consolidated financial statements for the year ending December 31, 2011.

Operating expenses decreased by €794 million, or 9.0%, from €8,786 million in the 2010 financial year to €7,992 million in the 2011 financial year. Contributing to the decrease were other operating expenses of €428 million, personnel expenses of €240 million and a depreciation/amortization of fixed assets and other intangible assets of €126 million. The substantially reduced ongoing implementation expenses of the integration of Dresdner Bank largely accounted for the decrease in other operating expenses (mostly consisting of IT costs). These integration costs amounted to €205 million in the 2011 financial year compared with €468 million in the 2010 financial year. There was also a decrease in the expenses for consulting services. The decline in personnel expenses was largely attributable to lower current salary payments, primarily attributable to the reduction in headcount, particularly as a consequence of the cost synergies associated with the continuing integration of Dresdner Bank (Growing Together project). The accruals for performance-related compensation components also declined, whereas there was an increase in expenses for pension provisions, primarily attributable to the amortization of actuarial losses. Depreciation of office furniture and equipment, property and other intangible assets decreased from €600 million in the 2010 financial year to €474 million in the 2011 financial year, primarily due to the scheduled depreciation of the brand name and the revaluation of intangible assets of the former Dresdner Bank in the 2010 financial year as well as to lower non-recurring amortization of real property.

Operating profit/loss. The COMMERZBANK Group generated an operating profit of €507 million in the 2011 financial year compared with €1,386 million in the 2010 financial year, representing a decrease of €879 million, or 63.4%. This result was influenced to a large extent by the sovereign debt crisis. Reductions in operating expenses and loan loss provisions and the non-recurring income generated by the measures to optimize the capital structure were not sufficient to offset the decrease.

Taxes on income and earnings. Tax income amounted to €240 million (tax rate: –47.3%) in the 2011 financial year compared with €136 million (tax rate: –10.1%) in the 2010 financial year. The tax income of the 2011 financial year resulted primarily from the subsequent capitalization of deferred tax assets on tax loss carryforwards at the London and New York branch offices (€–368 million). Additionally, the use of tax loss carryforwards, for which no deferred tax assets were recognized in previous years (€–254 million) and actual taxes from other periods (€–267 million), had a positive effect on the Group tax rate. However, at some companies, COMMERZBANK was unable to recognize any deferred tax assets on newly created tax losses or was required to recognize a valuation allowance of previously recorded deferred tax assets (€683 million).

In the 2010 financial year, gains were also offset by tax loss carryforwards for which no deferred tax assets had been previously recognized. The negative tax rate of the 2010 financial year resulted from the subsequent capitalization of deferred tax assets at COMMERZBANK Aktiengesellschaft London and the British subsidiaries of COMMERZBANK.

Consolidated profit/loss. In the 2011 financial year, the COMMERZBANK Group achieved a profit of €747 million compared with €1,489 million in the 2010 financial year, representing a decrease of €742 million, or 49.8%.

Segment performance

Private Customers

The following table provides an overview of the results of operations of the Private Customers segment for the 2010 and 2011 financial years:

	Financial year ending December 31,		Change[2]	
	2010[1]	2011[1]		
	(audited)		(unaudited)	
	(€ m)			(%)
Net interest income	1,982	2,027	45	2.3
Loan loss provisions	(246)	(57)	189	76.8
Net interest income after provisions	1,736	1,970	234	13.5
Net commission income	1,941	1,754	(187)	(9.6)
Net trading income and net income from hedge accounting	1	—	(1)	(100.0)
Net investment income	31	(2)	(33)	—
Current net income from companies accounted for using the equity method	10	19	9	90.0
Other net income	(120)	22	142	—
Operating expenses	3,552	3,388	(164)	(4.6)
Operating profit/loss	**47**	**375**	**328**	**>100.0**
Restructuring expenses	—	—	—	—
Pre-tax profit/loss	**47**	**375**	**328**	**>100.0**
Average capital employed	3,494	3,375	(119)	(3.4)
Cost/income ratio in operating business (%)	92.4	88.7	(3.7)	—
RWA (as of December 31)[2]	29,995	27,369	(2,627)	(8.8)

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2011; the comparative figures for the 2010 financial year have been adjusted. See "*—Segments of the COMMERZBANK Group*".

2) The figures shown are unaudited and are taken from the Group's accounting records.

Net interest income. Net interest income in the Private Customers segment increased by €45 million, or 2.3%, from €1,982 million in the 2010 financial year to €2,027 million in the 2011 financial year. In the year-on-year comparison, a negative effect derived from the sale of non-strategic bank participations during the course of the 2010 financial year (in particular Allianz Dresdner Bauspar Aktiengesellschaft and the Kleinwort Benson Group), which had still contributed €46 million to net interest income in the 2010 financial year. Excluding the companies sold in the 2010 financial year, net interest income would have increased by €91 million, or 4.7%. The improved result in the deposit business had a positive impact on net interest income. Markedly improved margins in this area, primarily attributable to the rise in market interest rate levels, more than offset the effects of slightly declining volumes (again excluding the sales referred to above). There were, however, declining volumes and slightly declining margins in the lending business.

Loan loss provisions. Loan loss provisions decreased significantly by €189 million, or 76.8%, to €57 million in the 2011 financial year compared with the 2010 financial year. The general economic climate in Germany in 2011 remained favorable. Private households benefited from declining unemployment and improved wages. The improvement of operative provisions, mainly resulting from a lower number of new exposures, accounted for over half of the reduction of €189 million in the 2011 financial year. The regular parameter update, which took place in January 2011, also had positive effects, and in the fourth quarter of 2011 there was also a positive one-time effect from the review and updating of the parameters for calculating the provisions for portfolio risks of non-delinquent loans (see "*—Group results of operations—Loan loss provisions*"); this resulted in a reversal of portfolio provisions for the Private Customers segment.

Net commission income. Net commission income generated in the Private Customers segment decreased from €1,941 million in the 2010 financial year to €1,754 million in the 2011 financial year, representing a decline of €187 million, or 9.6%. In the year-on-year comparison, the sale of the non-strategic bank participations referred to above had a negative impact during the course of the 2010 financial year, which still had contributed net commission income totaling €29 million in the 2010 financial year. Excluding those companies, net commission income would have declined by €158 million, or 8.3%. This was primarily due to lower income from the sales-dependent securities business, which decreased by €99 million which mainly affected the second half of 2011 and was primarily attributable to a decline in customer activity in view of the uncertain market situation. A decrease of €68 million also occurred in payment transactions. Regulatory changes had an adverse effect on income in this area (lower fees for ATM withdrawals, discontinuation of charges for unrequested account statements) as well as the establishment of uniform account models for payment transactions, which were implemented during the course of the integration that took place in the first half of the 2011 financial year. The considerable strain on sales staff due to the integration also had a negative impact.

Net trading income and net income from hedge accounting. Net trading income and net income from hedge accounting decreased from €1 million in the 2010 financial year to €0 million in the 2011 financial year. Positive effects from the sale of the repurchased Lehman shares (€10 million) were offset by negative effects from the consolidation of the PMIA fund (€12 million) in the 2011 financial year.

Net investment income, current net income from companies accounted for using the equity method, other net income. Net investment income decreased by €33 million from €31 million in the 2010 financial year to €–2 million in the 2011 financial year. The main reason for the decline was the realization of capital gains of €17 million from the sale of the Montrada unit in the 2010 financial year. Current net income from companies accounted for using the equity method improved from €10 million in the 2010 financial year to €19 million in the 2011 financial year. Other net income also improved by €142 million, from €–120 million in the 2010 financial year to €22 million in the 2011 financial year. The improvement compared with the 2010 financial year was mainly accounted for by the lower level of provisions reserved for potential damages payments, the reversal of loan loss provisions (PMIA) and the sale of the Zentrales Inkassobüro (central collection agency) (€35 million) in the 2011 financial year.

Operating expenses. Operating expenses decreased by €164 million, or 4.6%, from €3,552 million in the 2010 financial year to €3,388 million in the 2011 financial year. The sale of non-strategic bank holdings in the 2010 financial year referred to above contributed €79 million to this decline. Adjusted for this effect, operating expenses decreased by €85 million, or 2.5%, in the 2011 financial year. Other operating expenses decreased by €125 million, or 12.7%, in the 2011 financial year compared with the 2010 financial year. This included positive effects from reduced ongoing expenses for the integration of Dresdner Bank, lower depreciation from brand migration and appropriate cost discipline in the 2011 financial year. By contrast, personnel expenses increased during the same period by €36 million, or 2.7%. Increased performance-based compensation components were one cause of this increase, as were higher expenses for pension provisions (primarily attributable to the amortization of actuarial losses). Indirect expenses increased only slightly by 0.4% compared with the 2010 financial year.

Operating profit/loss. Overall the Private Customers segment achieved an operating profit of €375 million in the 2011 financial year compared with €47 million in the previous year, representing an improvement of €328 million. This is the result of the effects described above, which in the core business (excluding the participations sold in the 2010 financial year) are primarily attributable to the improved result of the deposit business, reduced provisions, as well as the lower amount reserved for them together with the reversal of provisions, and to lower operating expenses.

Pre-tax profit/loss. Since no restructuring expenses were incurred in the Private Customers segment in either the 2010 or the 2011 financial year, pre-tax profit/loss is identical to operating profit/loss.

Mittelstandsbank

The following table provides an overview of the results of operations of the Mittelstandsbank segment for the 2010 and 2011 financial years:

	Financial year ending December 31,		Change[2]	
	2010[1]	2011[1]		
	(audited)		(unaudited)	
	(€ m)			(%)
Net interest income	2,081	2,174	93	4.5
Loan loss provisions	(279)	(188)	91	32.6
Net interest income after provisions	1,802	1,986	184	10.2
Net commission income	983	1,086	103	10.5
Net trading income and net income from hedge accounting	24	(42)	(66)	—
Net investment income	188	(51)	(239)	—
Current net income from companies accounted for using the equity method	30	11	(19)	(63.3)
Other net income	13	(2)	(15)	—
Operating expenses	1,442	1,461	19	1.3
Operating profit/loss	**1,598**	**1,527**	**(71)**	**(4.4)**
Restructuring expenses	—	—	—	—
Pre-tax profit/loss	**1,598**	**1,527**	**(71)**	**(4.4)**
Average capital employed	5,545	5,378	(167)	(3.0)
Cost/income ratio in operating business (%)	43,4	46,0	2.6	—
RWA (as of December 31)[2]	69,515	57,755	(11,760)	(16.9)

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2011; the comparative figures for the 2010 financial year have been adjusted, see "—*Segments of the COMMERZBANK Group"*.
2) The figures shown are unaudited and are taken from the Group's accounting records.

Net interest income. Net interest income in the Mittelstandsbank segment increased by €93 million, or 4.5%, from €2,081 million in the 2010 financial year to €2,174 million in the 2011 financial year. Net interest income in the 2011 financial year was primarily attributable to the markedly improved deposit business compared with the previous year.

The lending business remained virtually stable despite subdued demand for loans during 2011. The decrease in average lending volume of approximately €2 billion, or 3.2%, compared with the 2010 financial year, in the Group divisions Mittelstand Germany and Corporate Banking & International (which were still combined within the Group division Corporate Banking until the end of 2010, thus preventing a detailed comparison due to lacking individual values for 2010) was primarily the result of the progressive reduction of foreign non-strategic lending engagements during the 2010 financial year, added to which lending demand in Germany also remained subdued in 2011. Conversely, there has been a recovery in lending demand in the Financial Institutions Group division since May 2011, which almost fully compensated for the decline referred to above. The continuing robust lending margin had a stabilizing effect in the segment, practically holding steady at the previous year's level in the 2011 financial year. Overall net interest income in the 2011 financial year was therefore only slightly below that of the 2010 financial year. The deposit business performed considerably better than the lending business. The impact of rising short-term interest rates was notable. This led to an increased deposit margin, when compared with the 2010 financial year, which, together with a slightly higher average deposit volume in the segment, resulted in a significant increase in net interest income from deposits in the 2011 financial year compared with the previous year. A slight decline in volume in the Group divisions Mittelstand Germany and Corporate Banking & International was offset by higher deposits in the Financial Institutions Group division. Including the positive valuation effects of restructured loans, other net interest income in the 2011 financial year was slightly above the previous year's level.

Loan loss provisions. Loan loss provisions decreased by €91 million, or 32.6%, to €188 million in the 2011 financial year compared with the previous year. Under favorable economic conditions, especially in the first half of the 2011 financial year, higher income of €55 million compared with the 2010 financial year was realized from the reversal of existing provisions as a result of restructuring successes. Total provisions for new defaults also declined when compared with the previous year. However, a considerable increase was observable in the fourth quarter of 2011 when compared with the previous quarters. Mittelstandsbank also benefited from the fact that statistical input data improved substantially during 2010 due to the generally positive performance of companies. In January 2011, the regular update of parameters led to positive effects in the portfolio of provisions.

Net commission income. In the 2011 financial year, the Mittelstandsbank segment generated net commission income of €1,086 million, a marked increase of €103 million, or 10.5%, compared with €983 million in the 2010 financial year. Given generally solid economic growth in Germany in 2011, strong foreign trade led to sustained high demand for foreign trade-related products again in the 2011 financial year in the Mittelstandsbank segment, as it had the previous year. Substantially higher earnings were achieved from export letters of credit and foreign payment transaction services compared with the 2010 financial year. Corporate finance transactions and a positive valuation effect from restructured loans in the 2011 financial year resulted in higher commissions compared to the previous year.

Net trading income and net income from hedge accounting. The net trading income and net income from hedge accounting amounted to €24 million in the 2010 financial year, in contrast to a loss of €42 million in the 2011 financial year. This was caused by various factors. There was a negative effect from write-downs on derivative positions triggered by the default of one counterparty in the 2011 financial year. The significant year-on-year decline in income also reflects the inclusion in 2010 of the positive valuation effects from counterparty default adjustments (CDAs) to allow for the default risk of derivative counterparties. As a consequence of widening spreads accompanied by higher volatility on the markets as of mid-2011, costs for hedge accounting increased, which could not be offset by valuation gains from hedging positions during the rest of the year.

Net investment income, current net income from companies accounted for using the equity method, other net income. A loss of €51 million was reported in net investment income in the 2011 financial year, compared to a profit of €188 million in the previous year. Income for the 2011 financial year was adversely affected in particular by negative valuation effects on equity participations. Whereas the prior year's result was determined to a large extent by a positive valuation effect from restructured loans, this could not be achieved to the same degree in the 2011 financial year. Current net income from companies accounted for using the equity method in the 2011 financial year amounted to €11 million, compared with €30 million for the previous year. This was largely associated with the participation in AKA Ausfuhrkreditgesellschaft mbH, which was valued at-equity for the first time in 2010. Other net income, which was influenced by non-recurring income of €13 million from a customer transaction in the 2010 financial year, was slightly negative at €–2 million in the 2011 financial year.

Operating expenses. Operating expenses increased from €1,442 million in the 2010 financial year to €1,461 million in the 2011 financial year, representing an increase of €19 million, or 1.3%. Personnel expenses increased by 2.7% compared to the previous year. The primary driver of this increase were the higher expenses for pension provisions, primarily attributable to the amortization of actuarial losses. Other operating expenses in the 2011 financial year were less than in the previous year due to final write-down of the Dresdner Bank brand in the second quarter of the 2010 financial year, whereas indirect expenses increased during the same period.

Operating profit/loss. In the 2011 financial year, the Mittelstandsbank segment achieved an operating profit of €1,527 million compared with €1,598 million in the 2010 financial year, representing a decrease of €71 million or 4.4%. The favorable economic conditions in the 2011 financial year compared with the 2010 financial year resulted in significantly lower new formation for provisions and also contributed to an upturn in commission business. A positive effect was also notable in interest business, where the key factor was the improved contribution of the deposit business due to the increase in market interest rates. However, these effects were largely canceled by the very strong net investment income in the 2010 financial year that could not be repeated to the same extent in the 2011 financial year, resulting overall in a slight decline in operating profit/loss compared with the previous year.

Pre-tax profit/loss. Since no restructuring expenses were incurred in either the 2010 or the 2011 financial year, pre-tax profit/loss is identical to operating profit/loss.

Central & Eastern Europe

The following table provides an overview of the results of operations of the Central & Eastern Europe segment for the 2010 and 2011 financial years:

	Financial year ending December 31,		Change[2]	
	2010[1]	2011[1]		
	(audited)		(unaudited)	
	(€ m)			(%)
Net interest income	674	648	(26)	(3.9)
Loan loss provisions	(361)	(89)	272	75.3
Net interest income after provisions	313	559	246	78.6
Net commission income	208	217	9	4.3
Net trading income and net income from hedge accounting	73	251	178	>100.0
Net investment income	(4)	7	11	—
Current net income from companies accounted for using the equity method	—	—	—	—
Other net income	28	34	6	21.4
Operating expenses	565	585	20	3.5
Operating profit/loss	**53**	**483**	**430**	**>100.0**
Restructuring expenses	—	—	—	—
Pre-tax profit/loss	**53**	**483**	**430**	**>100.0**
Average capital employed	1,628	1,723	95	5.8
Cost/income ratio in operating business (%)	57.7	50.6	(7.1)	—
RWA (as of December 31)[2]	19,107	19,595	487	2.6

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2011.
2) The figures shown are unaudited and are taken from the Group's accounting records.

Net interest income. Net interest income in the Central & Eastern Europe segment declined by €26 million, or 3.9%, from €648 million in the 2011 financial year compared to €674 million in the 2010 financial year. This change was due to countervailing effects. Net interest income of the BRE Bank performed positively, increasing by a total of €32 million compared to the 2010 financial year. The deposit business was the main driver, especially as a result of higher margins. Net interest income in the lending business also increased slightly due to the greater volume of lending. However, there were negative effects from a change in the method for reporting foreign currency swaps in net interest income (a decline in net interest income with an increase in net trading income, left no effect on profit/loss). In contrast, there was a decline of €30 million in net interest income at COMMERZBANK Eurasija where the level from the 2010 financial year could not be maintained due to dwindling loan volumes and margins. At Bank Forum, net interest income remained at the 2010 financial year level. Lower refinancing costs resulting from the debt-to-equity swap capital increase were compensated at Bank Forum by a lower margin in the loan portfolio attributable to its ongoing restructuring. At the level of Central & Eastern Europe Holding, higher liquidity costs had a dampening effect due to the larger refinancing volume.

Loan loss provisions. Loan loss provisions in the 2011 financial year decreased by €272 million, or 75.3%, to €89 million compared to the previous year, attributable primarily to the generally favorable economic climate in the 2011 financial year. Most of the decline was accounted for in Bank Forum, where there was a significant decrease of €134 million, or 83.2%, from €161 million in the 2010 financial year to €27 million in the 2011 financial year, since the high charges from preceding years did not recur in the 2011 financial year. BRE Bank also substantially reduced its provisions by €96 million, or 61.5%, from €156 million compared with €60 million in the previous year. Apart from good operating performance, the reduction was also driven by non-recurring income of €20 million from the sale of a distressed loan portfolio in the retail area in the second quarter of the 2011 financial year. In addition, BRE Bank also benefited from non-recurring income in the fourth quarter of 2011 resulting from the review and updating of parameters used to calculate provisions for portfolios of non-delinquent loans (see "*—Group results of operations—Loan loss provisions*"). In the other units, provisions of just €2 million were required in the 2011 financial year, while €45 million were still incurred in the previous year.

Net commission income. Net commission income in the Central & Eastern Europe segment increased by €9 million, or 4.3%, from €208 million in the 2010 financial year compared with €217 million in the 2011 financial year. The higher income resulted from the favorable development of numerous product groups at BRE Bank in the private and corporate customer business (especially from cashless payment methods and the sale of insurance). This positive performance was partly offset by slightly lower net commission income at both Bank Forum and COMMERZBANK Eurasija.

Net trading income and net income from hedge accounting. Net trading income and net income from hedge accounting increased by €178 million, from €73 million in the 2010 financial year to €251 million in the 2011 financial year. In the 2011 financial year, it was primarily determined by amounts already received in connection with the decision to sell COMMERZBANK's stake in the Russian Promsvyazbank for €154 million based on the market value of the sale option. Adjusted for this special effect, net trading income and net income from hedge accounting increased by €24 million in the 2011 financial year. This increase was mainly accounted for by the currency business of BRE Bank as well as a change in the method for reporting foreign currency swaps (see "—*Net interest income"*).

Net investment income, other net income. Net investment income increased by €11 million from €–4 million in the 2010 financial year compared with €7 million in the 2011 financial year. Positive effects in the 2010 financial year derived from the sale of shares in the Prague branch and of a share portfolio at BRE Bank could not be repeated in the 2011 financial year. The increase in other net income of €6 million to €34 million compared with the 2010 financial year is attributable to the sum of minor effects. At BRE Bank, other net income increased by €5 million, including income generated by the insurance business.

Operating expenses. Operating expenses increased by €20 million, or 3.5%, from €565 million in the 2010 financial year compared with €585 million in the 2011 financial year. The increase resulted partly from higher growth-related personnel expenses due to the increase in headcount at BRE Bank. At BRE Bank, expenses for variable compensation were also higher due to the positive performances in the 2011 financial year. BRE Bank primarily accounted for the increase in operating expenses, largely due to increased costs for deposit protection. Operating expenses in the other units remained essentially unchanged.

Operating profit/loss. Operating profit at the Central & Eastern Europe segment improved significantly overall, amounting to €483 million in the 2011 financial year compared with €53 million in the 2010 financial year, representing an increase of €430 million. Adjusted for the income from the resolved sale of COMMERZBANK's stake in Promsvyazbank, operating profit increased by €276 million, primarily attributable to the good results at BRE Bank (which succeeded in improving its operating profit/loss by 73% to €329 million) and Bank Forum (increase mainly due to restructuring and the stabilization of the economic situation in Ukraine). At Bank Forum, this was noticeable in the marked decline in provisions. The comparison between the 2010 and 2011 financial years in the Central & Eastern Europe segment is not sustainable due to currency effects from the relevant currencies.

Pre-tax profit/loss. Since no restructuring expenses were incurred in either the 2010 or the 2011 financial year, pre-tax profit/loss is identical to operating profit/loss.

Corporates & Markets

The following table provides an overview of the results of operations of the Corporates & Markets segment for the 2010 and 2011 financial years:

	Financial year ending December 31,		Change[2)]	
	2010[1)]	2011[1)]		
	(audited)		(unaudited)	
	(€ m)			(%)
Net interest income	767	832	65	8.5
Loan loss provisions	27	(146)	(173)	—
Net interest income after provisions	794	686	(108)	(13.6)
Net commission income	254	300	46	18.1
Net trading income and net income from hedge accounting	1,160	1,069	(91)	(7.8)
Net investment income	220	30	(190)	(86.3)
Current net income from companies accounted for using the equity method	11	15	4	36.4
Other net income	(20)	(12)	8	40.0
Operating expenses	1,633	1,505	(128)	(7.8)
Operating profit/loss	**786**	**583**	**(203)**	**(25.8)**
Restructuring expenses	—	—	—	—
Pre-tax profit/loss	**786**	**583**	**(203)**	**(25.8)**
Average capital employed	3,854	3,026	(828)	(21.5)
Cost/income ratio in operating business (%)	68.3	67.4	(0.9)	—
RWA (as of December 31)[2)]	45,887	35,564	(10,323)	(22.5)

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2011.
2) The figures shown are unaudited and are taken from the Group's accounting records.

Net interest income. Net interest income in the Corporates & Markets segment increased by €65 million, or 8.5%, from €767 million in the 2010 financial year to €832 million in the 2011 financial year. This increase is largely due to the positive development of interest income from structured financing; the reversal of provisions formed for structured finance transactions in London, which had an adverse effect on interest income (following a field audit); and non-recurring income from rescheduled loans. Negative effects were felt by the declining margins in credit portfolio management and conduit finance structures (Silvertower) as well as lower interest income in the leveraged finance business.

Loan loss provisions. Provisions in this segment amounted to €146 million in the 2011 financial year, compared with net income of just €27 million in the 2010 financial year. As the portfolio in this segment is not homogenous, provisions are generally strongly influenced by the development of individual large exposures. Thus, the three largest individual exposures accounted for a charge to provisions of €118 million in the 2011 financial year. In the 2010 financial year, the individual provisions charged were more than compensated for by the high reversals to portfolio provisions. These reversals resulted from the scheduled portfolio reduction and reorganization of the responsibilities for customers in connection with the integration, while the reduced default probabilities due to improved financial results also had a positive impact on portfolio provisions. The continued scheduled portfolio reduction and sustained positive portfolio performance led to further reversals to portfolio provisions in the 2011 financial year as well, including in connection with the regular annual updating of parameters. However, these were well below the level of the 2010 financial year.

Net commission income. In the Corporates & Markets segment, net commission income increased by €46 million, or 18.1%, from €254 million in the 2010 financial year to €300 million in the 2011 financial year. Net commission income in the 2011 financial year was impacted positively by income from Debt Capital Markets Loans, Leveraged Finance and Equity Capital Markets as a result of the capital increase of COMMERZBANK in the amount of €23 million, together with a transaction amounting to €18 million carried out for Deutsche Schiffsbank. The income from the capital increase of COMMERZBANK and from a transaction to optimize the Group's tax position in connection with the integration of Deutsche Schiffsbank was eliminated from Others and Consolidation because this represents internal income. Conversely, higher sales volumes in Equity Markets & Commodities flow products led to increased brokerage expenses, which had a negative effect on net commission income. Net commission income also profited from the first-time recording of margins from customer business in foreign currency cash and forward products, which were still recorded under trading income in the previous year.

Net trading income and net income from hedge accounting. Net trading income and net income from hedge accounting decreased by €91 million, or 7.8%, from €1,160 million in the 2010 financial year to €1,069 million in the 2011 financial year. The negative performance of net trading income is attributable to the sovereign debt crisis in the second half of the 2011 financial year and hence to a significantly lower level of core business. Apart from the general performance of the markets, the first-time reporting of margins from customer business in foreign currency cash and forward products in commission income in 2011 led to reduced net trading income. Despite a strong showing in the first half, earnings at the Equity Markets & Commodities Group division declined by €92 million in the 2011 financial year compared with the 2010 financial year, a development which was primarily attributable to the product area Exotics, Vanilla & Fund Trading, where, apart from subdued customer activity, the revaluation of a portfolio of U.S. Life Settlement Funds and retirement products for the Austrian insurance market ("retirement plans") were the principal factors. Net trading income in the Fixed Income & Currencies Group division declined by €117 million compared with the 2010 financial year, primarily due to a significant decrease in net trading income for foreign currency products and interest derivatives. Net trading income in the Corporate Finance Group division declined by €69 million, although here, countervailing positive effects in net interest income must also be taken into account, and consequently, this Group division performed positively overall. The adjustments to own liabilities valued at fair value in the 2011 financial year also had a positive effect, contributing €283 million (adjusted in the 2012 financial year by €–5 million due to a correction to own credit spread in the Equity Markets & Commodities Group division). The items concerned were principally certificated liabilities, which are reported in the balance sheet at market value as a result of the application of the IFRS fair value option. The market value option requires taking into account an entity's own credit risk. This valuation parameter led to a decline in the market value of the liabilities concerned and thus to a significantly positive effect on net income, as there was a significant increase in the credit spread of COMMERZBANK traded on the market (measured in premiums on returns for COMMERZBANK bonds through swaps) during 2011.

Net investment income, current net income from companies accounted for using the equity method, other net income. Net investment income amounted to €30 million in the 2011 financial year, which was a significant decrease of €190 million compared to €220 million in the 2010 financial year. This was the result of non-recurring income due to valuation effects of rescheduled loans in the 2010 financial year. Current net income from companies accounted for using the equity method amounted to €15 million in the 2011 financial year, primarily attributable to a positive effect from the first-time consolidation of a minority stake in the Equity Markets & Commodities Group division. Other net income improved, increasing by €8 million from €–20 million in the 2010 financial year to €–12 million in the 2011 financial year. The main factor related to this change was the fact that effects from the conduit business in the area of Debt Capital Markets Bonds were reported in net trading income as of the 2011 financial year.

Operating expenses. Operating expenses declined by €128 million, or 7.8%, from €1,633 million in the 2010 financial year to €1,505 million in the 2011 financial year. Lower operating expenses were mainly driven by lower charges from the settlement of expenses by the management and support units and the reversal of bonus provisions in the second half of 2011 compared with the 2010 financial year. The decline in support allocations is a result of the completed integration of the Dresdner Bank trading business into the COMMERZBANK trading platform and the increase of cost synergies in the settlement and controlling of trading business.

Operating profit/loss. Overall, the Corporates & Markets segment in the 2011 financial year – despite the difficult market environment (sovereign debt crisis) in the second half of 2011 – realized operating profit of €583 million compared with €786 million in the 2010 financial year, representing a decrease of €203 million, or 25.8%.

Pre-tax profit/loss. Since no restructuring expenses were incurred in either the 2010 or the 2011 financial year, pre-tax profit/loss is identical with operating profit/loss.

Asset Based Finance

The following table provides an overview of the results of operations of the Asset Based Finance segment for the 2010 and 2011 financial years:

	Financial year ending December 31,		Change[2]	
	2010[1]	2011[1]		
	(audited)		(unaudited)	
	(€ m)			(%)
Net interest income	1,162	1,021	(141)	(12.1)
Loan loss provisions	(1,584)	(907)	677	42.7
Net interest income after provisions	(422)	114	536	—
Net commission income	327	260	(67)	(20.5)
Net trading income and net income from hedge accounting	(78)	123	201	—
Net investment income	(352)	(3,799)	(3,447)	(>100.0)
Current net income from companies accounted for using the equity method	(20)	(8)	12	60.0
Other net income	(114)	(29)	85	74.6
Operating expenses	609	572	(37)	(6.1)
Operating profit/loss	**(1,268)**	**(3,911)**	**(2,643)**	**(>100.0)**
Restructuring expenses	33	—	(33)	(100.0)
Pre-tax profit/loss	**(1,301)**	**(3,911)**	**(2,610)**	**(>100.0)**
Average capital employed	6,276	5,398	(878)	(14.0)
Cost/income ratio in operating business (%)	65.8	—	(65.8)	—
RWA (as of December 31)[2]	78,824	70,592	(8,231)	(10.4)

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2011.
2) The figures shown are unaudited and are taken from the Group's accounting records.

Net interest income. Net interest income in the Asset Based Finance segment in the 2011 financial year amounted to €1,021 million, decreasing by €141 million, or 12.1%, compared with €1,162 million in the 2010 financial year. The individual Group divisions performed differently in this regard. In the Commercial Real Estate business, net interest income declined significantly overall from €765 million to €675 million, a result of which was primarily attributable to the active reduction of the loan portfolio by 14.6%. In retail banking, net interest income declined from €103 million in the 2010 financial year to €80 million in the 2011 financial year, which was primarily the result of the portfolio reduction. In the Asset Management and Leasing Group division, however, net interest income increased from €60 million to €81 million. One of the causes of this increase was from current earnings from Warehouse portfolios. Net interest income in Ship Finance decreased from €236 million to €189 million, primarily due to higher refinancing costs and reduced loan volumes. In Public Finance, net interest income of €–3 million remained at virtually the previous year's level of €–1 million. Despite a positive non-recurring effect of €43 million from the sale of a claim against Lehman Brothers, net interest income changed compared with the previous year, in part as a result of lower repo income.

Loan loss provisions. Loan loss provisions decreased considerably compared with the previous year by €677 million, or 42.7%, to €907 million in the 2011 financial year. The Commercial Real Estate business accounted for most of the decline, as loan loss provisions decreased by €697 million, or 53.3%, from €1,308 million in the 2010 financial year to €611 million in the 2011 financial year. This reduction was primarily attributable to a decrease in provisions in the Commercial Real Estate International Group division, where the amount declined from €955 million to €327 million, of which exposures in Spain amounting to €247 million accounted for a considerable share. The main reason for the reduction was the significantly reduced provisions for the U.S. portfolio, for which the high charges of the 2010 financial year did not recur in the 2011 financial year. In the Commercial Real Estate Germany Group division, provisions decreased by a total of €59 million to €284 million in the 2011 financial year, despite the effect of one large individual case. The Commercial Real Estate business also profited from a non-recurring reversal resulting from the reviewing and updating of parameters to calculate the provisions for portfolio risks of non-delinquent loans in the fourth quarter of the 2011 financial year. In Public Finance, in which net income of €8 million had been realized the previous year, net income of €26 million was also earned in the 2011 financial year, which was primarily attributable to a reversal of provisions in connection with the above-described sale of a claim against Lehman Brothers. In Ship Finance, provisions increased by €41 million, or 21.9%, compared with the previous year, from €189 million to €230 million. This was mainly driven by individual exposures as well as a one-time charge from the review and updating of parameters to calculate the provisions for portfolio risks of non-delinquent loans in the fourth quarter (see "*—Group results of operations—Loan loss provisions"*). Provisions for retail banking decreased by €6 million, from €88 million to €82 million. In the Asset Management and Leasing Group division, provisions increased from €7 million in the equivalent period of the previous year to €10 million in the 2011 financial year.

Net commission income. Net commission income in the Asset Based Finance segment declined by €67 million compared with the previous year to €260 million in the 2011 financial year. In the Asset Management and Leasing Group division, net commission income amounted to €124 million, remaining at the previous year's level of €123 million. This occurred despite added commission expenses in connection with a sales initiative for the real estate fund "hausInvest". In the Commercial Real Estate business, however, net commission income declined by €57 million, from €191 million in the 2010 financial year to €134 million in the 2011 financial year, primarily attributable to a significantly lower level of new business. Net commission income in the 2011 financial year was comprised in particular of back-end fees for maturing loans and restructuring. In the other Group divisions, commissions were at virtually the same level as in the 2010 financial year.

Net trading income and net income from hedge accounting. Net trading income and net income from hedge accounting, which amounted to €–78 million in the 2010 financial year, increased considerably in the 2011 financial year by €201 million to €123 million. In Public Finance the result improved by €78 million, €34 million to €112 million in the 2011 financial year. This increase was primarily driven by positive valuation results from the free derivatives under IAS 39 in Eurohypo in the amount of €196 million, including foreign currency swaps and credit default swaps, which had not existed in this amount in the previous year. These were offset by losses of €136 million from the settlement of the derivatives used to hedge Greek securities. A positive result of €36 million from the Erste Europäische Pfandbrief- und Kommunalkreditbank is also included in Public Finance in the 2011 financial year. The result in Ship Finance increased considerably, from €–6 million in the 2010 financial year to €62 million in the 2011 financial year. This improvement is attributable to positive valuation effects of free derivatives in Deutsche Schiffsbank of €79 million, compared with €–3 million for the previous year.

Net investment income. Net investment income declined significantly by €3,447 million, from €–352 million in the 2010 financial year to €–3,799 million in the 2011 financial year. Net investment income was adversely affected in the 2011 financial year due to, above all, valuation losses from Greek bonds in the amount of €2,155 million in the Public Finance portfolio. Hedging relationships were also reversed in that division, where the values of these derivatives were negatively adjusted by €957 million. See also "*—Group results of operations—Net investment income"*. Losses of €418 million from the sale of bonds (especially of Italy, Belgium and various other sovereigns) were also incurred in Public Finance. These sales contributed to the rapidly accelerated reduction of risk positions at Eurohypo, but could only be carried out at a loss. In the 2010 financial year, losses of €184 million were incurred due to the reduction of risk positions (especially government bonds of Greece, Portugal and Spain). Valuation adjustments of €–48 million on portfolios of securities classified as loans-and-receivables were also necessary in Public Finance in the 2011 financial year. In the Commercial Real Estate business, a loss of €139 million was incurred in the 2011 financial year due to the adjustment of the value of a share package. In Ship Finance, the loss in the 2011 financial year amounted to €81 million, compared with €–3 million the previous year. Write-downs on Greek securities and the active reduction of securities in Deutsche Schiffsbank accounted for this loss.

Current net income from companies accounted for using the equity method, other net income. Current net income from companies accounted for using the equity method amounted to €–8 million in the 2011 financial year compared with €–20 million in the previous year. Other net income amounted to €–29 million, considerably higher than the result of €–114 million for the 2010 financial year, which was primarily attributable to substantially smaller valuations losses from acquired assets. In the 2011 financial year, Asset Management and Leasing largely accounted for these value adjustments. In the previous year, these valuation losses were primarily incurred in the Commercial Real Estate business.

Operating expenses. Operating expenses decreased by €37 million, or 6.1%, from €609 million in the 2010 financial year to €572 million in the 2011 financial year. Both direct and indirect expenses were reduced as a result of the lower headcount.

Operating profit/loss. Overall, the Asset Based Finance segment incurred an operating loss of €3,911 million in the 2011 financial year, which was once again well below the already negative operating loss of €1,268 million for the 2010 financial year. The negative developments in net investment income described above – especially write-downs on Greek bonds – were not be offset by lower provisions.

Pre-tax profit/loss. In the 2011 financial year there were no restructuring expenses and consequently pre-tax profit/loss in the 2011 financial was identical to the operating profit/loss of €–3.911 million. Pre-tax profit/loss in the 2010 financial year amounted to €–1,301 million. Restructuring provisions of €33 million were formed during this period for the Asset Management and Leasing Group division in connection with the "Correlation" strategy project of Commerz Real Aktiengesellschaft.

Portfolio Restructuring Unit

The following table provides an overview of the results of operations of the Portfolio Restructuring Unit (PRU) segment for the 2010 and 2011 financial years. It should be taken into account that COMMERZBANK adjusted the strategy for the PRU Segment from "maximizing value" to "optimizing equity" in response to the European sovereign debt crisis. This led to a greater reduction of the portfolio in the fourth quarter of the 2011 financial year, which resulted in some cases having to accept markdowns of the previous book values, under the assumption that this measure would contribute to a noticeable release of capital:

	Financial year ending December 31,		Change[2]	
	2010[1]	2011[1]		
	(audited)		(unaudited)	
	(€ m)			(%)
Net interest income	82	49	(33)	(40.2)
Loan loss provisions	(62)	(5)	57	91.9
Net interest income after provisions	20	44	24	>100.0
Net commission income	—	—	—	—
Net trading income and net income from hedge accounting	787	(108)	(895)	—
Net investment income	(29)	4	33	—
Current net income from companies accounted for using the equity method	—	—	—	—
Other net income	3	(7)	(10)	—
Operating expenses	106	63	(43)	(40.6)
Operating profit/loss	**675**	**(130)**	**(805)**	**—**
Restructuring expenses	—	—	—	—
Pre-tax profit/loss	**675**	**(130)**	**(805)**	**—**
Average capital employed	1,212	1,002	(210)	(17.3)
Cost/income ratio in operating business (%)	—	—	—	—
RWA (as of December 31)[2]	9,886	10,772	886	8.9

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2011.
2) The figures shown are unaudited and are taken from the Group's accounting records.

Net interest income. Net interest income in the Portfolio Restructuring Unit segment declined by €33 million, or 40.2%, from €82 million in the 2010 financial year to €49 million in the 2011 financial year, which was primarily attributable to the scheduled reduction of portfolios and the resulting lower receipts from capital benefit (due to the commitment of less equity). Along with the portfolio reductions, the costs of longer term refinancing were also lower.

Loan loss provisions. Loan loss provisions amounted to €5 million in the 2011 financial year compared with €62 million in the previous year, representing a decrease of €57 million, or 91.9%. Provisions in this segment are generally determined by the performance of just a few individual exposures. While a higher net expense was incurred in the 2010 financial year, significant income of €18 million was also collected in the third quarter of the 2011 financial year resulting from a single payment receipt. This partly offset the charges from the formation of provisions established in other cases.

Net commission income. There was no net commission income In the 2010 and 2011 financial years due to the lack of new business.

Net trading income and net income from hedge accounting. Net trading income and net income from hedge accounting decreased by €895 million, from €787 million in the 2010 financial year to €–108 million in the 2011 financial year. In the context of a very positive market environment for structured credit products, net trading income and net income from hedge accounting in the 2010 financial year were driven, among other factors, by valuation adjustments for collateralized debt obligations (securities secured by receivables based on a portfolio of fixed-interest securities), non-recurring income of €173 million from the restructuring of the monoline insurer AMBAC and the ex-K2 portfolio, as well as positive performance in the market for U.S. residential mortgage backed securities (RMBS). However, net trading income and net income from hedge accounting in the 2011 financial year (especially in the second half of the year) was adversely affected by the difficult market environment brought about by the sovereign debt crisis, which did not allow any further recoveries of value. A particularly adverse effect on the results for the 2011 financial year derived from necessary adjustments in value to the PFI portfolio (Public Finance & Infrastructure), primarily due to the increased credit spreads for U.S. monoline insurers, to the exposure of COMMERZBANK due to a number of minor adjustments. The segment was, however, able to report income of €47 million from the valuation of AMBAC debtor warrants in the 2011 financial year, which had been given as no value at year-end 2010. The change in strategy from “maximizing value” to “optimizing equity” in response to the European sovereign debt crisis should be taken into account in evaluating the negative performance of net trading income, *i.e.*, it was also necessary to accept trading losses on the reversal of positions to the extent that equity capital could be released through the sale. The first signs of an effect on results could already be observed in the 2011 financial year.

Net investment income, other net income. Net investment income increased by €33 million, from €–29 million in the 2010 financial year to €4 million in the 2011 financial year. Further impairments on available-for-sale portfolios were necessary only to a small extent in the 2011 financial year in contrast to the 2010 financial year. The reduction of the CDO/CLO portfolio also had an effect on the income statement. In addition, there were no other negative effects from securities in the portfolios of the Cominvest and ABS-Invest funds comparable to those in the 2010 financial year. Other net income decreased from €3 million in the 2010 financial year to €–7 million in the 2011 financial year. The positive contributions to results from the areas of credit flow and exotic trading could not be repeated in the 2011 financial year as these portfolios were phased out completely in 2010.

Operating expenses. Operating expenses decreased by €43 million, or 40.6%, from €106 million in the 2010 financial year to €63 million in the 2011 financial year. The direct cost basis and indirect costs could be reduced in accordance with the reduction of the portfolio on a continued basis.

Operating profit/loss. In the 2011 financial year, operating profit/loss for the Portfolio Restructuring Unit segment, which was adversely affected by a difficult market environment (especially in the second half of the year), amounted to €–130 million, a decrease of €805 million compared with €675 million in the 2010 financial year.

Pre-tax profit/loss. Since no restructuring expenses were incurred in either the 2010 or the 2011 financial year, pre-tax profit/loss is identical with operating profit/loss.

Others and Consolidation

The following table provides an overview of the results of operations of the Others and Consolidation area for the 2010 and 2011 financial years:

	Financial year ending December 31,		Change[2]	
	2010[1]	2011[1]		
	(audited)		(unaudited)	
	(€ m)			(%)
Net interest income	306	(27)	(333)	—
Loan loss provisions	6	2	(4)	(66.7)
Net interest income after provisions	312	(25)	(337)	—
Net commission income	(66)	(122)	(56)	(84.8)
Net trading income and net income from hedge accounting	(9)	693	702	—
Net investment income	54	200	146	>100.0
Current net income from companies accounted for using the equity method	4	5	1	25.0
Other net income	79	1,247	1,168	>100.0
Operating expenses	879	418	(461)	(52.4)
Operating profit/loss	**(505)**	**1,580**	**2,085**	**—**
Restructuring expenses	—	—	—	—
Pre-tax profit/loss	**(505)**	**1,580**	**2,085**	**—**
Average capital employed	8,972	10,332	1,360	15.2
Cost/income ratio in operating business (%)	—	—	—	—
RWA (as of December 31)[2]	14,294	14,947	653	4.6

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2011; comparative figures for the 2010 financial year were adjusted, see "*—Segments of the COMMERZBANK Group*".

2) The figures shown are unaudited and are taken from the Group's accounting records.

Net interest income. Net interest income declined by €333 million compared with the 2010 financial year to €–27 million in the 2011 financial year. One of the reasons for this decline was the development of effects from profit-related equity instruments (hybrid bonds such as trust preferred securities, silent participations and profit-sharing certificates). In the 2010 financial year, net interest income included a positive effect of €345 million from the non-servicing of profit-related equity instruments (included therein was non-recurring income of €75 million from the reversal of interest accruals in the first quarter of 2010 set up in the 2009 financial year), while the effect of the non-servicing of profit-related equity instruments in the 2011 financial year amounted to €137 million. Furthermore, net interest income generated by Group Treasury and treasury-related items (including the distribution of earnings from equity investment to the operating segments) did not achieve the very high level of the 2010 financial year, declining by €170 million in net terms compared with the 2010 financial year (while net interest income in the 2011 financial year amounted to €29 million due to a non-recurring effect resulting from the capital measure to optimize the capital structure). Liquidity management primarily accounted for this decline compared with the 2010 financial year.

Net commission income. Net commission income amounted to €–122 million, a decrease of €56 million, or 84.8%, compared with the 2010 financial year. The main reasons for this decline were the internal compensation paid to the Group division Equity Capital Markets in the Corporates & Markets segment in the 2011 financial year for services rendered in connection with measures to optimize the capital structure of COMMERZBANK, as well as a transaction to optimize the tax position of the Group in connection with the integration of Deutsche Schiffsbank (see "*—Corporates & Markets—Net commission income"*).

Net trading income and net income from hedge accounting. Net trading income and net income from hedge accounting amounted to €693 million, an increase of €702 million compared with the 2010 financial year. The main contributing factor here was the development of the net trading income at Group Treasury, which increased by €691 million to €718 million. A positive one-time amount of €316 million was attributable to the application of more sophisticated valuation models to interest rate hedging and €200 million to the hedging of existing surplus liabilities. The valuation was adjusted using the more sophisticated valuation models to reflect changing conditions on the market by distinguishing between the interest curves for different transactions. There was also substantial growth, especially from the valuation of derivatives of Eurohypo.

Net investment income. Net investment income increased compared with the 2010 financial year by €146 million to €200 million. In the 2010 financial year, net investment income included effects from the sale of non-strategic participations as part of the fulfillment of the SoFFin conditions (Kleinwort Benson Group: €25 million, Dresdner Bauspar: €–68 million) as well as the sale of other participations (Generali: €67 million, Montrada: €21 million, partial sale of MAN €14 million). Added to this amount was the loss on the sale of European government bonds and bonds of financial institutions amounting to €15 million in net terms. This was in contrast to the following effects in the 2011 financial year: income of €141 million from the sales of bonds (mainly bunds), depreciation of Mediobanca (€–17 million) and effects from the sale of equity holdings (partial sale of MAN: €38 million, sale of Banco Multiplo: €37 million).

Other net income. The strongly positive development of other net income, which, when compared with the 2010 financial year, increased by €1,168 million to €1,247 million in the 2011 financial year, resulted primarily from positive effects from the measures to optimize the capital structure in the first quarter of 2011 (€329 million) and in the fourth quarter of 2011 (€735 million). Other large individual items contributing to other net income of the 2011 financial year were an effect of €46 million from the "Silvertower" sales transaction, a positive effect of €13 million related to the fulfillment of the SoFFin conditions and reversals of provisions of €83 million formed in connection with the Growing Together project. Other net income in the 2010 financial year also included a non-recurring effect from the sale of buildings in Moscow, Singapore and Luxembourg totaling €19 million, income of €19 million from subsequently promised Daimler shares from the AEG bankruptcy (subsequent dividend credits, gains realized from the sale of portfolios), and an item for the reversal of provisions formed in connection with the Growing Together project of €61 million.

Operating expenses. The significant reduction of €461 million in operating expenses compared with the 2010 financial year to €418 million in the 2011 financial year was primarily attributable to the considerably reduced integration expenses of the service and management units in connection with the Growing Together project. A series of different types of one-time, in some case countervailing, effects had an overall effect of reducing operating expenses.

Operating profit/loss. Operating profit amounted to €1,580 million in the 2011 financial year, a considerable increase of €2,085 million compared with €–505 million in the 2010 financial year. The main reasons for the increase were in particular the positive effects on results in the 2011 financial year totaling €1,064 million from the capital measures to optimize the capital structure.

Pre-tax profit/loss. Since no restructuring expenses were incurred in either the 2010 or the 2011 financial year, pre-tax profit/loss is identical with operating profit/loss.

Assets

A more detailed description of the financial and risk management policies of the Group is available in the *"Risk Management*" section.

Equity, hybrid capital and subordinated capital

The following table provides an overview of the Group's reported equity, hybrid capital and subordinated capital as of the reporting dates shown:

	December 31, 2010[1]	December 31, 2011[2]	December 31, 2012[2]	December 31, 2012[3] adjusted	June 30, 2013[3]
	(audited, unless otherwise indicated)			(auditor reviewed)	(auditor reviewed)
	(€ m)				
Equity					
Subscribed capital	3,047	5,113	5,828	5,828	1,139[4]
Capital reserve	1,507	11,158	11,681	8,730	15,938
Retained earnings	9,140	8,822	8,614	10,860	10,656
Silent participations	17,178	2,687	2,376	2,376	—
Other reserves:	*(2,999)*	*(3,676)*	*(2,353)*	*(2,353)*	*(2,085)*
Revaluation reserve	(1,731)	(2,511)	(1,699)	(1,699)	(1,383)
Cash flow hedge reserve	(1,005)	(810)	(616)	(616)	(492)
Currency translation reserve	(263)	(355)	(38)	(38)	(210)
Non-controlling interests	785	699	888	886	829
Total	28,658	24,803	27,034	26,327	26,477
Hybrid capital	**4,181**	**2,175**	**1,597**	**1,597**	**1,513**
Subordinated capital	**12,910**	**13,285**	**12,316**	**12,316**	**11,739**
Total	**45,749**	**40,263**	**40,947**	**40,240**	**39,729**

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2011; the comparative figures as of December 31, 2010 were adjusted to reflect the change in the reporting of treasury shares in the 2011 financial year. For details, see "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Change in accounting principles in the 2011 financial year"*. This change affected the line items "Capital reserve" and "Retained earnings". In COMMERZBANK's consolidated financial statements for the 2010 financial year, a value of €1,302 million (December 31, 2010) was still reported for the capital reserve and of €9,345 million (December 31, 2010) for retained earnings.

2) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2012.

3) The figures shown are taken from COMMERZBANK'S condensed interim consolidated financial statements for the period ending June 30, 2013. Reclassifications within the income statement and accounting changes have been implemented beginning with the 2013 financial year. See "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Change in accounting principles in the first half of the 2013 financial year".* The figures as of December 31, 2012 were adjusted accordingly.

4) A stock consolidation with a ratio of 10:1 was implemented on April 22, 2013. See "*—Effect on the income statement of the capital measures implemented in the 2011 and 2012 financial years and the first half of 2013"*

The following table provides an overview of the development of revaluation effects on available-for-sale securities and reclassified securities in the loans-and-receivables category recognized in the revaluation reserve:

	December 31, 2010	December 31, 2011	December 31, 2012	June 30, 2013[3]
	(audited, unless otherwise indicated)			(auditor reviewed, unless otherwise indicated)
	(€ m)			
Revaluation reserve[1]	**(1,731)**	**(2,511)**	**(1,699)**	**(1,383)**
Interest-bearing instruments[2]	(2,037)	(2,636)	(1,736)	(1,419)
Shares/participations and other non-interest-related instruments[2]	306	125	37	36

1) The figure shown for the 2010 financial year is taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2011. The figures shown for the 2011 and 2012 financial years are taken from COMMERZBANK's consolidated financial statements for the year ending December 31,

2012. The figure shown for the first half of the 2013 financial year is taken from COMMERZBANK's condensed interim consolidated financial statements for the period ending June 30, 2013.

2) The figures shown are unaudited and are taken from COMMERZBANK Group's accounting records.

Comparison of December 31, 2012 and June 30, 2013

From the 2013 financial year, COMMERZBANK conducted reclassifications in the income statement and made changes to the accounting principles. See "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year".* The figures as of December 31, 2012 were adjusted accordingly in COMMERZBANK's condensed interim consolidated financial statements as of June 30, 2013. Where reference is made to the figures as of December 31, 2012 in this subsection "*Comparison of December 31, 2012 and June 30, 2013",* this relates to the adjusted figures.

As of June 30, 2013, equity before minority interests increased by €150 million, or 0.6%, to €26,477 million compared with year-end 2012.

Subscribed capital (€1,139 million) as of June 30, 2013 decreased by €4,689 million compared with year-end 2012 due to the 10-to-1 reverse stock split carried out on April 22, 2013 (effect of €–5,247 million, transferred to the capital reserve) partly compensated by the effect of the capital increase carried out in May 2013 (effect of €556 million).

The capital reserve (€15,938 million) as of June 30, 2013 increased by €7,208 million compared with year-end 2012 due to the 10-to-1 reverse stock split carried out on April 22, 2013 (effect of €5,247 million, transferred from subscribed capital) and the capital increase carried out in May 2013 (effect of €1,951 million).

The total amount raised in the capital increase was used to repay the silent participations of both SoFFin (€1,626 million) and Allianz (€750 million) early and in full.

Retained earnings decreased by €204 million, or 1.9%, to €10,656 million compared with year-end December 31, 2012. As a result of the early redemption of the silent participations, compensation of €88 million was paid to SoFFin and Allianz and was reported as a withdrawal from retained earnings. The loss attributable to COMMERZBANK shareholders in the current financial year reduced the retained earnings by €51 million. As a result of the voluntary application of the new IFRS 10 standards, COMMERZBANK's consolidated group changed as of January 1, 2013. Thus retained earnings decreased by €69 million due to initial consolidations and deconsolidations. These reductions were largely compensated by €76 million, or 11.2%, lower actuarial losses from €677 million as of December 31, 2012 to €601 million (restatement of prior-year figures due to the retrospective application of the amended IAS 19 standard).

The revaluation reserve improved by €316 million, or 18.6%, from €–1,699 million to €–1,383 million, which was primarily attributable to the positive market performance of interest-bearing financial assets. The reserve from cash flow hedges improved by €124 million, or 20.1%, to €–492 million. Compared with December 31, 2012, the currency translation reserve decreased by €172 million to €–210 million. Subordinated capital decreased by €577 million, or 4.7%, from €12,316 million as of December 31, 2012 to €11,739 million as of June 30, 2013. Hybrid capital decreased slightly by €84 million, or 5.3%, from €1,597 million as of December 31, 2012 to €1,513 million as of June 30, 2013.

Comparison of December 31, 2011 and December 31, 2012

Equity before minority interests as of December 31, 2012 increased by €2,231 million, or 9.0%, to €27,034 million as compared with year-end 2011. The increase was due in particular to the capital measures conducted in the first half of the 2012 financial year. In the first quarter of the 2012 financial year, hybrid, subordinate and other financial instruments were contributed as a contribution in kind against new shares of COMMERZBANK, as the first measure to optimize the capital structure. In the second quarter of 2012, the capital increase by means of a contribution in kind was implemented to meet the individual variable compensation claims of non-collective pay scale employees in shares of COMMERZBANK for 2011. The Special Fund for Financial Market Stabilization (SoFFin) converted part of its silent participation into shares in connection with these two measures in order to maintain its stake in COMMERZBANK.

Subscribed capital increased by €715 million, or 14.0%, to €5,828 million largely as a result of the implementation of capital measures (€537 million) and the subsequent conversion by SoFFin (€179 million). Capital reserves increased by €523 million, or 4.7%, to €11,681 million. The increase was attributable to the implemented capital measures (€366 million) and the conversion of the silent participations by SoFFin (€132 million). Another reason for the increase in the capital reserve was the change in the portfolio of treasury shares and the allocation of €28 million for share-based compensation (settlement in equity instruments).

Retained earnings declined by €208 million, or 2.4%, to €8,614 million, in particular due to the servicing of the silent participations (€221 million) directly in equity.

The silent participation of SoFFin declined by €311 million, or 16.1%, to €1.63 billion, compared with the previous year-end, following the conversions conducted in the first half of the year. Together with the silent participation of Allianz amounting to €750 million, the silent participations thus totaled €2,376 million as of December 31, 2012.

The negative value of the revaluation reserve improved by €812 million, or 32.3%, from €2,511 million to €1,699 million. The increase in market values of Italian government bonds had a positive effect on the revaluation reserve. Interest-bearing financial investments were charged to the revaluation reserve at a value of €1,736 million as of December 31, 2012. This also includes securities recategorized in the 2008 and 2009 financial years, pursuant to the IASB notification of October 13, 2008, with a revaluation reserve after deferred taxes of €–0.7 billion. Excluding these recategorizations, a revaluation reserve after deferred taxes of €–4.2 billion would have resulted for these portfolios as of December 31, 2012. Financial investments held in the loans-and-receivables category showed a negative difference of €4.8 billion between the respective carrying and market values as of December 31, 2012, this time including the recategorizations referred to above.

The reserve from cash flow hedges increased by €194 million, or 24.0%, to €–616 million. This reserve contains the effective part of hedges used in cash flow hedges after deferred taxes.

The currency translation reserve improved by €317 million, or 89.3%, to €–38 million compared with the previous year-end of €–355 million, among other things, due to the restatement of currency effects in the income statement related to the sale of Bank Forum.

Subordinated capital declined by €1.0 billion, or 7.3%, from €13.3 billion as of December 31, 2011 to €12.3 billion as of December 31, 2012. In the 2012 financial year, new bonds in the amount of €0.3 billion were issued for subordinate liabilities. However, the nominal volume of mature subordinate liabilities amounted to €1.1 billion, principally maturities in Hypothekenbank Frankfurt AG of €0.9 billion and redemptions of €0.1 billion. Hybrid capital was reduced by €0.6 billion, or 26.6%, from €2.2 billion as of December 31, 2011 to €1.6 billion as of December 31, 2012. In the 2012 financial year, parts of the Trust Preferred Securities (TruPS) of Commerzbank Capital Funding Trust I and II and Eurohypo Capital Funding Trust I were reacquired. In March 2012, TruPS were contributed in the nominal volume of €1.0 billion as a contribution in kind against compensation in shares.

Comparison of December 31, 2010 and December 31, 2011

COMMERZBANK implemented various capital measures in the first half of the 2011 financial year. In the first quarter of the 2011 financial year, hybrid capital was contributed as a capital increase in the form of a contribution in kind to optimize the capital structure. In the second quarter of the 2011 financial year, a capital increase was implemented in the amount of €11.0 billion in a two-step process. Apart from an amount of €3.3 billion from free regulatory capital, all proceeds from the capital measures in the second quarter of the 2011 financial year were used to repay the silent participation of SoFFin in an amount totaling €14.3 billion. A one-time payment of €1.03 billion was also made in this context, which was offset against the costs of the capital measure of €0.2 billion after taxes directly in equity. The repurchase of hybrid equity instruments from investors in the fourth quarter of 2011 comprised a further capital measure. Equity decreased by 13.5% to €24,803 million as of December 31, 2011 compared with €28,658 million as of December 31, 2010, in particular due to the repayment associated with the capital increase of a significant portion of the SoFFin silent participation.

These capital measures triggered substantial shifts in equity. Subscribed capital increased by 67.8% to €5,113 million. One reason for this increase was the capital increase in the form of a contribution in kind (€409 million) resolved on January 21, 2011. Another reason was the capital measures approved on May 6, 2011 by the Annual General Meeting (€1,633 million). The portfolio of treasury shares also decreased by €23 million. The capital reserve increased by €9,651 million to €11,158 million as a result of the capital increase in the form of a contribution in kind (€423 million) in the first quarter of the 2011 financial year and due to the capital increases (€9,189 million) in the second quarter of the 2011 financial year. Furthermore, the capital reserve increased by €39 million due to the change in the portfolio of treasury shares and derivatives on treasury shares. Despite consolidated profit of €638 million attributable to COMMERZBANK shareholders, retained earnings declined by 3.5% to €8,822 million, in particular due to the settlement payment to SoFFin not recognized by profit and loss (€1.03 billion). The partial repayment of the SoFFin silent participation reduced it significantly by €14,491 million to €1,937 million compared with the previous year-end. Together with the Allianz silent participation of €750 million, silent participations therefore totaled €2,687 million as of December 31, 2011.

The negative value of the revaluation reserve declined further by €780 million, or 45.1%, from €1,731 million to €2,511 million. The considerable decline in market values of Italian government bonds had a negative impact on the revaluation reserve. Recategorizations pursuant to the IASB notification of October 13, 2008 did not occur in the 2011 financial year. The interest-bearing financial investments were charged to the revaluation reserve at a value of €2,636 million as of December 31, 2011. This also includes securities recategorized in the 2008 and 2009 financial years pursuant to the IASB notification of October 13, 2008 with a revaluation reserve after deferred taxes of €–0.8 billion. Excluding these recategorizations, a revaluation reserve after deferred taxes of €–4.3 billion as of December 31, 2011 would have resulted for these portfolios as of December 31, 2012. Financial investments held in the loans-and-receivables category showed a negative difference of €5.1 billion between the respective carrying and market values as of December 31, 2011, this time including the recategorizations referred to above.

The reserve from cash flow hedges improved by €195 million, or 19.4%, to €–810 million. This reserve contains the effective part of hedges used in cash flow hedges after deferred taxes. The currency translation reserve decreased compared with the previous year-end by €92 million to €–355 million. Subordinated capital increased by €0.4 billion, or 2.9%, from €12.9 billion as of December 31, 2010 to €13.3 billion as of December 31, 2011. In the 2011 financial year, new bonds in the amount of €3.1 billion were issued for subordinate liabilities, including in particular the issue of a 10-year benchmark subordinate bond with a volume of €1,250 million on March 9, 2011. In contrast, the volume of maturing subordinate liabilities amounted to €0.9 billion and redemptions to €1.3 billion. Hybrid capital was reduced by €2.0 billion, or 48%, from €4.2 billion as of December 31, 2010 to €2.2 billion as of December 31, 2011. In the 2011 financial year, parts of the Trust Preferred Securities (TruPS) of Commerzbank Capital Funding Trust I thorough III and Eurohypo Capital Funding Trust I through II were reacquired. In January 2011, TruPS were contributed at a nominal volume of €0.9 billion as a contribution in kind against compensation in shares. In December 2011, TruPS were repurchased in the nominal volume of €1.3 billion.

Equity in compliance with the German Banking Act/Solvency ratios

Regulatory capital requirements are calculated and monitored in accordance with the German Banking Act's requirements for accounting and reporting; for more information, see "*Supervision and Regulation of the Bank in Germany*".

The following table provides a breakdown of total capital on a consolidated basis and calculated in accordance with the provisions of the German Banking Act. The information is based on the annual and interim financial statements of the companies contained in the Group reports in compliance with the German Banking Act. The basis for the data in this offering circular is the national implementation of the Basel II regulations in the currently valid German Solvency Regulation. See also "*Supervision and Regulation of the Bank in Germany*".

	December 31,			
	2010[1)]	2011[2)]	2012[3)]	June 30, 2013[4)]
	(audited, unless otherwise indicated)			auditor reviewed, unless otherwise indicated)
	(€ m)			
Capital adequacy requirement credit risk	18,595	15,182	13,967	13,823
Capital adequacy requirement market risk	1,059	1,640	880	946
Capital adequacy requirement operational risk	1,746	2,106	1,804	1,734
Total capital requirement	**21,400**	**18,928**	**16,651**	**16,503**
Tier I capital				
of which subscribed capital	3,047	5,113	5,828	1,139
of which reserves, non-controlling interests, treasury shares	8,276	17,430	18,188	24,096[7)]
of which silent participations	16,428	1,937	1,626	—[7)]
of which hybrid capital	4,999	2,746	2,259	1,088[7)]
Other	(1,023)	(1,037)	(656)	(364)[7)]
Total	31,727	26,189	27,245	25,959
Tier II capital (Supplementary capital)				
of which supplementary capital (Section 10(5) of the German Banking Act	674	726	731	678[7)]
of which: reserves in securities (eligible 45%)	148	61	25	23[7)]
of which: subordinated liabilities	9,328	10,533	9,777	9,951[7)]
of which: other components and deduction items	(1,020)	(949)	(655)	(364)[7)]
Total	9,130	10,371	9,878	10,288
Total capital	**40,857**	**36,560**	**37,123**	**36,247**
Tier I capital ratio (%)[5)]	**11.9**	**11.1**	**13.1**	**12.6**
Total capital ratio (in%)[6)]	**15.3**	**15.5**	**17.8**	**17.6**
Share of SoFFin's silent participation in core capital (in%)[7)]	**51.8**	**7.4**	**6.0**	**—**

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2010.

2) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2011.

3) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2012 and therefore remain unaffected by the changes in accounting principles implemented in the 2013 financial year.

4) The figures shown are taken from COMMERZBANK's condensed interim consolidated financial statements for the period ending June 30, 2013. Reclassifications within the income statement and accounting changes have been implemented beginning in the 2013 financial year. For details, see "*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year".*

5) The "Tier 1 capital ratio" is calculated as the ratio of "Tier 1 capital" to "total capital requirements".

6) The “total capital ratio” is calculated as the ratio of “total capital” to “total capital requirement”.
7) The figures shown are unaudited and are taken from the Group’s accounting records.

Comparison of December 31, 2012 and June 30, 2013

In the first half of the 2013 financial year, risk-weighted assets decreased by €1.8 billion from €208.1 billion as of December 31, 2012 to €206.3 billion as of June 30, 2013. In addition to a slight volume-driven increase in risk-weighted assets of the Mittelstandsbank segment, related to the market and credit risk exposure, the decrease in risk-weighted assets related primarily to the operational and credit risk exposure of the Non-Core Assets segment, mainly the Commercial Real Estate portfolio.

As of June 30, 2013, Total capital decreased to €36,247 million from €37,123 million as of December 31, 2012. At the same time, Tier I capital decreased by €1,286 million, or 4.7%, from €27,245 million as of December 31, 2012 to €25,959 million as of June 30, 2013, which primarily related to the first-time application in 2013 financial year of the amended IAS 19 and the new IFRS 10 standards and the related reduction of retained earnings (see “*—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles*”), the consolidated loss as of June 30, 2013 and the decrease in the currency translation reserve resulting from the allocation of certain hybrid capital instruments to Tier II capital carried out as a result of a required revaluation. The capital increase implemented in May 2013 in conjunction with the concurrent repayment in full of the silent participations of SoFFin and Allianz led to an increase in what is referred to as core Tier I capital.

In the first half of the 2013 financial year, Tier II capital increased by €410 million, or 4.2%, from €9,878 million as of December 31, 2012 to €10,228 million as of June 30, 2012. The slight decrease resulting primarily from the scheduled maturity of subordinated bonds was counterbalanced by a significantly greater inflow of hybrid capital instruments from Tier I capital to Tier II capital as result of a required reallocation due to regulatory revaluations. Despite the decrease in risk-weighted assets, the reduction in Tier I capital caused the Tier I capital ratio to decrease from 13.1% as of December 31, 2012 to 12.6% as of June 30, 2013. The Total capital ratio also decreased from 17.8% as of December 31, 2012 to 17.6% as of June 30, 2013 due to the reduction of the total capital.

Comparison of December 31, 2011 and December 31, 2012

In the 2012 financial year, risk-weighted assets decreased by €28.5 billion, or 12.0%, from €236.6 billion as of December 31, 2011 to €208.1 billion as of December 31, 2012. Among other factors, this decrease was due to the continued downsizing in the volume of total assets related to non-strategic business, in particular in the subsidiary Hypothekenbank Frankfurt AG (formerly: Euroyhpo AG), the decline in market values from derivatives, the sale of Bank Forum, securitizations, collateral management, and the certification of the integrated OpRisk model by the supervisory authorities. Furthermore, the capital requirements to cover market risks and operational risk were substantially reduced in the 2012 financial year.

As of December 31, 2012, Total capital increased slightly to €37,123 million, compared with €36,560 million as of December 31, 2011. Tier I capital increased by €1,056 million, or 4.0%, from €26,189 million as of December 31, 2011 to €27,245 million as of December 31, 2012. This was attributable in particular to a substantial reduction in regulatory capital deductions due to the sale of securitization positions, measures to optimize the capital structure (in which hybrid, subordinate and other financial instruments were contributed in kind in return for new shares), and the capital increase by means of a contribution in kind to meet the variable compensation claims of non-collective pay scale employees for 2011. The SoFFin silent participations were reduced by €311 million to €1,626 million as of December 31, 2012 through conversion into shares.

In the 2012 financial year, supplementary capital (Tier II) was reduced by €493 million, from €10,371 million as of December 31, 2011 to €9,878 million as of December 31, 2012. The decline primarily resulted from maturing subordinated bonds.

The Tier I capital ratio increased from 11.1% as of December 31, 2011 to 13.1% as of December 31, 2012. The increase was a product of the strengthening of the core capital and the marked decline in risk-weighted assets. The Total capital ratio increased substantially, from 15.5% as of December 31, 2011 to 17.8% as of December 31, 2012 due to the reduction in risk-weighted assets.

See also “*—Key factors influencing the net assets, financial position and results of operations—European Banking Authority (EBA) measures*”.

Comparison of December 31, 2010 and December 31, 2011

In the 2011 financial year, risk-weighted assets were reduced by €30.9 billion, or 11.6%, from €267.5 billion as of December 31, 2010 to €236.6 billion as of December 31, 2011. The reasons for this decline included the following: the reduced volume caused by the decrease in market values from derivatives and the scheduled reduction in balance sheet assets from non-strategic business; the change in IRBA parameters (Internal Rating Based Approach); and the IRBA certification of further subportfolios. The decline in risk-weighted assets from credit risks of €42,669 million was partially offset by the increase of €7,262 million in risk-weighted assets from market risks (in particular as a result of the implementation of the CRD III regulatory requirements at year-end 2011) and the increase of €4,500 million in risk-weighted assets from operational risk.

As of December 31, 2011, Total capital amounted to €36,560 million, a decrease compared with €40,857 million as of December 31, 2010. In the process, Tier I capital declined by €5,538 million, or 17.5%, from €31,727 million as of December 31, 2010 to €26,189 million as of December 31, 2011. This was primarily attributable to the capital measure and the nearly complete repayment of SoFFin's silent participations, as well as the reduction of hybrid equity components accomplished by measures undertaken in the 2011 financial year to improve the Tier I capital structure. The SoFFin silent participations declined by €14,491 million in 2011 to €1,937 million as of December 31, 2011. The repayment occurred using proceeds generated by the capital increases and free regulatory capital in the amount of €3.27 billion. Furthermore, SoFFin received a one-time payment of €1.03 billion in connection with the repayment of the silent participations. Hybrid equity was reduced by €2,253 million to €2,746 million as of December 31, 2011.

By contrast, supplementary capital (Tier II) increased by €1,241 million in the 2011 financial year, from €9,130 million as of December 31, 2010 to €10,371 million as of December 31, 2011. The increase was primarily attributable to the issuance of new subordinate debt with a volume of €1,250 million on March 9, 2011.

The Tier I capital ratio declined by 11.9% as of December 31, 2010 to 11.1% as of December 31, 2011. The decrease in risk-weighted assets was partially compensated for by the reduction in the Tier I capital. The increase in supplementary capital and reduction in risk-weighted assets accounted for the slight increase in the total funds ratio, from 15.3% as of December 31, 2010 to 15.5% as of December 31, 2011.

See also "*—Key factors influencing the net assets, financial position and results of operations—European Banking Authority (EBA) measures*".

Assets and liabilities

Comparison of December 31, 2012 and June 30, 2013

Beginning in the 2013 financial year, COMMERZBANK conducted reclassifications in the income statement and effected changes to accounting principles. See *"—Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*". The figures as of December 31, 2012 were adjusted accordingly in COMMERZBANK's condensed interim consolidated financial statements as of June 30, 2013. Where reference is made to the figures as of December 31, 2012 in this subsection "*Comparison of December 31, 2012 and June 30, 2013*", this relates to the adjusted figures.

As of June 30, 2013, the COMMERZBANK Group's total assets increased by €1.0 billion, or 0.1%, to €637.0 billion. This slight increase was attributable to the expansion of the business volume with collateralized money market transactions. This was offset in part by the decrease of market values of derivative financial instruments.

On the assets side, claims on banks after deduction of provisions increased significantly by €25.5 billion, or 29.0%, to €113.5 billion, which was almost exclusively attributable to increases of €23.1 billion in inventories of collateralized money market transactions. The development of collateralized money market transactions was chiefly due to customer activities and is within the range of normal fluctuations. Other claims on banks increased by €2.4 billion to €34.7 billion. However, claims on customers after deduction of provisions decreased slightly by €0.5 billion, or 0.2%, to €278.1 billion as the (€16.1 billion) higher volume of collateralized money market transactions was more than offset by the (€16.6 billion) lower loan volume. The cash reserve dropped sharply by €3.8 billion, or 24.2%, to €11.9 billion, as the credit at central banks was reduced significantly by €4.1 billion to €9.5 billion. Trading assets dropped significantly by €19.6 billion compared with the previous year as the €26.4 billion lower positive market values of the derivative financial instruments were only partly offset by increases in shares and investment funds (increase of €5.6 billion) as well as bonds and other interest-bearing securities (increase of €1.1 billion). This decrease in the positive market values of derivative financial instruments was primarily attributable to interest-bearing derivatives. Financial assets decreased by €3.7 billion to €85.5 billion mainly due to the continued planned reduction of the Public Finance portfolio.

On the liabilities side, liabilities to banks increased significantly by €14.1 billion, or 12.8%, to €124.4 billion, which was chiefly due to a higher volume of collateralized money market transactions which more than doubled by €27.3 billion to €51.1 billion. However, liabilities to central banks decreased markedly by €17.6 billion to €9.3 billion as ECB tenders were repaid early at volumes of about €10 billion and €6 billion. Liabilities to customers (in particular current liabilities) increased by €24.7 billion, or 9.3%, to €290.6 billion due to the expansion of the business volume of collateralized money market transactions by €26.4 billion to €58.4 billion. Securitized liabilities decreased – chiefly due to maturities of mortgage and public-sector Pfandbriefe of Hypothekenbank Frankfurt AG – by €9.5 billion, or 12.0%, to €69.8 billion in line with the reduction in the assets portfolio. Trading liabilities declined by €24.7 billion, or 21.3%, to €91.4 billion due to the lower negative market values of derivative financial instruments which decreased by €27.4 billion to €77.7 billion. This decrease in the negative market values of derivative financial instruments was primarily attributable to interest-bearing instruments. However, short-selling securities increased by €4.0 billion to €8.5 billion.

Comparison of December 31, 2011 and December 31, 2012

The COMMERZBANK Group's total assets decreased by €25.9 billion, or 3.9%, compared with December 31, 2011 to €635.9 billion as of December 31, 2012. This decline resulted from downsizing the volume of balance sheet assets and risk-weighted assets, which was partially offset by the increase in collateralized money market transactions and the investment of free liquidity with central banks.

On the assets side, the decrease mainly affected claims to customers and trading assets. The cash reserve increased substantially compared with December 31, 2011, by €9.7 billion to €15.8 billion, due to an increase in credit balances with central banks contingent on the balance sheet date. Claims to banks after provisions amounted to €88.0 billion, slightly over the previous year's level of €87.8 billion. In this context, the increase of €4.3 billion in collateralized money market transactions was offset by the decline of €1.9 billion in promissory notes and of €2.5 billion in other receivables. Claims to customers after provisions declined by €18.0 billion, or 6.1%, to €278.5 billion compared with the previous year's result. Reverse repos and cash collaterals increased by €7.9 billion, whereas customer claims decreased by €26.2 billion, of which €17.1 billion were real estate and mortgage loans. The volume of lending to customers and banks amounted to a total of €272.8 billion as of December 31, 2012, €31.1 billion, or 10.2%, lower than as of December 31, 2011. This was attributable to a generally subdued demand for loans in the Core Bank business, in particular due to the reduction in the Non-Core Assets segment. The volume of trading assets declined by €11.6 billion, or 7.4%, from €155.7 billion as of December 31, 2011 to €144.1 billion as of December 31, 2012. While notes and other interest-bearing securities declined by €2.5 billion, and the positive market values from derivative financial instruments decreased by €17.2 billion – primarily in the case of interest-bearing and currency-related derivatives – share portfolios, other equity-based securities and investment fund shares increased substantially by €8.1 billion. Financial investments amounted to €89.1 billion as of December 31, 2012, €5.4 billion, or 5.7%, lower compared with €94.5 billion as of December 31, 2011. Bonds and other interest-bearing securities declined by €5.0 billion to €87.5 billion. The decrease was also a result of the reduction of €7.8 billion in the Public Finance portfolio of Hypothekenbank Frankfurt AG (predominantly bonds from Germany, the United States of America, Canada and Spain) due to maturities and disposals, including disposals of Greek bonds in the amount of €0.8 billion in the first quarter of 2012. Share portfolios and other equity-based securities and shares in investment funds declined by €0.2 billion to €1.3 billion as of December 31, 2012.

On the liabilities side, an increase in the liabilities to banks and customers was offset by a pronounced decline in securitized liabilities and trading liabilities. Liabilities to banks increased significantly by €11.8 billion, or 11.9%, to €110.2 billion. This included a substantial increase of €4.9 billion in cash collaterals as well as in other liabilities to banks by €6.9 billion, particularly in money market trading with central banks. The volume increase with respect to international banks was offset by a slight decline in German bank deposits. Liabilities to customers increased slightly by €10.5 billion, or 4.1%, from €255.3 billion as of December 31, 2011 to €265.8 billion as of December 31, 2012. The savings deposits of German private customers increased by €5.2 billion, and demand deposits by foreign customers increased by €6.8 billion. Securitized liabilities amounted to a volume of €79.3 billion, €26.3 billion, or 24.9%, below previous year's level of €105.7 billion. Notes declined by €21.5 billion to €78.9 billion. This was largely the result of a steep decline of €15.1 billion in mortgage certificates and public-sector bonds, primarily attributable to maturities at Hypothekenbank Frankfurt AG. Money market instruments declined by €4.8 billion to €0.5 billion. Trading liabilities decreased considerably by €21.7 billion, or 15.8%, from €137.8 billion as of December 31, 2011 to €116.1 billion as of December 31, 2012. This mainly resulted from the decline in negative market values of derivative interest and currency instruments.

Comparison of December 31, 2010 and December 31, 2011

The COMMERZBANK Group's total assets as of December 31, 2011 declined by €92.5 billion, or 12.3%, to €661.8 billion compared with December 31, 2010. The decline reflects the scheduled reduction in volumes and risks.

On the assets side, the decrease affected mainly the claims to customers and banks, but also trading assets and financial investments. Claims to banks after provisions decreased by 20.6%, from €110.6 billion to €87.8 billion, which was primarily attributable to the downsizing of the volume of collateralized money market transactions in the form of reverse repos and cash collaterals by €17.1 billion, as well as reductions in money market receivables by €4.0 billion and promissory notes by €1.4 billion. Claims to customers after the deduction of provisions decreased compared with the previous year by €31.2 billion, or 9.5%, from €327.8 billion to €296.6 billion, which was attributable to a much lower loan volume. The volume of loans to customers and banks as of December 31, 2011 was €303.9 billion, representing a decline of €26.4 billion, or 8.0%, compared with €330.3 billion as of December 31, 2010. Whereas loans to banks amounted to €26.1 billion, 11.4% above the previous year's amount, the consumer loan business decreased by 9.5% to €277.8 billion. This largely resulted from the reduction of the portfolio in connection with the focus on the core business at COMMERZBANK. The volume of trading assets decreased by €12.1 billion, or 7.2%, from €167.8 billion as of December 31, 2010 to €155.7 billion as of December 31, 2011. Notes and other interest-bearing securities, in particular from disposals, accounted for €9.4 billion of the decline. Financial investments amounted to €94.5 billion as of December 31, 2011, 18.3% lower than the €115.7 billion as of December 31, 2010. The reduction of €21.0 billion in the financial investment portfolio mainly involved interest bearing investments. The decrease was also accounted for in the reduction of €11.5 billion in the Public Finance portfolio of Hypothekenbank Frankfurt AG (predominantly bonds from Germany, the United States of America, Canada and Spain), including write-downs on Greek bonds in the amount of €2,226 million. In contrast, the portfolios of shares and other equity-related instruments and shares in investment funds slightly increased by €0.2 billion to €1.5 billion.

On the liabilities side, the decline was apparent particularly in liabilities to banks, securitized liabilities and trading liabilities. Liabilities to banks decreased by €39.1 billion, or 28.4%, from €137.6 billion as of December 31, 2010 to €98.5 billion as of December 31, 2011. Collateralized money market transactions, such as repos and cash collaterals, decreased by €25.0 billion, and money market volume decreased by €9.9 billion. The decline in volume resulted almost entirely from international liabilities to banks. Liabilities to customers reported a slight decline of €7.5 billion, or 2.8%, from €262.8 billion as of December 31, 2010 to €255.3 billion as of December 31, 2011. The decline in sight and term deposits of €16.2 billion was partially compensated for by a €6.6 billion higher repo volume. The decline in volume of €14.6 billion with respect to international customers was offset by an increase in German deposits of €7.2 billion. Securitized liabilities amounted to a volume of €105.7 billion, €25.7 billion, or 19.6%, below the previous year's level of €131.4 billion. In this regard, notes declined by €16.0 billion to €100.3 billion. The decrease mainly resulted from a reduction in the volume of public-sector covered bonds (*öffentliche Pfandbriefe*) of Eurohypo AG by €13.5 billion in particular due to maturities. Money market certificates declined by €9.8 billion. Trading liabilities decreased substantially by €14.5 billion, or 9.5%, from €152.4 billion as of December 31, 2010 to €137.8 billion as of December 31, 2011. This was the result of lower delivery obligations related to securities short-selling and the decline in negative market values for interest derivatives.

Cash flow statement

Comparisons of the first halves of the 2012 and 2013 financial years

The following table shows selected figures from the COMMERZBANK consolidated cash flow statement for the three-month periods ending June 30, 2012 and June 30, 2013:

	First half ending June 30,	
	2012[1]	2013[1]
	(auditor reviewed) (€ m)	
Cash and cash equivalents as of January 1	**6,075**	**15,755**
Cash flow from operating activities	(45)	(5,743)
Cash flow from investing activities	3,494	2,666
Cash flow from financing activities	(2,778)	(606)
Total cash flow (unaudited)	**(671)**	**(3,683)**
Currency effects	78	(87)
Effects of non-controlling interests	(53)	(48)
Cash and cash equivalents as of June 30	**6,771**	**11,937**

1) The figures shown are taken from COMMERZBANK's condensed interim consolidated financial statements for the period ending June 30, 2013. Reclassifications within the income statement and accounting changes have been implemented beginning with the 2013 financial year. The comparative figures for the first half of 2012 have been adjusted accordingly. For details, see "—*Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*".

Cash and cash equivalents decreased from €15,755 million as of January 1, 2013 to €11,937 million as of June 30, 2013. This was due to a negative cash flow from operating activities of €5,743 million compared with a negative cash flow of €45 million in the first half of the 2012 financial year. Moreover, the cash flow from investing activities was positive at €2,666 million in the first half of 2013 after a positive cash flow of €3,494 million in the first half of 2012. The cash flow from financing activities was negative at €606 million in the first half of the 2013 financial year compared with a negative cash flow of €2,778 million in the first half of 2012.

Comparison of the 2011 and 2012 financial years

The following table shows selected figures from the COMMERZBANK consolidated cash flow statement for the years ending December 31, 2011 and December 31, 2012:

	Financial year ending December 31,	
	2011[1]	2012[1]
	(audited, unless otherwise indicated) (€ m)	
Cash and cash equivalents as of January 1	**8,053**	**6,075**
Cash flow from operating activities	(14,781)	5,497
Cash flow from investing activities	17,309	4,952
Cash flow from financing activities	(4,464)	(626)
Total cash flow[2]	**(1,936)**	**9,823**
Currency effects	67	(40)
Effects of non-controlling interests	(109)	(103)
Cash and cash equivalents as of December 31	**6,075**	**15,755**

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2012.
2) The figures shown are unaudited and are taken from the Group's accounting records.

Cash and cash equivalents increased in the 2012 financial year from €6,075 million as of January 1, 2012 to €15,755 million as of December 31, 2012. In the 2012 financial year, cash flow from operating activities was positive at €5,497 million, compared with a negative cash flow of €14,781 million in the 2011 financial year. Cash flow from investing activities was considerably less positive in the 2012 financial year at €4,952 million, compared with a positive cash flow from investing activities of €17,309 million in the 2011 financial year. Cash flow from financing activities amounted to negative €626 million in the 2012 financial year, compared with a negative cash flow of €4,464 million in the 2011 financial year.

__Comparison of the 2010 and 2011 financial years__

The following table shows selected figures from the COMMERZBANK consolidated cash flow statement for the years ending December 31, 2010 and December 31, 2011:

	Financial year ending December 31,	
	2010[1)]	2011[1)]
	(audited, unless otherwise indicated) (€ m)	
Cash and cash equivalents as of January 1	**10,329**	**8,053**
Cash flow from operating activities	(14,166)	(14,781)
Cash flow from investing activities	14,763	17,309
Cash flow from financing activities	(2,930)	(4,464)
Total cash flow[2)]	**(2,333)**	**(1,936)**
Currency effects	116	67
Effects of non-controlling interests	(59)	(109)
Cash and cash equivalents as of December 31	**8,053**	**6,075**

1) The figures shown are taken from COMMERZBANK's consolidated financial statements for the year ending December 31, 2011.
2) The figures shown are unaudited and are taken from the Group's accounting records.

In the 2011 financial year, cash and cash equivalents decreased from €8,053 million as of January 1, 2011 to €6,075 million as of December 31, 2011. In the 2011 financial year, cash flow from operating activities amounted to negative €14,781 million, compared with a negative cash flow of €14,166 million in the 2010 financial year. Cash flow from investing activities was positive in the 2011 financial year at €17,309 million, compared with a positive cash flow from investing activities of €14,763 million in the 2010 financial year. Cash flow from financing activities was negative at €4,464 million in the 2011 financial year, compared with a negative cash flow of €2,930 million in the 2010 financial year.

Credit risk exposure to selected European states

Bonds issued by public entities have recently been subject to substantial fluctuations in market price. Eurozone countries have also been included among these, in particular Greece, Ireland, Italy, Portugal and Spain – referred to as the GIIPS States – as well as a number of other countries, especially Hungary. Exposure in these states can be broken down as follows.

Risk management of the portfolio is conducted by the Group based on exposure at default (EaD). EaD in the countries of Greece, Italy, Ireland, Portugal and Spain has been reduced since the end of 2010 by €13 billion and amounted to a total of €31.4 billion as of June 30, 2013. Sovereign exposure in Hungary was reduced from €1.2 billion to €0.5 billion during the same period.

The following table shows the EaD for bonds and loans in the countries of Greece, Ireland, Italy, Portugal and Spain according to the location of the registered office or, in the case of commercial real estate positions, the location of the property. It should be noted that hedging transactions mitigating risk (using credit default swaps, for example) and open lines increasing risk have already been taken into account in the EaD values.

June 30, 2013 € bn[1)]	Sovereign[2)]	Banks[2)]	Commercial Real Estate[2)]	Corporates/ Other[2)]	Total[2)]
Greece	0.0	0.0	0.2	0.1	0.3
Ireland	0.0	0.5	0.1	0.9	1.6
Italy	9.4	0.8	2.0	2.4	14.6
Portugal	0.8	0.3	1.4	0.3	2.8
Spain	2.6	3.6	3.4	2.4	12.1
Total[3)]	**12.8**	**5.2**	**7.1**	**6.1**	**31.4**

1) Excluding EaD from ship financing.
2) The figures shown are taken from COMMERZBANK's consolidated interim risk report as of June 30, 2013.
3) The figures shown are unaudited and are taken from the Group's accounting records.

The exposures (bonds) to these states as of June 30, 2013 are listed below under the home country of the issuer according to IAS 39 categories (AfS – available-for-sale and LaR – loans-and-receivable) and customer categories:

Issuer country	IFRS category	Issuer category	Nominal value € m[2)]	Carrying value € m (incl. GLLP)[1) 2) 4)]	Silent charges (–) / reserves (+) € m (incl. GLLP)[1)2)]	Revaluation reserve (net) € m[2) 3)]
Ireland	AfS	Banks	105	110	0	2
		Other financial institutions	226	173	0	(19)
		Others	2	2	0	0
	FVO	Other financial institutions	3	0	0	0
	LaR	Banks	257	255	(4)	(2)
		Other financial institutions	512	489	(37)	(3)
Ireland Total			**1,103**	**1,029**	(40)	(22)
Italy	AfS	Banks	0	0	0	0
		Government bonds	3,330	3,848	0	(904)
		Other financial institutions	62	54	0	(7)
	FVO	Other financial institutions	41	37	0	0
	LaR	Banks	383	376	(13)	(1)
		Government bonds	2,625	3,426	(1,043)	(81)
		Industry & Trade	0	0	0	0
		Local authorities	2,772	3,165	(977)	(104)
		Other financial institutions	7	6	(2)	0
Italy Total			**9,220**	**10,912**	**(2,035)**	**(1,097)**
Portugal	AfS	Banks	10	10	0	0
		Other financial institutions	46	36	0	(10)
	LaR	Banks	207	203	(16)	(1)
		Government bonds	670	794	(294)	(39)
		Industry & Trade	80	103	(33)	(3)
		Local authorities	120	116	(34)	(1)
Portugal Total			**1,133**	**1,262**	**(377)**	**(53)**
Spain	AfS	Banks	568	579	0	(2)
		Government bonds	35	36	0	0
		Local authorities	40	30	0	(12)
		Other financial institutions	144	129	0	(18)
		Others	185	182	0	(2)
	LaR	Banks	2,712	3,012	(337)	(17)
		Local authorities	1,919	2,163	(346)	(16)
		Other financial institutions	727	741	(47)	(3)
Spain Total			**6,329**	**6,873**	**(730)**	**(71)**
Hungary	LaR	Banks	100	106	(5)	0
		Government bonds	440	485	(60)	(11)
Hungary Total			540	590	(65)	(12)
Total			**18,326**	**20,666**	**(3,247)**	**(1,255)**

1) General loan loss provision.
2) The figures shown are unaudited and are taken from the Group's accounting records.
3) After inclusion of deferred taxes.
4) Including hedge adjustments that may result in the carrying value exceeding the nominal value.

The following table shows the volume of the credit default swaps (CDS) for these countries purchased or sold as of June 30, 2013 in € million:

As of June 30, 2013 (€ m)	Nominal sale[1]	Nominal purchase[1]	Net sale/ purchase[1]	Market value (fair value)[1) 2)]
Italy	1,168.9	1,002.3	166.5	(33.5)
Ireland	73.5	111.9	(38.4)	0.3
Portugal	160.8	238.9	(78.1)	11.1
Spain	290.2	386.9	(96.7)	1.7
Hungary	773.0	778.2	(5.1)	(11.1)
Cyprus	7.7	7.7	—	—
Total	**2,474.1**	**2,525.9**	**(51.8)**	**(31.5)**

1) The figures shown are unaudited and are taken from the Group's risk management data repository.
2) The figures shown were calculated as follows for each of the countries specified. The market values of all sold or purchased CDS included here were first netted for each counterparty. The netted market values were then added for each country. If this results in a positive market value for the sold CDS, the balance is shown as a positive value, or, if the opposite is the case, as a negative value (in parentheses). The figures shown are unaudited and are taken from the Group's risk management data repository.

The COMMERZBANK Group utilizes Credit Default Swaps (CDS) to mitigate risk, a practice that is common in the industry. CDS contracts are agreed upon pursuant to the standards of the International Swaps and Derivatives Association (ISDA), which defines the general trigger events prompting settlement payments. Examples of such events include the insolvency of the contractual counterparty, late payment by a counterparty (e.g., interest or repayment) and debt restructuring of a counterparty. Such events also apply in the case of sold CDS. The CDS bought by COMMERZBANK Group serve to mitigate risk and are mostly issued by well-rated credit institutions and include collateral agreements. The volume and contractual conditions (e.g., with respect to currencies and terms) of the CDS issued and purchased by the Group do not always afford identical coverage in the case of some states, and consequently purchased CDS, even in the event that the counterparty completely carries out the CDS, may fail to fully cover the risk of the issued CDS (see also *"Risk Factors—Market and Company-related risks—3. The Group holds substantial volumes of Sovereign Debt. Impairments and revaluations of such Sovereign Debt to lower fair values have had material adverse effects on the Group's net assets, financial position and results of operations in the past, and may have further adverse effects in the future*").

Structured credit legacy and PFI portfolios (former PRU portfolios)

The following table shows the performance of the PRU portfolio according to nominal value and IFRS carrying value; the performance of the revaluation reserve as of December 31, 2012 and June 30, 2013; and the performance of the contribution to operating profit/loss as of December 31, 2012 and June 30, 2013. The figures demonstrate the continued significant reduction in PRU positions.

	Nominal € bn[*]		IFRS carrying value € bn[*) 1)]		Contribution to operating profit/loss € m[*]		Revaluation reserve (delta) € m[*]	
					First half ending			
Description	December 31, 2012	June 30, 2013	December 31, 2012	June 30, 2013	June 30, 2012	June 30, 2013	December 31, 2012	June 30, 2013
	(unaudited)		(unaudited)		(unaudited)		(unaudited)	
Structured credit								
RMBS	1.6	1.5	0.6	0.6	36	(16)	(40)	(30)
CMBS	0.2	0.2	0.1	0.1	12	4	(18)	(13)
CDO	4.5	3.9	1.8	1.6	188	86	(57)	(32)
Other ABS[2]	1.3	0.9	0.7	0.6	24	69	—	—
PFI/Infra[3]	3.7	3.5	2.0	1.8	(28)	(45)	—	—
Full recourse financing[4]	3.2	3.1	3.0	3.1	—	—	—	—
Other hedges	—	—	0.3	0.2	(18)	—	—	—
Structured credit total	**14.5**	**13.2**	**8.6**	**8.1**	214	**100**	**(116)**	**(75)**

*) The figures shown are taken from the Group's accounting records.
1) The IFRS carrying values include both "buy" and "sell" credit derivatives; all are reported on a "mark-to-market'-basis.
2) Contains a limited amount of PFI assets that were transferred into the Corporates & Markets segment.
3) = Private Finance Initiatives/Infrastructure, see *"Risk Management—Default risk"*.
4) = Financing with full recourse to counterparty.

Additional information from the annual financial statements in accordance with the German Commercial Code (HGB) as of and for the period ending December 31, 2012

The financial statements of COMMERZBANK for the 2012 financial year have been prepared in accordance with the provisions of the German Commercial Code, in conjunction with the German Accounting Regulation for Credit Institutions and Financial Services Institutions (*Verordnung über die Rechnungslegung der Kreditinstitute*), and in accordance with the provisions of the German Stock Corporation Act. As a result of the merger of Deutsche Schiffsbank Aktiengesellschaft with COMMERBANK Aktiengesellschaft retroactively as of January 1, 2012, the requirements of the German Covered Bond Act (*Pfandbriefgesetz – PfandBG*) were first taken into account as of December 31, 2012.

COMMERZBANK's equity increased by 3.4%, from €16.9 billion as of December 31, 2011 to €17.4 billion as of December 31, 2012. Subscribed capital also increased from €8.6 billion as of December 31, 2011 to €8.7 billion as of December 31, 2012 and the capital reserve increased from €8.2 billion as of December 31, 2011 to €8.7 billion as of December 31, 2012. The capital measures in March and June 2012 accounted for €1.2 billion of the increase in equity. A contrary effect was caused principally by the related conversion of SoFFin silent participations amounting to €0.3 billion and by the repayment of silent participations of HT1 Funding GmbH amounting to €0.5 billion.

Claims to banks decreased by €13.2 billion compared with the previous year to €120.5 billion due to the decrease in money market transactions, promissory notes and securities lending transactions. In contrast, claims to customers increased by €15.1 billion to €181.3 billion, above all as a result of the migration of Deutsche Schiffsbank and increased real pension transactions. Notes and other fixed-interest securities increased by €2.1 billion to €34.1 billion. Shares and other non-fixed-interest securities declined by €0.5 billion to €0.8 billion. Trading assets declined by €9.8 billion to €159.4 billion. Holdings decreased by €181 million to €435 million. Shares in associated companies decreased by €1.3 billion to €10.3 billion. Other assets increased by €1.0 billion to €4.2 billion.

On the liabilities side, liabilities to banks increased by €14.5 billion to €108.5 billion, primarily due to increased business with central banks. Liabilities to customers also increased, by €24.0 billion to €218.6 billion. This was caused by an increase in real pension transactions and savings deposits and the migration of Deutsche Schiffsbank. In contrast, securitized liabilities declined by €10.0 billion to €34.2 billion. Trading liabilities decreased by €22.0 billion to €118.5 billion. Other liabilities decreased by €5.6 billion to €14.3 billion. Subordinate liabilities declined by €1.6 billion to €10.6 billion, including as a result of the capital measure of March of 2012.

The net income of COMMERZBANK amounted to €102 million in the 2012 financial year. The 2012 results were marked by earnings from profits transferred from subsidiaries, which increased by €1,321 million compared with the 2011 financial year, which was primarily attributable to the Group-internal adjustment of the holding structure and, conversely, to higher taxes on income and earnings as a result of waiving the right to exercise voting rights in the 2012 financial year under Section 274(1) sentence 2 of the German Commercial Code. For further information regarding the annual financial statements of COMMERZBANK, see the Notes to the annual financial statements of COMMERZBANK for the 2012 financial year, which are printed in this offering circular under *"Financial Section—Consolidated Financial Statements of COMMERZBANK Aktiengesellschaft as of December 31, 2012*".

Significant accounting policies

Basis of preparation of the consolidated financial statements

In preparing the consolidated financial statements of COMMERZBANK, the Group applies certain accounting policies that the Board of Managing Directors considers significant for the portrayal of the Group's net assets, financial position and results of operations, as well as accounting policies that involve difficult, subjective or complex judgments on the part of management due to the need to make estimates and assumptions about matters that are inherently uncertain. The estimates and assumptions used are based on past experience and other factors, such as planning and – from the present standpoint – likely expectations and forecasts of future events. The estimates and assumptions may prove inaccurate in retrospect and therefore may result in a change in the relevant financial information.

Estimates and assumptions in particular refer to the valuation of certain financial instruments, loan loss provisions, the valuation of deferred tax assets and the calculation of pension obligations and goodwill.

The following sections describe the significant accounting policies that the Board of Managing Directors considers important to the portrayal of the Group's net assets, financial position and results of operations, including policies requiring subjective or complex judgments. A more detailed description of the accounting principles on which these significant accounting policies are based can be found in the Notes to the consolidated financial statements of COMMERZBANK for the 2012, 2011 and 2010 financial years and to the condensed interim consolidated financial statements of COMMERZBANK as of June 30, 2013.

Valuation of financial instruments

The accounting policy applied by the COMMERZBANK Group to determine the fair value of financial instruments is described in Note 31 of COMMERZBANK's condensed interim consolidated financial statements as of June 30, 2013. With the adoption of the new IFRS Standard 13, to be applied prospectively beginning January 1, 2013, the rules for measuring fair value, which had previously been contained in several standards, were unified in one standard. The accounting principles applicable until December 31, 2012 for determining fair value are described in Note 5 (Financial instruments: Recognition and measurement (IAS 39)), Note 13 (Trading assets), Note 14 (Financial investments) and Note 81 (Fair value of financial instruments) to the consolidated financial statements for the 2012 financial year.

Beginning January 1, 2013, fair value is defined as a sale price; that is, the price that the market participant would receive upon selling a financial instrument or would pay to transfer a liability in an orderly transaction. When valuing a liability, it is also obligatory to take into account the credit risk and to apply a staggered valuation procedure. The most suitable measure of fair value is the quoted price for an identical instrument in an active market. Management must use its judgment to determine whether there is an active market for a specific financial instrument. An active market exists if quoted prices on a stock exchange are readily and regularly available to a dealer, broker, industry group, pricing service or regulatory agency and these prices represent actual and regularly occurring market transactions on an arm's length basis. If no quoted prices are available for an asset, the valuation is based on quoted prices for similar instruments (similar with regard to currency, term, type of interest rate and other factors) in active markets. If the valuation of a liability using quoted market prices is not feasible, an identical instrument held by a third party as an asset may be used instead for the valuation. When valuing financial instruments by referencing similar instruments, management takes into account the term, structure and rating of the instrument with which the instrument held is being compared. To reflect the price at which an asset could be exchanged or a liability settled, asset positions are valued at the bid price and liability positions are valued at the ask price.

Where quoted prices are not available for identical or similar financial instruments, fair value is derived using an appropriate valuation model where the data inputs are obtained, as far as possible, from observable market sources. For liabilities, a group valuation is also possible under certain circumstances for financial assets and liabilities that are managed on the basis of net exposure to market and credit risks. The selection and application of appropriate parameters, assumptions and modeling techniques must be judged by management. While most valuation techniques rely on data from observable market sources, certain financial instruments are valued using models that incorporate other inputs for which there is insufficient recent observable market data. These valuations inherently involve a greater level of management judgment. These "unobservable" inputs may include data that is extrapolated, interpolated, or may be derived by approximation from correlated or historical data. Inputs into valuations based on unobservable data are inherently uncertain, as very little or no current market data are available from which to determine the level at which an arm's length transaction would occur under normal business conditions. However, the inputs used are for the most part market or third-party inputs and rely as little as possible on entity-specific inputs. In the event that different valuation models result in a range of different potential fair values for a financial instrument, management has to establish what point within the range of estimates best represents fair value. Furthermore, certain value adjustments may require management judgment to ensure the determination of fair value.

The key assumptions and estimates that management considers when applying a valuation model include:

- the likelihood and expected timing of future cash flows related to the instrument. These cash flows are usually governed by the terms of the instrument. However, the judgment of management may be required if the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. Future cash flows may be sensitive to changes in market rates;
- the selection of an appropriate discount rate for the instrument. When determining this interest rate, management relies on its assessment of what a market participant would consider an appropriate interest rate spread for the instrument over the appropriate risk-free interest rate; and
- judgment to determine which fair value measurement model to apply in cases where the selection of a valuation model is particularly subjective, for example when valuing complex derivative products.

Fair value estimates used in disclosures

Pursuant to IFRS, the financial assets and liabilities carried at fair value are required to be disclosed according to the valuation method used to determine fair value. In particular, segmentation is required between valuation techniques based on quoted market prices in an active market (level I), valuation techniques based on observable parameters (e.g., comparisons with the quoted prices of similar financial instruments in active markets) (level II) and valuation techniques using significant, unobservable parameters (level III). This disclosure is provided in Note 82 (Information on the fair value hierarchy of financial instruments) to the consolidated financial statements for the 2012 financial year. In the case of level I valuations, management must determine whether an active market exists for a specific financial instrument. In the case of level II valuations, management must determine whether a financial instrument is "similar" in the sense defined above. Insofar as level II and III valuations both rely on valuation techniques, they are subject to the judgment of management, although level III valuation techniques are inherently subject to a greater degree of management judgment.

Management judgment is required to determine the category to which certain financial instruments should be allocated. This specifically arises when the valuation is determined by a number of parameters, some of which are observable and others are not. Moreover, the classification of a financial instrument may change over time (see "*—Reclassification of financial assets*") to reflect changes in market liquidity and, consequently, price transparency.

As of June 30, 2013, financial assets whose fair value was calculated using level II and III valuation techniques amounted to €201.2 billion, or 73.0% of all financial assets reported at fair value (level II: €197.8 billion / 71.7%; level III: €3.4 billion / 1.2%), compared to €185.0 billion, or 73.2% of all financial assets reported at fair value as of December 31, 2012 (level II: €181.8 billion / 72.0%; level III: €3.2 billion / 1.3%) or compared to €181.9 billion, or 75.0% of all financial instruments reported at fair value as of December 31, 2011 (level II: €176.5 billion / 72.8%; level III: €5.4 billion / 2.2%). As of June 30, 2013, financial liabilities whose fair value was calculated using level II and III valuation techniques amounted to €203.0 billion, or 92.5% of all financial liabilities reported at fair value (level II: €202.2 billion / 92.1%; level III: €0.8 billion / 0.4%), compared to €174.2 billion, or 92.5% of all financial liabilities reported at fair value as of December 31, 2012 (level II: €173.4 billion / 92.0%; level III: €0.8 billion / 0.4%), compared to €180.9 billion, or 91.7% of all financial liabilities reported at fair value on December 31, 2011 (level II: €179.5 billion / 91.0%; level III: €1.4 billion / 0.7%). Further information, including changes in financial instruments in the level III category, can be found in Note 31 (Fair value and fair value hierarchy of financial instruments) to the condensed interim consolidated financial statements as of June 30, 2013, Note 82 (Information on the fair value hierarchy of financial instruments) to the consolidated financial statements for the 2012 financial year and Note 81 (Fair value of financial instruments – Fair value hierarchy) to the consolidated financial statements for the 2011 financial year.

Where the value of financial instruments is based on unobservable input parameters, the precise level of these parameters at the balance sheet date may be derived from a range of reasonable possible alternatives. Significant management judgment is required to determine the reasonable possible alternatives. In preparing the financial statements, sensitivity analyses are carried out and, accordingly, appropriate levels for the unobservable input parameters are chosen that are consistent with existing market evidence and in line with the Group's valuation control approach. Management judgment is required to determine these appropriate levels. Further information on the results of the sensitivity analyses can be found in Note 82 (Information on the fair value hierarchy of financial instruments) to the consolidated financial statements for the 2012 financial year.

Reclassification of financial assets

In its press release of October 13, 2008, the IASB issued an amendment providing for the reclassification of certain financial assets previously carried at fair value pursuant to IFRS. Pursuant to the amendment, it is permissible to reclassify certain financial assets out of the financial assets at fair value through profit or loss and available-for-sale classifications into the loans-and-receivables classification. For assets to be reclassified, there must be a clear change in management intent with respect to the assets since initial recognition, with that shift being to hold such assets for the foreseeable future, and the financial asset must meet the definition of the loans-and-receivables category at the reclassification date. Additionally, there must be ability to hold the asset for the foreseeable future at the reclassification date. There is no mechanism for subsequent reclassification back to the financial assets at fair value through profit or loss of the available-for-sale classifications. Further information on the nature and amount of assets reclassified by the Group can be found in Note 54 (Financial investments) to the consolidated financial statements for the 2012 financial year.

Generally, assets that may be reclassified would only be reclassified if the expected future cash flows exceed their estimated fair value. Significant management judgment and assumptions, which are likewise subject to significant management judgment, are required to identify such assets. The same applies to determining the fair value of the identified assets on the reclassification date (as described in the section "*—Valuation of financial instruments*"). The question of whether there is in fact a change of intent to hold the asset for the foreseeable future also requires significant management judgment.

On September 30, 2008 and November 30, 2008, the COMMERZBANK Group reclassified securities from the Public Finance portfolio previously classified as available-for-sale to loans-and-receivable. On the reclassification dates, the nominal value of the selected assets amounted to €45 billion and €32 billion, respectively, and the fair value amounted to €44 billion and €34 billion respectively.

On January 31, 2009 and May 31, 2009, the COMMERZBANK Group reclassified additional securities from the Public Finance portfolio previously classified as available-for-sale to loans-and-receivable. On the reclassification dates, the nominal value of the selected assets amounted to €2.6 billion and €0.8 billion, respectively, and the fair value amounted to €2.5 billion and €0.9 billion, respectively.

The revaluation reserve after deferred taxes for all the reclassified securities in the 2008 and 2009 financial years was €–0.6 billion as of June 2013. If these reclassifications had not been made, the revaluation reserve after deferred taxes for these holdings as part of equity would have been €–3.4 billion as of June 2013. Equity would therefore have been reduced by the difference between these two figures. See *"—Key factors influencing the net assets, financial position and results of operations—Reclassification in accordance with IAS 39*". Further information can be found in Note 54 (Financial investments) to the consolidated financial statements for the 2010 financial year, Note 53 (Financial investments) to the consolidated financial statements for the 2011 financial year, Note 54 (Financial investments) to the consolidated financial statements for the 2012 financial year, and Note 16 (Financial investments) to the condensed interim consolidated financial statements as of June 30, 2013.

Impairment of financial assets in the loans-and-receivables category (loans and securities of public and other issuers)

The accounting policy applied by the COMMERZBANK Group to impairment losses on customer loans is described in Note 9 (Loan loss provisions) and Note 50 (Loan loss provisions) to the consolidated financial statements for the 2012 financial year. Loan impairments (valuation allowances) represent management's best estimate of expected losses on the loan portfolio as of the balance sheet date. For securities of public and other issuers in the loans-and-receivables category, impairments are recognized on a similar basis to that applied in the lending business.

The determination of valuation allowances required for loans which are deemed to be individually significant often requires considerable management judgment concerning such matters as local economic conditions, the financial performance of the borrower and the value of any collateral held, for which there may not be a readily accessible market. In certain situations, the Group may assess the enterprise value of the borrower to assess impairment. This requires use of considerable management judgment with regard to the timing of sale and the market value of the borrowing entity. The actual amount of future cash flows and their timing may differ considerably from the estimates used by management and may consequently cause actual losses to differ from the reported allowances. Such estimation errors may therefore have a significant impact on the level of provisions and therefore on the consolidated profit and financial condition of the COMMERZBANK Group.

Smaller-balance, homogenous loans with comparable risk factors, such as loans to individuals and small business customers of the private and retail business, are combined into portfolios for which the necessary valuation allowances are determined at a portfolio level with the help of statistical models. The database is based on historical information and therefore, under certain circumstances, may not depict future developments. Too little data and limited data quality may also result in considerable deviations between estimated valuation allowances and actual losses. Changes in the model used to estimate the valuation allowances for these portfolios can have a significant impact on the level of provisions and therefore on the consolidated profit and financial condition of the COMMERZBANK Group.

Furthermore, the use of statistically assessed historical information is supplemented by significant management judgment to determine whether current economic and credit conditions are such that the actual level of inherent losses is likely to be greater or less than that suggested by historical experience. Under normal circumstances, historical experience provides the most objective and relevant information for assessing the inherent losses of a portfolio. In certain circumstances, historical loss experiences provide less relevant information about the inherent loss in a given portfolio at the balance sheet date, for example, where there have been changes in economic, regulatory or behavioral conditions which result in the most recent trends in portfolio risk factors being not fully reflected in the statistical models. In these circumstances, such risk factors may be taken into account when calculating the appropriate levels of valuation allowances by adjusting the valuation allowances derived solely from historical loss experience, although also here uncertainties can arise requiring the exercise of management judgment.

This key area of judgment is subject to uncertainties and is highly sensitive to various factors such as loan portfolio growth, product mix, insolvency trends, geographic concentrations, loan product features, economic conditions (such as national and local trends in housing markets and unemployment rate), the level of interest rates, portfolio seasoning, account management policies and practices, changes in laws and regulations, and other factors that can affect customer payment patterns. Different factors are applied in different regions and countries to reflect the variation in economic conditions, laws and regulations. The assumptions underlying this judgment are highly subjective. COMMERZBANK regularly reviews the methodology and the assumptions it uses in calculating impairment losses in light of differences between loss estimates and actual loss experience. For example, the probability of default is recalibrated as part of the annual review of rating procedures.

The total amount of the Group's valuation allowances on homogenous groups of loans is inherently uncertain given that it is highly sensitive to changes in the economic and credit conditions across a large number of geographic areas. Economic and credit conditions within a geographic area are influenced by many factors with a high degree of interdependency, so that there is no single factor to which the loan valuation allowances of the Group as a whole are sensitive.

After taking write-downs, write-ups and income recovered on previously written-down claims into consideration, the allocations to and reversals of provisions recognized in the income statement led to a net provisioning charge of €804 million in the first half of the 2013 financial year, compared to €616 million in the first half of the 2012 financial year. In the 2012 financial year, the net provisioning charge amounted to €1,660 million, compared to €1,390 million in the 2011 financial year and €2,499 million in the 2010 financial year. The net impairments (impairment losses less reversals) for securities in the loans-and-receivables category amounted to €–163 million in the first half of the 2013 financial year, compared to €9 million in the first half of the 2012 financial year. In the 2012 financial year, these net impairments amounted to €–60 million, compared to €–2,897 million in the 2011 financial year and €–4 million in the 2010 financial year. Further information can be found in Note 5 (Net investment income) and Note 2 (Loan loss provisions) to the condensed interim consolidated financial statements of the Company as of June 30, 2013, Note 36 (Net investment income) and Note 50 (Loan loss provisions) to the consolidated financial statements for the 2012 financial year, Note 36 (Net investment income) and Note 49 (Loan loss provisions) to the consolidated financial statements for the 2011 financial year, and Note 36 (Net investment income) and Note 50 (Loan loss provisions) to the consolidated financial statements for the 2010 financial year.

Impairment of available-for-sale financial assets

The accounting policy of the COMMERZBANK Group for available-for-sale financial assets (bonds and other interest-related securities of public and other issuers, shares and other equity-related securities as well as holdings and stakes in subsidiaries) is described in Note 5 (Financial instruments: Recognition and measurement (IAS 39)) and Note 14 (Financial investments) to the consolidated financial statements for the 2012 financial year.

Available-for-sale financial assets are measured at fair value. Gains and losses are recognized in the available-for-sale assets category after deferred taxes within revaluation reserve within equity. Realized gains and losses are only recognized in the income statement under net income from financial investments if the holdings are sold or in the event of impairment. An impairment loss is recognized if there is objective evidence of impairment as a result of loss events that have an impact on the estimated future cash flows of the financial asset that can be reliably estimated. A further decline in the fair value of an available-for-sale debt security subsequent to the initial impairment is recognized in the consolidated income statement if there is further objective evidence of impairment.

Management is required to exercise judgment in determining whether there is objective evidence that an impairment loss has occurred. Once an impairment has been identified, the amount of the impairment loss is measured with reference to the fair value of the financial asset. Further information relating to assumptions and assessments requiring management judgment relating to the determination of fair value of financial instruments can be found in the section "—*Valuation of financial instruments*".

The objective evidence required to determine whether an available-for-sale debt security is impaired comprises evidence of the occurrence of a loss event and evidence that the loss event results in a decrease in estimated future cash flows. If cash flows are readily determinable, less judgment is required. When determination of estimated future cash flows requires consideration of a number of variables, some of which may be unobservable in the current market conditions, more judgment is necessary.

The most significant judgments concern more complex instruments, such as asset-backed securities, where it is necessary to consider factors such as the estimated future cash flows on underlying pools of collateral, potentially including prepayment speeds and rates, the extent, depth and longevity of market price declines and changes in credit ratings. The review of estimated future cash flows on underlying collateral is subject to uncertainties if the assessment is based on historical information on pools of assets, and judgment is required to determine whether historical performance remains representative of current economic and credit conditions.

There is no single factor to which the Group's impairment of available-for-sale debt securities is particularly sensitive, because of the range of different types of securities held, the range of geographical areas in which those securities are held, and the wide range of factors which can affect the occurrence of loss events and the cash flows of securities, including different types of collateral.

The net impairments for non-equity securities in the available-for-sale category amounted to €–8 million in the first half of the 2013 financial year, compared to €–3 million in the first half of the 2012 financial year, and €–3 million in the 2012 financial year, compared to €–322 million in the 2011 financial year and €323 million in the 2010 financial year. The net impairments for equity available-for-sale securities amounted to €–13 million in the first half of the 2013 financial year, compared to €–8 million in the first half of the 2012 financial year, and €–27 million in the 2012 financial year, compared to €–77 million in the 2011 financial year and €–39 million in the 2010 financial year.

Impairment of goodwill and brand names

The accounting principles of the COMMERZBANK Group for goodwill and brand names are described in Note 15 (Intangible assets) to the consolidated financial statements for the 2012 financial year.

The process for identifying and evaluating the impairment of goodwill and brand names is inherently uncertain because it requires management judgment in making a series of estimations, the results of which are highly sensitive to the assumptions used. Determining the recoverable amount in an impairment test requires estimates to be made on the basis of market prices, prices of comparable businesses, the present value or other valuation methods, or a combination thereof. In particular, the impairment test of goodwill and brand names represents management's best estimates of the following factors:

- the future cash flows of cash-generating units (CGUs) are sensitive to the cash flows predicted for periods for which detailed forecasts are available, and to assumptions regarding the long-term pattern of sustainable cash flows thereafter. Forecasts are compared with the actual performance and verifiable economic data in future years; however, the cash flow forecasts necessarily and appropriately reflect management's view of future business prospects at the time of the assessment; and
- the rate used to discount future expected cash flows is based on the cost of capital assigned to an individual CGU, and can have a significant effect on the valuation of the CGU. The cost of capital percentage is generally derived from a capital asset pricing model (CAPM), which incorporates inputs reflecting a number of financial and economic variables, including the risk-free interest rate in the country concerned and a premium to reflect the inherent risk of the business being evaluated. These variables are subject to fluctuations in external market rates and economic conditions outside the management's control and therefore established on the basis of significant management judgment and are subject to uncertainty.

If this valuation demonstrates that the expected cash flows of a CGU have declined and/or that its cost of capital has increased, the effect is to reduce the CGU's estimated recoverable amount. If it is lower than the carrying value of the CGU, a charge for impairment of goodwill and brand names will be recognized in the consolidated income statement for the year concerned.

The accuracy of forecasted cash flows is subject to a high degree of uncertainty, especially in volatile market conditions. In such market conditions, management retests goodwill and brand names for impairment more frequently than annually to ensure that the assumptions on which the cash flow forecasts are based continue to reflect the current market conditions and management's best estimate of the future business prospects.

For the 2010, 2011 and 2012 financial years and the first half of the 2013 financial year, no impairment of goodwill was reported. Further information can be found in Note 56 (Intangible assets) to the consolidated financial statements for the 2012 financial year.

For the 2010, 2011 and 2012 financial years and the first half of the 2013 financial year, no impairment of brand names was reported.

Deferred tax assets

The accounting policy of the COMMERZBANK Group for deferred tax assets is described in Note 26 (Taxes on income) to the consolidated financial statements for the 2012 financial year.

Deferred income tax assets and liabilities reflect the future tax consequences attributable to differences relevant for taxation purposes between the values of an asset or a liability of an entity of the COMMERZBANK Group as between the trade balance and the tax balance as of a given balance sheet date, as well as the tax-reducing effect resulting from the use of existing tax loss carryforwards and tax credits not yet utilized.

The COMMERZBANK Group is obliged to recognize deferred tax resulting from the scenario as set out above (as is the case with current tax) as income or an expense and include it in the net profit or loss for the relevant period. If, however, actual or deferred tax assets on income relate to items recognized other than through the income statement, then the tax payments due on these items must be recognized directly in equity (IAS 12.61 A). Deferred income tax assets and liabilities are recognized separately on the balance sheet form actual income tax assets and liabilities. Deferred tax assets are reported on the balance sheet provided the entity of the COMMERZBANK Group concerned believes, based on the criteria and guidelines developed by COMMERZBANK, that it is probable that future taxable profit will be available against which the deductible temporary difference, tax loss carryforward or as yet unutilized tax credit can be utilized within the tax planning period. If an entity of the COMMERZBANK Group determines that it will not be able to utilize all or part of the net deferred tax assets in the future, a valuation allowance must be formed for the deferred tax assets, which would in principle lead to a deferred tax expense for the period. In cases under IAS 12.61 A (deferred taxes previously recognized directly in equity), the valuation allowance would have no effect on the income statement.

The COMMERZBANK Group's deferred tax assets amounted to €3,183 million as of June 30, 2013, compared to €3,015 million (€3,216 million after adjustment for the first-time application of the amended IAS 19) as of December 31, 2012, €4,154 million as of December 31, 2011, and €3,567 million as of December 31, 2010. The COMMERZBANK Group's deferred tax liabilities amounted to €199 million as of June 30, 2013, compared to €90 million (€91 million after adjustment for the first-time application of the amended IAS 19) as of December 31, 2012, €189 million as of December 31, 2011, and €222 million as of December 31, 2010. Tax loss carryforwards for which no deferred taxes were recognized amounted to €11,878 million as of June 30, 2013 (corporation tax) and €5,560 million (trade tax), compared to €11,485 million (corporation tax) and €4,929 million (trade tax) as of December 31, 2012, €11,680 million (corporation tax) and €4,628 million (trade tax) as of December 31, 2011, and €10,620 million (corporation tax) and €4,029 million (trade tax) as of December 31, 2010. Further information can be found in Note 58 (Tax assets) and Note 69 (Tax liabilities) to the consolidated financial statements for the 2012 financial year, Note 57 (Tax assets) and Note 68 (Tax liabilities) to the consolidated financial statements for the 2011 financial year, and Note 58 (Tax assets) and Note 69 (Tax liabilities) to the consolidated financial statements for the 2010 financial year.

Provisions for pensions

The accounting policy of the COMMERZBANK Group for provisions for pensions through December 31, 2012 is described in Note 24 (Provisions for pensions and similar commitments) to the consolidated financial statements for the 2012 financial year. From January 1, 2013 onwards, the requirements of the amended IAS 19 are applicable.

The Group uses actuarial techniques (the projected unit credit method in accordance with IAS 19) when determining provisions for its defined benefit and similar plan commitments. As a result, the costs and, if applicable, credits with respect to these commitments are affected by changes in the assumptions the Group makes concerning the ultimate size of its pension commitments, including in particular the discount rate used to calculate the present value of its pension commitments and assumptions concerning the life expectancy of its retired employees. The application of a lower discount rate or an increased life expectancy in a particular year tend to increase the Group's recorded pension benefit costs. In addition, changes in market interest rates from year to year affect the Group's calculation of the valuation of its pension commitments.

Until December 31, 2011, the unrealized actuarial gains or losses in a particular period that exceeded a certain threshold led to an adjustment to the Group's pension provisions. COMMERZBANK had decided to recognize unrecognized actuarial gains and losses more quickly than the standard amortization schedules recommended in IAS 19. Accordingly, above a significance threshold of 75% of the 10% corridor, 20% of the gains or losses within the corridor were amortized. The effect of such an adjustment on the Group's net income could have been positive or negative.

With the application of the amended IAS 19 for financial years beginning from January 1, 2013, the "corridor" method no longer applies. Actuarial gains or losses are then recognized immediately and in full in equity pursuant to IAS 19.93A in the period in which they occur. The actuarial losses that had not yet been recognized at the time of first application were recognized in equity at that time (see "*Key factors influencing the net assets, financial position and results of operations—Changes in accounting principles—Changes in accounting principles in the first half of the 2013 financial year*"). The mandatory immediate recognition of actuarial gains or losses from January 1, 2013 onwards will lead to higher equity volatility.

Provisions for pensions and similar commitments amounted to €831 million as of June 30, 2013, compared to €210 million as of December 31, 2012 (€1,050 million after adjustment for the first-time application of the amended IAS 19 standard), €437 million as of December 31, 2011, and €539 million as of December 31, 2010. Further information can be found in Note 68 (Provisions) to the consolidated financial statements for the 2012 financial year, Note 67 (Provisions) to the consolidated financial statements for the 2011 financial year and Note 68 (Provisions) to the consolidated financial statements for the 2010 financial year.

Legal and regulatory contingencies and tax risks

The Group conducts its business in many different legal, regulatory and tax environments. Accordingly, legal claims, regulatory proceedings and income tax provisions may arise.

The use of estimates is important in determining provisions for potential losses that may arise from litigation and regulatory proceedings and uncertain income tax positions. The Group estimates and provides for such potential losses, to the extent that they are probable and can be estimated, pursuant to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", and IAS 12, "Income Taxes". The measurement of contingent liabilities requires extensive assessments and the final liabilities may ultimately deviate considerably from these assessments.

Contingencies with respect to legal matters are subject to many uncertainties; the outcome of individual matters is not predictable with certainty. Significant judgment is required in assessing probability and making estimates with respect to contingencies, and the Group's final liability may ultimately be materially different. For more information on how the Group addresses the question of contingencies, see "*Description of the COMMERZBANK Group's Business Activities—Legal proceedings*". Predicting the outcome of the Group's litigation matters is inherently difficult, particularly in cases in which claimants seek substantial or indeterminate damages.

Provisions for litigation and recourse amounted to €955 million as of June 30, 2013, compared to €982 million as of December 31, 2012, €822 million as of December 31, 2011, and €808 million as of December 31, 2010. Further information can be found in Note 68c (Provisions—Other provisions) to the consolidated financial statements for the 2012 financial year, Note 67c (Provisions—Other provisions) to the consolidated financial statements for the 2011 financial year and Note 67c (Provisions—Other provisions) to the consolidated financial statements for the 2010 financial year.

SELECTED BANK STATISTICAL AND OTHER DATA

The tables below set forth selected statistical information of the COMMERZBANK Group. The information is derived from COMMERZBANK's audited consolidated financial statements (prepared in accordance with IFRS) unless otherwise indicated. Unaudited figures are taken from COMMERZBANK's accounting records. All figures reflect the adjustments made in subsequent reporting periods (unless otherwise indicated).

Balance and interest rate information

Period-end balances

The following table sets forth the assets and liabilities of the COMMERZBANK Group as of December 31, 2010, 2011 and 2012.

	2010	2011	2012
	(unaudited, unless otherwise indicated) (€ m)		
Assets			
Cash reserve:			
Domestic	*2,380*	*2,642*	*7,445*
Foreign	*5,673*	*3,433*	*8,310*
Total[1)]	8,053	6,075	15,755
Claims on banks[2)]:			
Domestic	*101,374*	*80,511*	*80,496*
Foreign	*9,242*	*7,279*	*7,532*
Total[1)]	110,616	87,790	88,028
Claims on customers[3)]:			
Domestic	*273,213*	*243,967*	*234,830*
Foreign	*54,542*	*52,619*	*43,716*
Total[1)]	327,755	296,586	278,546
Value adjustment portfolio fair value hedges:			
Domestic	*113*	*147*	*201*
Foreign	*—*	*—*	*1*
Total[1)]	113	147	202
Positive fair values of derivative hedging instruments:			
Domestic	*3,775*	*4,030*	*4,868*
Foreign	*1,186*	*1,102*	*1,189*
Total[1)]	4,961	5,132	6,057
Trading assets:			
Domestic	*151,078*	*140,937*	*133,846*
Foreign	*16,747*	*14,763*	*10,298*
Total[1)]	167,825	155,700	144,144
Financial investments:			
Domestic	*98,669*	*79,221*	*75,460*
Foreign	*17,039*	*15,302*	*13,682*
Total[1)]	115,708	94,523	89,142
Holdings in companies accounted for using the equity method:			
Domestic	*710*	*606*	*651*
Foreign	*27*	*88*	*93*
Total[1)]	737	694	744
Intangible assets:			
Domestic	*2,666*	*2,611*	*2,837*
Foreign	*435*	*427*	*214*
Total[1)]	3,101	3,038	3,051

	2010	2011	2012
	(unaudited, unless otherwise indicated) (€ m)		
Fixed assets:			
Domestic	*1,290*	*1,143*	*1,179*
Foreign	*300*	*256*	*193*
Total[1)]	1,590	1,399	1,372
Investment properties:			
Domestic	*1,192*	*793*	*637*
Foreign	*—*	*15*	*0*
Total[1)]	1,192	808	637
Non-current assets and disposal groups held for sale:			
Domestic	*846*	*1,599*	*545*
Foreign	*236*	*160*	*212*
Total[1)]	1,082	1,759	757
Current tax assets:			
Domestic	*532*	*620*	*741*
Foreign	*118*	*96*	*49*
Total[1)]	650	716	790
Deferred tax assets:			
Domestic	*2,946*	*3,170*	*2,479*
Foreign	*621*	*984*	*536*
Total[1)]	3,567	4,154	3,015
Other assets:			
Domestic	*5,788*	*1,559*	*2,118*
Foreign	*1,561*	*1,683*	*1,520*
Total[1)]	7,349	3,242	3,638
Total assets:			
Domestic	*646,571*	*563,556*	*548,333*
Foreign	*107,728*	*98,207*	*87,545*
Total assets[1)]	**754,299**	**661,763**	**635,878**
Liabilities and equity			
Liabilities to banks:			
Domestic	*116,942*	*88,026*	*97,892*
Foreign	*20,684*	*10,455*	*12,350*
Total[1)]	137,626	98,481	110,242
Liabilities to customers:			
Domestic	*209,119*	*213,300*	*228,895*
Foreign	*53,708*	*42,044*	*36,947*
Total[1)]	262,827	255,344	265,842
Securitized liabilities:			
Domestic	*115,416*	*99,897*	*74,229*
Foreign	*15,940*	*5,776*	*5,103*
Total[1)]	131,356	105,673	79,332
Value adjustment portfolio fair value hedges:			
Domestic	*121*	*938*	*1,467*
Foreign	*—*	*—*	*—*
Total[1)]	121	938	1,467
Negative fair values of derivative hedging instruments:			
Domestic	*8,668*	*10,320*	*10,637*
Foreign	*701*	*1,107*	*1,102*
Total[1)]	9,369	11,427	11,739
Trading liabilities:			
Domestic	*148,613*	*132,990*	*112,243*
Foreign	*3,780*	*4,857*	*3,868*

	2010	2011	2012
	(unaudited, unless otherwise indicated) (€ m)		
Total[1)]	152,393	137,847	116,111
Provisions:			
Domestic	*3,782*	*3,049*	*2,621*
Foreign	*996*	*712*	*638*
Total[1)]	4,778	3,761	3,259
Current tax liabilities:			
Domestic	*951*	*443*	*162*
Foreign	*121*	*237*	*162*
Total[1)]	1,072	680	324
Deferred tax liabilities:			
Domestic	*139*	*142*	*30*
Foreign	*83*	*47*	*60*
Total[1)]	222	189	90
Liabilities from disposal groups held for sale:			
Domestic	*519*	*592*	*2*
Foreign	*131*	—	—
Total[1)]	650	592	2
Other liabilities:			
Domestic	*5,207*	*3,255*	*3,585*
Foreign	*2,929*	*3,313*	*2,938*
Total[1)]	8,136	6,568	6,523
Subordinated capital:			
Domestic	*12,002*	*12,424*	*11,536*
Foreign	*908*	*861*	*780*
Total[1)]	12,910	13,285	12,316
Hybrid capital:			
Domestic	*1,511*	*1,096*	*596*
Foreign	*2,670*	*1,079*	*1,001*
Total[1)]	4,181	2,175	1,597
Equity:			
Domestic	*27,410*	*21,968*	*22,802*
Foreign	*1,248*	*2,835*	*4,232*
Total[1)]	28,658	24,803	27,034
Subscribed capital:			
Domestic	*3,047*	*5,113*	*5,828*
Foreign	—	—	—
Total[1)]	3,047	5,113	5,828
Capital reserve:			
Domestic	*1,507*	*11,156*	*11,676*
Foreign	—	*2*	*5*
Total[1)]	1,507	11,158	11,681
Retained earnings:			
Domestic	*7,851*	*5,901*	*4,931*
Foreign	*1,289*	*2,921*	*3,683*
Total[1)]	9,140	8,822	8,614
Silent participations:			
Domestic	*17,178*	*2,687*	*2,376*
Foreign	—	—	—
Total[1)]	17,178	2,687	2,376
Other reserves:			
Domestic	*(2,426)*	*(3,061)*	*(2,180)*
Foreign	*(573)*	*(615)*	*(173)*
Total[1)]	(2,999)	(3,676)	(2,353)

	2010	2011	2012
	(unaudited, unless otherwise indicated) (€ m)		
Total before non-controlling interests:			
Domestic	*27,157*	*21,795*	*22,632*
Foreign	*716*	*2,309*	*3,514*
Total[1]	27,873	24,104	26,146
Non-controlling interests:			
Domestic	*253*	*173*	*171*
Foreign	*532*	*526*	*717*
Total[1]	785	699	888
Total liabilities and equity:			
Domestic	*650,399*	*588,440*	*566,697*
Foreign	*103,900*	*73,323*	*69,181*
Total liabilities and equity[1]	**754,299**	**661,763**	**635,878**
Contingent liabilities and irrevocable lending commitments			
Domestic	*60,164*	*54,300*	*52,738*
Foreign	*38,498*	*36,828*	*32,846*
Total contingent liabilities and irrevocable lending commitments[1]	**98,662**	**91,128**	**85,584**

1) Audited.

2) Claims on banks are presented in the table after deduction of "Loan loss provisions": 2010: €340 million, 2011: €242 million, 2012: €106 million. See note 50 to the 2010 consolidated financial statements, note 49 to the 2011 consolidated financial statements and note 50 to the 2012 consolidated financial statements.

3) Claims on customers are presented in the table after deduction of "Loan loss provisions": 2010: €9,117 million, 2011: €7,913 million, 2012: €7,654 million. See note 50 to the 2010 consolidated financial statements, note 49 to the 2011 consolidated financial statements and note 50 to the 2012 consolidated financial statements.

Average balances

The following table sets forth the average balances for the indicated categories of assets and liabilities of the COMMERZBANK Group, calculated for the 2010, 2011 and 2012 financial years. The average balances are based on the month-end balances (in each case, beginning with and including the balance as of December 31 of the prior year and ending with the balance as of December 31 of the year indicated). Average balance sheet information is not available for the categories of assets and liabilities shown in the preceding table. Average balance sheet information on a domestic/foreign basis is also not available.

	Average balances		
	2010	2011	2012
		(unaudited) (€ m)	
Assets			
Cash reserve	10,927	12,633	11,671
Claims on banks[1]	119,849	99,107	113,881
Claims on customers[2]	351,546	328,837	304,026
of which retail customers	*88,426*	*82,099*	*76,322*
of which corporate customers	*222,480*	*208,116*	*194,811*
of which public sector	*40,640*	*38,622*	*32,893*
Loan loss provisions	(9,884)	(8,900)	(7,884)
Value adjustment portfolio fair value hedges	222	82	182
Positive fair values of derivative hedging instruments	5,882	4,381	5,625
Trading assets	236,847	159,287	153,114
Financial investments	126,691	105,290	90,978
Holdings in companies accounted for using the equity method	619	706	707
Intangible assets	3,178	3,037	3,006
Fixed assets	1,720	1,511	1,369
Investment properties	1,246	1,044	704
Non-current assets and disposal groups held for sale	3,203	1,199	935
Other assets	10,097	9,929	8,464
Total assets	**862,143**	**718,143**	**686,778**
Liabilities and equity			
Liabilities to banks	142,113	125,172	129,620
Liabilities to customers	271,288	261,309	265,829
of which retail customers	*75,658*	*77,086*	*84,576*
of which corporate customers	*180,424*	*170,157*	*164,814*
of which public sector	*15,206*	*14,066*	*16,439*
Securitized liabilities	159,408	120,033	90,390
Value adjustment portfolio fair value hedges	324	286	1,263
Negative fair values of derivative hedging instruments	11,120	8,913	11,538
Trading liabilities	213,212	144,215	135,466
Provisions	5,075	4,264	3,495
Liabilities from disposal groups held for sale	2,984	586	335
Other liabilities	9,453	9,114	7,354
Subordinated capital	15,012	13,466	12,927
Hybrid capital	4,197	3,303	1,755
Subscribed capital	3,066	4,246	5,609
Capital reserve	1,331	7,137	11,307
Retained earnings	9,012	9,626	9,531
Silent participations	17,178	8,784	2,466
Other reserves	(3,301)	(3,095)	(2,908)
Non-controlling interests	671	784	801
Total liabilities and equity	**862,143**	**718,143**	**686,778**
Contingent liabilities and irrevocable lending commitments	**97,750**	**75,198**	**65,978**
Average shareholders' equity (without COMMERZBANK dividends)	**27,957**	**27,483**	**26,807**

1) The loan loss provisions for claims on banks are shown in the table under the separate line item "Loan loss provisions".
2) The loan loss provisions for claims on customers are shown in the table under the separate line item "Loan loss provisions".

Changes in interest income and expenses: analysis based on volume and interest rates

The following two tables set forth average balances, interest income and interest expense, and interest rate information, and indicate the extent of changes in interest income and interest expense due to changes in the average volume of the respective categories of interest-bearing assets and liabilities on the one hand, and to changes in average interest rates on the other. The volume and rate calculation is based on the average balances and interest rates for the categories of interest-bearing assets and liabilities shown in the first of these tables, which presents the categories of interest-bearing assets and liabilities for which volume and rate information can be calculated. Changes in interest income and interest expense resulting from fluctuations in volume of interest-bearing assets and liabilities are calculated on the basis of changes in the volume compared to the previous year multiplied by the average interest rate of the previous year. Changes in interest income and interest expenses resulting from fluctuations in the interest rate are calculated on the basis of the change in the interest rate compared to the previous year multiplied by the average balance of assets and liabilities for the current year. The average volumes are based on the month-end balances (in each case, beginning with and including the balance as of December 31 of the prior year and ending with the balance as of December 31 of the year indicated).

	Interest income / Interest expense								
	2010			2011			2012		
	Average volume	Interest income / Interest expense	Average interest rate	Average volume	Interest income / Interest expense	Average interest rate	Average volume	Interest income / Interest expense	Average interest rate
	(unaudited, unless otherwise indicated) (€ m, except %)								
Interest-bearing assets[1]									
Claims on banks and customers, bonds and notes and other interest-bearing securities held as financial investments, investment properties and assets held for sale	589,676	17,269	2.93%	524,363	16,811	3.21%	500,719	14,016	2.80%
Dividends from securities	1,926	53[4]	2.75%	1,410	115[4]	8.15%	1,439	221[4]	15.36%
Current net income from investments and holdings in non-consolidated subsidiaries	1,049	77[4]	7.34%	804	41[4]	5.10%	482	21[4]	4.36%
Total interest-bearing assets	**592,651**	**17,399**	**2.94%**	**526,578**	**16,967**	**3.22%**	**502,639**	**14,258**	**2.84%**
Interest-bearing liabilities[2]									
Liabilities to banks and customers and liabilities from disposal groups held for sale	416,384	5,392	1.29%	387,068	5,365	1.39%	395,785	5,074	1.28%
Subordinated and hybrid capital	19,209	1,030[4]	5.36%	16,768	939[4]	5.60%	14,682	892[4]	6.08%
Securitized liabilities	159,408	4,494[4]	2.82%	120,033	3,585[4]	2.99%	90,390	2,733[4]	3.02%
Total interest-bearing liabilities	**595,001**	**10,916**	**1.83%**	**523,869**	**9,889**	**1.89%**	**500,857**	**8,699**	**1.74%**
Change in net interest income due to selected interest-bearing assets and liabilities		**6,483**			**7,078**			**5,559**	
Reconciliation to net interest income									
Interest from derivatives in the banking book and effect of hedge accounting[3]		571			(354)			(20)	
Change in net interest income		**7,054**[4]			**6,724**[4]			**5,539**[4]	

1) Not including derivatives and other assets.
2) Not including derivatives and other liabilities.
3) Amortization effects resulting from discontinuation of cash flow hedge accounting in 2009.
4) Audited.

	Volume and interest rate analysis					
	2010/2011			2011/2012		
		2011 compared to 2010 increase / (decrease) due to changes in			2012 compared to 2011 increase / (decrease) due to changes in	
	Net change	Average volume	Average interest rate	Net change	Average volume	Average interest rate
	(unaudited) (€ m)					
Interest-bearing assets[1]						
Claims on banks and customers, bonds and notes and other interest-bearing securities held as financial investments, investment properties and assets held for sale	(458)	(1,913)	1,455	(2,795)	(758)	(2,037)
Dividends from securities	62	(14)	76	106	2	(104)
Current net income from holdings in non-consolidated subsidiaries	(36)	(18)	(18)	(20)	(16)	(4)
Total interest-bearing assets	**(432)**	**(1,945)**	**1,513**	**(2,709)**	**(772)**	**(1,937)**
Interest-bearing liabilities[2]						
Liabilities to banks and customers and liabilities from disposal groups held for sale	(27)	(378)	351	(290)	121	(411)
Subordinated and hybrid capital	(91)	(131)	40	(48)	(117)	69
Securitized liabilities	(909)	(1,110)	201	(852)	(886)	34
Total interest-bearing liabilities	**(1,027)**	**(1,619)**	**592**	**(1,190)**	**(882)**	**(308)**
Change in net interest income due to selected interest-bearing assets and liabilities	**595**	**(326)**	**921**	**(1,519)**	**110**	**(1,629)**

1) Not including derivatives and other assets.
2) Not including derivatives and other liabilities.

Yield, spread and margins

The following table shows selected yield, spread and margin information applicable to COMMERZBANK for the years indicated. These amounts are derived from the average balances in the preceding table.

	Yield, Spread and Margin as of December 31,		
	2010	2011	2012
		(unaudited)	
Gross yield on interest-bearing assets[1]	2.94%	3.22%	2.84%
Spread[2] (net yield)	1.11%	1.33%	1.10%
Net interest margin[3]	1.19%	1.28%	1.10%

1) "Gross yield" is the average interest rate earned on the average volume of interest-bearing assets.
2) "Spread" is the difference between the average interest rate earned on the average volume of interest-bearing assets and the average interest rate paid on the average volume of interest-bearing liabilities.
3) "Net interest margin" is net interest income, excluding interest on derivatives and other assets/liabilities, as a percentage of the average volume of interest-bearing assets.

Investment portfolio

The following tables show the book value of the financial instruments in the trading assets and financial investments, including their maturity profiles.

	Book value of securities and other financial instruments as of December 31,		
	2010	2011	2012
	(audited, unless otherwise indicated) (€ m)		
Trading assets			
Bonds, notes and other interest-rate-related securities issued by public-sector borrowers	14,136[1)]	8,941[1)]	7,498[1)]
of which foreign issuers	*8,085*[1)]	*4,615*[1)]	*4,307*[1)]
Bonds, notes and other interest-rate-related securities issued by other borrowers	16,169[1)]	11,962[1)]	10,883[1)]
of which foreign issuers	*12,874*[1)]	*8,598*[1)]	*8,729*[1)]
Promissory note loans	1,810	1,063	1,366
of which foreign issuers	*1,480*[1)]	*178*[1)]	*1,158*[1)]
Shares, other equity-related securities and units in investment funds	11,704	9,703	17,759
Other trading assets	263	424	238
Derivatives (positive fair values of derivative financial instruments)	123,743	123,607	106,400
Total	**167,825**	**155,700**	**144,144**
Financial investments			
Bonds, notes and other interest-rate-related securities	113,493	92,526	87,548
Money market instruments	5,036	2,084	2,504
issued by public-sector borrowers	2,874	364	479
of which foreign issuers	*140*[1)]	*113*[1)]	*479*[1)]
issued by other borrowers	2,162	1,720	2,025
of which foreign issuers	*2,162*[1)]	*1,720*[1)]	*2,025*[1)]
Bonds and notes	108,457	90,442	85,044
issued by public-sector borrowers	53,148	42,831	43,061
of which foreign issuers	*39,316*[1)]	*34,050*[1)]	*33,083*[1)]
issued by other borrowers	55,309	47,611	41,983
of which foreign issuers	*38,298*[1)]	*33,163*[1)]	*30,320*[1)]
Shares, other equity-related securities and units in investment funds	1,284	1,506	1,299
Equity holdings	807	347	138
of which in banks	*410*	*64*	*29*
Holdings in non-consolidated subsidiaries	124	144	157
of which in banks	—	—	—
Total	**115,708**	**94,523**	**89,142**
Derivatives (positive fair values of derivative hedging instruments)	4,961	5,132	6,057
Total including derivatives	**120,669**[1)]	**99,655**[1)]	**95,199**[1)]

1) Unaudited.

	Maturities of securities and other financial instruments as of December 31, 2012			
	Within 1 year	1-5 years	More than 5 years	Total
	(audited, unless otherwise indicated) (€ m)			
Trading assets				
Bonds, notes and other interest-rate-related securities issued by public-sector borrowers	3,407[3)]	2,334[3)]	1,757[3)]	7,498[3)]
Bonds, notes and other interest-rate-related securities issued by other borrowers	2,284[3)]	3,621[3)]	4,978[3)]	10,883[3)]
Promissory note loans	952[3)]	357[3)]	57[3)]	1,366
Shares, other equity-related securities and units in investment funds[1)]	—	—	—	17,759
Other trading assets[1)]	—	—	—	238
Derivatives (positive fair values of derivative financial instruments)[2)]	—	—	—	106,400
Total				**144,144**
Financial investments				
Bonds, notes and other interest-rate-related securities				
Money market instruments	2,504[3)]	—	—	2,504
issued by public-sector borrowers	479[3)]	—	—	479
issued by other borrowers	2,025[3)]	—	—	2,025
Bonds and notes	7,236[3)]	33,576	44,232	85,044
issued by public-sector borrowers	3,196[3)]	10,578[3)]	29,287[3)]	43,061
issued by other borrowers	4,040[3)]	22,998[3)]	14,945[3)]	41,983
Shares, other equity-related securities and units in investment funds[1)]	—	—	—	1,299
Equity holdings[1)]	—	—	—	138
Holdings in non-consolidated subsidiaries[1)]	—	—	—	157
Derivatives (positive fair values of derivative hedging instruments)[2)]	—	—	—	6,057
Total				**95,199[3)]**

1) These are financial instruments that have no maturity date, or for which information regarding maturities is not available.
2) Terms to maturity for the nominal amounts of derivatives can be found in note 78 (Derivative transactions) to the consolidated financial statements for the 2012 financial year.
3) Unaudited.

Loans portfolio

Claims

The following table sets forth details of claims on customers based on the domicile of the customer as of the date indicated. The COMMERZBANK Group distinguishes loans from claims on banks and customers such that only claims for which a special loan agreement has been concluded with the borrower are shown as loans. Interbank money market transactions and repo transactions, for example, are therefore not shown as loans. Acceptance credits are also included in loans to customers.

	Claims as of December 31,				
	2008	2009	2010	2011	2012
	(audited, unless otherwise indicated) (€ m)				
Breakdown of all claims by type:					
Claims on banks[1]					
Domestic	29,504	32,331	33,403	26,721	25,685
Foreign	33,731	74,878	77,553	61,311	62,449
Total claims on banks	**63,235**	**107,209**	**110,956**	**88,032**	**88,134**
Claims on customers[2]					
Public-sector domestic	45,917	37,256	35,574	25,707	23,795
Domestic corporate customers					
Mortgages and other claims secured by property charges	32,034[3]	34,696[3]	32,509[3]	28,199[3]	23,236[3]
Other claims	41,886[3]	63,454[3]	64,808[3]	70,677[3]	64,296[3]
Domestic retail customers					
Mortgages and other claims secured by property charges	41,820[3]	52,173[3]	46,056[3]	39,060[3]	32,845[3]
Other claims	18,464[3]	30,408[3]	28,743[3]	29,002[3]	31,062[3]
Total domestic claims	180,121	217,987	207,690	192,645	175,234
Public-sector foreign	11,596	8,679	8,897	8,795	7,976
Foreign corporate customers					
Mortgages and other claims secured by property charges	39,828[3]	47,919[3]	49,076[3]	43,955[3]	37,234[3]
Other claims	50,660[3]	77,498[3]	60,788[3]	48,624[3]	55,024[3]
Foreign retail customers					
Mortgages and other claims secured by property charges	3,353[3]	5,116[3]	6,674[3]	6,733[3]	7,119[3]
Other claims	4,590[3]	4,284[3]	3,747[3]	3,747[3]	3,613[3]
Total foreign claims	110,027	143,496	129,182	111,854	110,966
Total claims on customers	**290,148**	**361,483**	**336,872**	**304,499**	**286,200**
Total claims (gross)	**353,383**[3]	**468,692**[3]	**447,828**[3]	**392,531**[3]	**374,334**[3]
Breakdown between domestic and foreign claims:					
Domestic claims					
Claims on banks	29,504	32,331	33,403	26,721	25,685
Public sector	45,917	37,256	35,574	25,707	23,795
Mortgages and other claims secured by property charges	73,854[3]	86,869[3]	78,565[3]	67,259[3]	56,081[3]
Other claims	60,350[3]	93,862[3]	93,551[3]	99,679[3]	95,358[3]
Total domestic claims	**209,625**[3]	**250,318**[3]	**241,093**[3]	**219,366**[3]	**200,919**[3]
Foreign claims					
Claims on banks	33,731	74,878	77,553	61,311	62,449
Public sector	11,596	8,679	8,897	8,795	7,976
Mortgages and other claims secured by property charges	43,181[3]	53,035[3]	55,750[3]	50,688[3]	44,353[3]
Other claims	55,250[3]	81,782[3]	64,535[3]	52,371[3]	58,637[3]
Total foreign claims	**143,758**[3]	**218,374**[3]	**206,735**[3]	**173,165**[3]	**173,415**[3]
Total claims (gross)	**353,383**[3]	**468,692**[3]	**447,828**[3]	**392,531**[3]	**374,334**[3]

1) Claims on banks are presented in the table before deduction of "Loan loss provisions". See note 47 to the 2010 consolidated financial statements, note 46 to the 2011 consolidated financial statements and note 47 to the 2012 consolidated financial statements.
2) Claims on customers are presented in the table before deduction of "Loan loss provisions". See note 48 to the consolidated financial statements for the 2010 financial year, note 47 to the consolidated financial statements for the 2011 financial year and note 48 to the consolidated financial statements for the 2012 financial year.
3) Unaudited.

The following table sets forth claims based on domicile and main type of customer business.

	Claims on customers[1] as of December 31,				
	2008	**2009**	**2010**	**2011**	**2012**
			(audited) (€ m)		
Breakdown of claims by customer group:					
Customers in Germany					
Companies and self-employed persons	73,920	98,150	97,316	98,876	87,532
of which manufacturing	*14,778*	*26,674*	*22,291*	*20,833*	*24,037*
of which construction	*2,203*	*4,146*	*2,489*	*2,264*	*1,165*
of which trading	*6,003*	*8,738*	*8,845*	*8,706*	*7,745*
of which services, including professions, and others	*50,936*	*58,592*	*63,691*	*67,073*	*54,585*
Public sector	45,917	37,256	35,574	25,707	23,795
Other retail customers	60,284	82,581	74,800	68,062	63,907
Total customers in Germany	**180,121**	**217,987**	**207,690**	**192,645**	**175,234**
Customers outside Germany					
Corporate and retail customers	98,431	134,817	120,285	103,059	102,990
Public sector	11,596	8,679	8,897	8,795	7,976
Total customers outside Germany	**110,027**	**143,496**	**129,182**	**111,854**	**110,966**
Total customers	**290,148**	**361,483**	**336,872**	**304,499**	**286,200**

1) Without taking into account loan loss provisions for claims on customers.

The following table lists the terms to maturity of claims as of December 31, 2012, broken down by types of claim and into domestic/foreign claims. The term to maturity is defined as the period between the balance sheet date and the contractual maturity date of the financial instruments. The maturity date is measured according to the customer's right of termination, usually the end of the fixed interest period. In the case of financial instruments which are repaid in partial installments, the term to maturity of each partial installment is applied.

	Maturity date of claims[1] as of December 31, 2012			
	Within 1 year	**1-5 years**	**More than 5 years**	**Total**
	(unaudited, unless otherwise indicated) (€ m)			
Claims by type				
Public sector	9,610	4,655	17,506	31,771
Claims on banks	79,269	8,125[2]	740[2]	88,134[2]
Mortgages and other claims secured by property charges	25,632	42,435	32,367	100,435
Other claims	76,970	37,823	39,202	153,994
Total	**191,481**	**93,038**	**89,815**	**374,334**
Domestic/foreign claims				
Domestic claims				
Public sector	8,124	3,621	12,050	23,795
Claims on banks	21,020	4,081	583	25,685[2]
Mortgages and other claims secured by property charges	12,219	21,217	22,645	56,082
Other claims	42,564	23,520	29,275	95,357
Total domestic claims	**83,927**	**52,439**	**64,553**	**200,920**
Foreign claims				
Public sector	1,486	1,034	5,456	7,976
Claims on banks	58,249	4,043	157	62,449[2]
Mortgages and other claims secured by property charges	13,413	21,219	9,722	44,354
Other claims	34,405	14,303	9,928	58,636
Total foreign claims	**107,553**	**40,599**	**25,263**	**173,414**
Total	**191,481**	**93,038**	**89,815**	**374,334**

1) Without taking into account loan loss provisions for claims on banks or claims on customers.
2) Audited.

The following table sets forth the credit risks relating to contingent liabilities and irrevocable lending commitments according to their book value and broken down by domicile and main business activities of the customer.

	Contingent liabilities and irrevocable lending commitments as of December 31,		
	2010	2011	2012
		(audited) (€ m)	
Contingent liabilities			
from rediscounted bills of exchange credited to borrowers	3	1	5
from guarantees and indemnity agreements	38,087	37,160	35,783
Credit guarantees	*3,632*	*3,085*	*2,148*
Other guarantees	*27,256*	*26,368*	*25,169*
Letters of credit	*6,939*	*7,274*	*8,051*
Other warranties	*260*	*433*	*415*
Other commitments	6	56	49
Total contingent liabilities	**38,096**	**37,217**	**35,837**
Irrevocable lending commitments			
Book credits to banks	1,442	1,332	1,369
Book credits to customers	56,058	51,121	47,119
Acceptance credits	3,016	1,429	1,025
Letters of credit	50	29	234
Total irrevocable lending commitments	**60,566**	**53,911**	**49,747**
Total contingent liabilities and irrevocable lending commitments	**98,662**	**91,128**	**85,584**
Customers and banks in Germany			
Banks	1,374	749	459
Companies and self-employed persons	42,811	39,769	34,981
Manufacturing	*15,082*	*10,939*	*21,365*
Construction	*1,769*	*1,091*	*1,796*
Trading	*3,239*	*4,217*	*4,509*
Services, including professions, and others	*22,721*	*23,522*	*7,311*
Public sector	379	67	79
Other retail customers	1,860	2,703	3,879
Total customers and banks in Germany	**46,424**	**43,288**	**39,398**
Customers and banks outside Germany			
Banks	9,102	9,906	10,873
Corporate and retail customers	43,051	37,691	35,370
Public sector	641	694	231
Total customers and banks outside Germany	**52,794**	**48,291**	**46,474**
Less provisions	(556)	(451)	(288)
Total contingent liabilities and irrevocable lending commitments	**98,662**	**91,128**	**85,584**

Risk elements

The following six tables in the "*—Default risks*" and "*—Default risks arising from derivative positions*" sections have been taken from COMMERZBANK's 2012 disclosure report (the "**Disclosure Report**"), by means of which COMMERZBANK has implemented, in accordance with Section 10a(1) sentence 1 of the German Banking Act (*Kreditwesengesetz*), the disclosure requirements under supervisory law pursuant to Section 26a(1) of the German Banking Act in conjunction with Sections 319 through 337 of the German Solvency Regulation (*Solvabilitätsverordnung*) as of the reporting date, December 31, 2012.

The descriptions in the sections referred to above thus relate to the group of companies consolidated for regulatory purposes. This group of companies includes only Group companies carrying out banking and other financial business. In accordance with Section 10a of the German Banking Act, this group comprises an entity in Germany (a parent company) and its subordinated companies (that form part of its corporate group). Regulatory consolidation aims to prevent subsidiary companies in the financial sector from making use multiple times of capital that in fact exists only in one place. By contrast, the companies consolidated under IFRS comprise all the companies controlled by the ultimate parent company. Furthermore, in keeping with the materiality principle as provided in Section 26a(2) of the German Banking Act in conjunction with Section 320(1) of the German Solvency Regulation, only the largest units within the COMMERZBANK Group were included, in this case the following six companies, which cover over 95% of the total capital adequacy requirements of the COMMERZBANK Group:

- COMMERZBANK AG,
- BRE Bank SA,
- comdirect bank AG,
- Commerz Real AG,
- Erste Europäische Pfandbrief- und Kommunalkreditbank AG in Luxembourg and
- Hypothekenbank Frankfurt AG.

All of the information in the following six tables therefore refers to these six Group units and the year 2012. For selected quantitative data, comparative figures for 2011 are additionally provided.

Default risks

This section provides an overview of the total portfolio containing default risks with an assessment basis amounting to €537 billion. For balance sheet positions, a distinction is made between the lending business and securities. Off-balance sheet positions, e.g., loan commitments or placed guarantees, other non-derivative off-balance sheet assets and derivative instruments, are shown separately.

The sum of SACR and IRBA (each as defined below) positions with their assessment basis, as defined in Sections 49 and 100 of the German Solvency Regulation, is shown. The IRBA assessment basis for loans represents the amount claimed by the customer. If valuation allowances have been formed based on the exposure to the customer, these are not deducted, unlike the volume of assets determined in accordance with IFRS accounting standards. Off-balance sheet positions relate to the amount committed to but not yet claimed by the customer. A weighting with the conversion factor does not take place. For securities, the IRBA assessment basis is determined from the highest value of the acquisition costs or the sum of the carrying amount and default risk-related write-downs. For derivative positions, the credit equivalent amount as defined in Section 17 in conjunction with Sections 18 et seq. of the German Solvency Regulation is applied. The SACR assessment basis is calculated using the IFRS carrying value of the positions giving consideration to the write-downs of the last approved annual financial statement. The assessment basis includes all positions subject to credit risks regardless of whether the positions are listed in the banking or the trading book.

Effectively securitized positions are not included in the following tables. In accordance with Section 232 of the German Solvency Regulation, positions are deemed to be effectively securitized if there has been an effective and operative transfer of risk. This applies regardless of whether the positions are traditionally or synthetically securitized. Securitization positions arising from Group companies included in the disclosure report acting as investors or sponsors have also not been shown. Due to their particular significance, these are shown in a separate section on securitizations.

Other non-loan-related assets and other items are shown only if they are characterized as debt claims. Such assets are mainly cash items in the process of collection and accrued items. Other non-loan-related assets and other items, which consist primarily of tangible fixed assets and other items that are not characterized as debt claims, are not included in the following tables. Only items with credit risk are shown

Assessment basis by asset class (unaudited) (€ m)	On-balance sheet assets		Off-balance sheet assets				
	Loans	Securities	Commit-ments	Derivatives	Guarantees and other	Total 2012	Total 2011
SACR							
Central governments	14,228	14,455	224	2,557	5	31,470	25,980
Regional governments and local authorities	18,915	10,252	1,318	1,539	29	32,053	35,530
Other public-sector bodies	8,752	3,244	325	2,723	4	15,048	10,839
Multilateral development banks	10	109	10	0	0	129	40
International organizations (as defined in the German Solvency Regulation)	25	70	0	0	0	95	169
Banks	4,254	1,365	118	2,001	17	7,756	15,655
Debt instruments backed by banks	0	130	0	0	0	130	314
Companies	10,864	4,481	1,822	775	1,722	19,664	41,238
Retail	8,074	0	17,552	60	324	26,010	29,040
Loans backed by real estate	6,398	0	69	29	29	6,525	10,660
Investment funds	318	4,203	0	0	0	4,522	3,359
Other items	1,132	114	1	0	0	1,248	2,470
Overdue items	1,981	0	18	1	25	2,026	4,074
Total SACR	**74,952**	**38,424**	**21,460**	**9,686**	**2,155**	**146,677**	**179,369**
IRBA							
Central governments	13,249	7,700	238	667	676	22,529	19,842
Banks	27,388	24,289	1,885	9,199	9,502	72,263	81,682
Retail banking: sub-class IRBA exposures secured by mortgage liens	50,148	0	1,116	0	0	51,264	45,962
Retail banking: other IRBA exposures	11,125	0	6,692	97	665	18,578	20,248
Retail banking: qualified revolving IRBA exposures	0	0	0	0	0	1	1
Companies	123,446	1,840	60,915	12,023	25,744	223,968	239,568
Other non-loan-related assets	1,719	272	0	0	0	1,991	894
Total IRBA	**227,075**	**34,100**	**70,846**	**21,986**	**36,587**	**390,594**	**408,196**
Total 2012	**302,026**	**72,524**	**92,306**	**31,672**	**38,742**	**537,270**	
Total 2011	**330,892**	**76,889**	**102,378**	**37,530**	**39,875**		**587,565**

The selected country cluster corresponds to the geographical classification of the assessment basis used for internal purposes.

Assessment basis by country cluster independent of segment classification (unaudited) (€ m)	**On-balance sheet assets**		**Off-balance sheet assets**				
	Loans	**Securities**	**Commit-ments**	**Derivatives**	**Guarantees and other**	**Total 2012**	**Total 2011**
Germany	172,895	24,935	62,416	11,004	18,323	289,574	310,238
Western Europe (without Germany)	54,241	33,928	17,646	16,545	9,382	131,741	146,478
Central- and Eastern Europe	36,470	2,434	4,454	527	2,077	45,961	51,640
thereof Poland	*26,208*	*807*	*3,385*	*238*	*522*	*31,160*	*29,718*
North and South America	22,760	6,071	5,202	2,063	2,420	38,517	45,326
thereof USA	*13,816*	*3,283*	*4,530*	*1,751*	*1,167*	*24,547*	*28,566*
Asia	10,330	2,011	2,032	893	5,006	20,272	24,149
Other	5,330	3,146	557	640	1,533	11,206	9,734
Total 2012	**302,026**	**72,524**	**92,306**	**31,672**	**38,742**	**537,270**	
Total 2011	**330,892**	**76,889**	**102,378**	**37,530**	**39,875**		**587,565**

The breakdown by sector is based on a system used internally by the Deutsche Bundesbank. For clarity, the assessment basis has been broken down into sectors that have a volume exceeding €10 billion. Sectors with a volume below this threshold value have been grouped under the "Other" Item.

Assessment basis by sector (unaudited) (€ m)	**On-balance sheet assets**		**Off-balance sheet assets**				
	Loans	**Securities**	**Commit-ments**	**Derivatives**	**Guarantees and other**	**Total 2012**	**Total 2011**
Banking and insurance	51,362	33,610	6,996	17,579	14,757	124,303	140,259
thereof Banks	*40,968*	*25,995*	*1,396*	*11,554*	*10,073*	*89,985*	
thereof insurance companies	*1,286*	*25*	*1,965*	*1,627*	*2,233*	*7,136*	
thereof other financial institutions	*9,107*	*7,590*	*3,636*	*4,398*	*2,451*	*27,182*	
Public sector, defense and social security	42,433	35,516	1,804	4,499	22	84,272	83,445
Manufacturing industry	30,609	323	33,719	2,344	12,831	79,826	87,270
Private households	56,680	0	17,893	77	140	74,790	79,631
Real estate, renting and business activities	56,586	55	5,694	3,409	1,465	67,209	81,070
Transport and communications	24,303	800	4,872	1,398	1,169	32,542	36,885
Trade, maintenance and repair of motor vehicles and consumer goods	12,173	0	10,075	549	2,790	25,586	25,143
Energy and water supply	7,563	1,149	4,451	1,007	2,761	16,931	18,069
Other public and personal service activities	7,919	22	1,497	276	483	10,197	10,204
Other	12,399	1,049	5,307	535	2,324	21,615	25,589
Total 2012	**302,026**	**72,524**	**92,306**	**31,672**	**38,742**	**537,270**	
Total 2011	**330,892**	**76,889**	**102,378**	**37,530**	**39,875**		**587,565**

The breakdown according to residual terms is based on maturity and emphasizes the focus on relatively long-term financing transactions and overnight receivables. Overnight receivables include call and overnight transactions and credit lines that can be terminated at any time.

Assessment basis by residual term (unaudited) (€ m)	On-balance sheet assets		Off-balance sheet assets				
	Loans	Securities	Commitments	Derivatives	Guarantees and other	Total 2012	Total 2011
daily maturity	42,265	683	53,070	1,286	15,944	113,249	109,286
> 1 day up to 3 months	27,437	2,179	2,031	3,148	6,135	40,930	45,285
> 3 months up to 1 year	30,377	3,658	9,228	3,066	6,738	53,068	58,721
> 1 year up to 5 years	72,207	29,949	26,322	8,305	5,382	142,166	164,419
> 5 years	129,740	36,056	1,654	15,867	4,542	187,859	209,853
Total 2012	**302,026**	**72,524**	**92,306**	**31,672**	**38,742**	**537,270**	
Total 2011	**330,892**	**76,889**	**102,378**	**37,530**	**39,875**		**587,565**

Default risks arising from derivative positions

In addition to market risks, derivative positions also give rise to default risks when a claim arises against the counterparty in the form of positive market values. Additionally, COMMERZBANK also looks at what is referred to as "wrong way risk". This occurs when a counterparty's exposure and credit quality are negatively correlated; thus, wrong way risk is an additional source of risk, as the exposure is traditionally measured independently from the counterparty's creditworthiness. The derivative positions shown in the tables below do not include securitization positions as defined in the German Solvency Regulation, as these are shown in the securitizations section. In particular, this means that interest rate and currency swap or credit derivative transactions entered into with special-purpose securitization vehicles are not included.

Positive replacement values by risk type before/after netting/collateral (unaudited) (€ m)	2011	2012
Interest rate risk	304,758	255,137
Currency risk	17,751	13,519
Equity risk	2,333	1,642
Precious metal risk	92	59
Commodity price risk	273	244
Credit derivatives	3,962	1,972
Collateral	24,808	21,619
Replacement values before netting/collateral	**353,977**	**294,193**
Nettable value	315,909	261,324
Eligible collateral	10,382	14,318
Replacement values after netting/collateral	**27,686**	**18,552**

The positive market values listed in the table are the expenses which COMMERZBANK would have to incur to replace the originally concluded contracts with transactions of an equivalent financial value. From the Bank's point of view, a positive market value thus indicates the maximum potential counterparty-specific default risk. The positive market value is understood as a replacement expense in regulatory terms. The amounts shown in the table reflect the positive replacement values before taking related collateral into account and before exercising offsetting agreements. The replacement values are broken down according to the type of risk in the respective contracts. The collateral provided for derivative positions is shown as a separate risk type as it cannot be allocated to other specific risk types.

Breakdown of credit derivative business	Banking book		Trading book	
Type of credit derivative | nominal value (unaudited) (€ m)	Buy position	Sell position	Buy position	Sell position
Credit Default Swap	4,849	4,408	59,781	59,315
Total Return Swap	0	0	3,264	0
Total 2012	**4,849**	**4,408**	**63,045**	**59,315**
Total 2011	**10,424**	**2,984**	**76,329**	**78,953**

Loan loss Information

The following table sets forth loan loss provisions for the COMMERZBANK Group in the five-year period leading up to December 31, 2012. In contrast to the six tables above, the amounts in the following table are based on the loan loss provisions shown on the IFRS balance sheet. The valuation allowance corresponds to the difference between the (balance sheet) book value of the loan less the present value of the expected future cash flows.

	Loan loss provisions				
	2008	2009	2010	2011	2012
	(audited, unless otherwise indicated) (€ m)				
As of January 1	**6,407**	**6,045**	**10,451**	**10,072**	**8,663**
Allocations	2,839	5,305	4,440	3,467	3,133
Deductions	3,130[1]	3,459[1]	4,845[1]	4,625[1]	3,188[1]
Utilization	*1,550*	*2,144*	*2,638*	*2,136*	*1,479*
Reversal	*1,580*	*1,315*	*2,207*	*2,489*	*1,709*
Changes in group of consolidated companies	31	2,703	—	(54)	(406)
Exchange rate changes/reclassifications	(102)	(143)	26	(197)	(110)
As of December 31	**6,045**	**10,451**	**10,072**	**8,663**	**8,092**

1) Unaudited.

The loan loss provisions for counterparty risk by customer group breaks down as follows. The amounts are based on the loan loss provisions shown on the IFRS balance sheet.

	Specific valuation allowances and provisions for lending business		Loan losses[1]		Net allocation[2] to valuation allowances and provisions in lending business	
	2011	2012	2011	2012	2011	2012
	(audited) (€ m)		(audited) (€ m)		(audited) (€ m)	
Customers in Germany	**3,613**	**3,285**	**1,652**	**1,092**	**667**	**616**
Companies and self-employed persons	2,733	2,638	889	605	523	495
Manufacturing	*844*	*781*	*239*	*184*	*109*	*(17)*
Construction	*48*	*48*	*75*	*12*	*(6)*	*7*
Trading	*245*	*205*	*101*	*75*	*74*	*19*
Services, including professions, and others	*1,596*	*1,604*	*474*	*334*	*346*	*486*
Other retail customers	880	647	763	487	144	121
Customers outside Germany	**4,033**	**3,851**	**1,011**	**744**	**832**	**935**
Corporate and retail customers	4,019	3,849	1,011	744	831	933
Public sector	14	2	—	0	1	2
Provisions for customer credit risk	**7,646**	**7,136**	**2,663**	**1,836**	**1,499**	**1,551**
Banks in Germany	(37)	0	—	0	(126)	(58)
Banks outside Germany	106	69	60	99	(24)	(11)
Provisions for bank credit risk	**69**	**69**	**60**	**99**	**(150)**	**(69)**
Total	**7,715**	**7,205**	**2,723**	**1,935**	**1,349**	**1,482**

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

	Data on provisions for credit risk				
	2008	2009	2010	2011	2012
			(audited) (in %)		
Allocation ratio[1]	0.59	1.13	0.71	0.44	0.57
Write-off ratio[2]	0.68	0.63	0.82	0.81	0.59
Provision cover ratio[3]	1.92	2.80	2.85	2.74	2.79

1) Net loan loss provisions (new provisions less reversals of valuation allowances and loan loss provisions, plus the balance of direct write-downs, write-ups and recoveries on previously written-down claims) as a percentage of total lending.
2) Credit defaults (utilized valuation allowances and loan loss provisions, plus the net balance of direct write-downs, write-ups and recoveries on previously written-down claims) as a percentage of total lending.
3) Total loan loss provisions (balance of valuation allowances and loan loss provisions) as a percentage of total lending.

Loan loss provisions

The following table presents the level of loan loss provisions by the categories indicated.

	As of December 31,				
	2008	2009	2010	2011	2012
			(audited, unless otherwise indicated) (€ m)		
Provisions for on-balance-sheet loan losses:					
Claims on banks	266	520	340	242	106
Claims on customers	5,333	9,289	9,117	7,913	7,654
Provisions for off-balance-sheet loan losses:					
Guarantees, endorsement liabilities, credit commitments	446	642	615	508	332
Total	**6,045**	**10,451**	**10,072**	**8,663**	**8,092**
Customers/banks in Germany[1]					
Companies and self-employed persons	3,023	3,620	2,889	2,733	2,638
Manufacturing	*682*	*1,052*	*901*	*844*	*781*
Construction	*250*	*241*	*113*	*48*	*48*
Trading	*264*	*318*	*249*	*245*	*205*
Services including professions, and others	*1,827*	*2,009*	*1,626*	*1,596*	*1,604*
Other retail customers	627	832	1,305	880	647
Banks	14	14	82	(37)	—
Total customers/banks in Germany	**3,664**[2]	**4,466**[2]	**4,276**[2]	**3,576**[2]	**3,285**[2]
Customers/banks outside Germany[1]					
Corporate and retail customers	1,128	3,776	4,235	4,019	3,849
Public sector	—	—	8	14	2
Banks	219	467	226	106	69
Total customers/banks outside Germany	**1,347**[2]	**4,243**[2]	**4,469**[2]	**4,139**[2]	**3,920**[2]
Total[1]	**5,011**	**8,709**	**8,745**	**7,715**	**7,205**
Portfolio impairments	**—**	**—**	**1,327**	**948**	**887**
Total loan loss provisions	**—**	**—**	**10,072**	**8,663**	**8,092**

1) Only valuation allowances and provisions for specific risks.
2) Unaudited.

The following table sets forth loan loss provisions as a percentage of the total of claims and contingent liabilities and irrevocable lending commitments.

	2010	2011	2012
		(unaudited) (in %)	
Customers			
Customers in Germany[1]			
Companies and self-employed persons	2.1	2.0	2.2
Manufacturing	2.4	2.7	1.7
Construction	2.7	1.4	1.6
Trading	2.1	1.9	1.7
Services, including professions, and others	1.9	1.8	2.6
Other retail customers	1.7	1.2	1.0
Public sector	0.0	0.0	0.0
Average of customers in Germany	**1.7**	**1.5**	**1.5**
Customers outside Germany[1]			
Corporate and retail customers	2.6	2.9	2.8
Public sector	0.1	0.1	0.0
Average for customers outside Germany	**2.5**	**2.7**	**2.6**
Total loan loss provisions for claims on customers	**2.0**	**2.0**	**2.0**
Banks[1]			
Banks in Germany	0.2	(0.1)	0.0
Banks outside Germany	0.3	0.1	0.1
Total loan loss provisions for claims on banks	**0.3**	**0.1**	**0.1**
Total[1]	**1.6**	**1.6**	**1.6**

[1] Only valuation allowances and provisions for specific risks.

Deposits

The following table sets forth the (monthly) average amounts of liabilities to customer (deposits) based on specified categories of deposits that exceed 10% of the monthly average total deposits.

	Average amounts		
	2010	2011	2012
		(unaudited) (€ m)	
Liabilities to banks			
Demand deposits	51,961	47,117	43,574
Time deposits	37,885	31,106	47,948
Other deposits	52,267	46,949	38,098
Total liabilities to banks	**142,113**	**125,172**	**129,620**
Liabilities to customers			
Demand deposits	124,959	127,366	123,946
Savings deposits	6,881	6,874	11,044
Time deposits	45,800	41,915	47,292
Other deposits	93,648	85,154	83,374
Total liabilities to customers	**271,288**	**261,309**	**265,656**
Total	**413,401**	**386,481**	**395,276**

The following table sets forth the maturities of liabilities owed by the COMMERZBANK Group as of December 31, 2012 to banks and customers. The total deposits as of December 31, 2012 shown in this table reflect the actual amount at the balance sheet date, as compared to the table above, which is based on average values.

	Deposit maturities			
	Within 1 year	1-5 years	More than 5 years	Total
	(unaudited, unless otherwise indicated)			
	(€ m)			
Liabilities to banks				
Demand deposits	43,089	—	—	43,089[1]
Time deposits	15,794	21,035	2,300	39,129
Other deposits	11,257	6,362	10,405	28,024
Total (liabilities to banks)	**70,140**	**27,397**	**12,705**	**110,242[1]**
Liabilities to customers				
Demand deposits	142,377	—	—	142,377[1]
Savings deposits	12,809	80	71	12,960[1]
Time deposits	38,912	4,346	467	43,725
Other deposits	26,253	11,703	28,824	66,780
Total (liabilities to customers)	**220,351**	**16,129**	**29,362**	**265,842[1]**
Total	**290,491**	**43,526**	**42,067**	**376,084**

1) Audited.

Return on equity

The following table contains information on the COMMERZBANK Group's return on equity.

	Return on equity as of December 31,		
	2010	2011	2012
	(unaudited, unless otherwise indicated)		
Return on equity based on average balance sheet total[1]			
Before tax	0.16%	0.07%	0.13%
After tax	0.17%	0.10%	0.02%
Return on equity based on average shareholders' equity[2]			
Before tax	4.84%	1.85%	3.38%
After tax	5.33%	2.72%	0.41%
Capital ratios[3]			
Core Tier 1 capital ratio	11.90%[5]	11.10%[5]	13.10%[5]
Total capital ratio	15.30%[5]	15.50%[5]	17.80%[5]
Average shareholders' equity/average balance sheet total	**3.24%**	**3.83%**	**3.90%**
Dividend per share	€0	€0	€0
Dividend as % of undiluted earnings per share[4]	**0.00%**	**0.00%**	**0.00%**

1) Consolidated profit/loss divided by average balance sheet total.
2) Consolidated profit/loss divided by average shareholders' equity shown on the balance sheet.
3) Regulatory capital divided by risk-weighted assets.
4) Announced dividend divided by consolidated profits.
5) Audited.

Repurchase agreements (repo and reverse repo transactions), securities lending, cash collateral and money market instruments

Under its repurchase and reverse repurchase agreements, the COMMERZBANK Group sells or purchases securities with the obligation to repurchase or return them. The money received from repurchase agreements under which the COMMERZBANK Group is a borrower (i.e., it has the obligation to take the securities back) is shown in the balance sheet as a liability to banks or customers.

In the context of securities lending transactions, the counterparty credit risk can be avoided by obtaining collateral, which may be provided in the form of cash, for example. The provision of collateral for a lending transaction is known as "cash collateral out” and the receipt of collateral is referred to as “cash collateral in”. In addition, cash collateral out is provided as collateral in connection with derivative transactions.

The nominal interest paid on money market instruments issued ranged from 0.002% to 6.55% in the 2011 financial year and from 0.02% to 5.45% in the 2010 financial year. This information was no longer collected in the 2012 financial year on grounds of immateriality.

An analysis of the values is set forth below.

	Repurchase agreements, securities lending, and money market instruments as of December 31,		
	2010	2011	2012
	(audited, unless otherwise indicated) (€ m, except %)		
Securities sold under repurchase agreements			
Repurchase agreements as a borrower (repo agreements)			
Liabilities to banks	28,481	9,164	9,147
Liabilities to customers	13,923	20,529	27,715
Cash collateral in			
Liabilities to banks	15,535	9,821	14,703
Liabilities to customers	4,183	7,680	4,282
Total	**62,122**	**47,194**	**55,847**
Maximum month-end value	99,580[1)]	87,049[1)]	83,238[1)]
Average balance outstanding during the year	70,969[1)]	71,155[1)]	68,687[1)]
Money market instruments issued	15,024	5,224	466
Maximum month-end balance	26,000[1)]	15,771[1)]	6,273[1)]
Average balance outstanding during the year	21,930[1)]	12,655[1)]	3,103[1)]
Repurchase agreements as a lender (reverse repo agreements)			
Claims on banks	40,528	24,082	31,956
Claims on customers	25,148	17,922	25,929
Cash collateral out			
Claims on banks	28,159	27,524	23,905
Claims on customers	4,815	8,120	7,995
Total	**98,650**	**77,648**	**89,785**
Maximum month-end balance	130,684[1)]	111,378[1)]	113,541[1)]
Average balance outstanding during the year	104,541[1)]	96,201[1)]	101,016[1)]

1) Unaudited.

RISK MANAGEMENT

Principles and strategy of risk management

Risk management is a fundamental component of all business processes of the COMMERZBANK Group, and is designed to support corporate management. Risks are identified and measured, and then managed and monitored in line with COMMERZBANK's risk tolerance. Despite careful development and regular controls, models can neither completely capture all of the influencing factors that may arise in reality, nor reflect the complex behavior and interactions of these factors. The limitations of risk models are particularly evident in extreme situations. Supplementary stress tests and scenario analyses can only indicate examples of the risks to which a portfolio may be exposed in extreme market situations. An analysis of every conceivable scenario is not possible, even using stress tests.

COMMERZBANK defines risk as the danger of possible losses or lost profits due to internal or external factors. Risk management distinguishes between quantifiable risks – those to which a value can normally be attached in the context of financial statements or regulatory capital commitments – and non-quantifiable risks, such as reputational and compliance risk.

The overall risk strategy, together with the business strategy, defines the strategic guidelines for the development of COMMERZBANK's investment portfolio. Furthermore, the risk appetite is set as the maximum risk that the Bank is prepared and able to accept while pursuing its business objectives. The main aim is to ensure that the Group holds sufficient liquidity and capital. On the basis of these requirements, limits are placed on risk resources, *e.g.*, capital and liquidity reserves, which the Group has at its disposal.

The core function of a bank, as a transformer of liquidity and risk, results in unavoidable hazards that are capable, in extreme cases, of jeopardizing the continued existence of the institution. Due to the nature of its business model, COMMERZBANK is subject to inherent threats to its existence. These threats include, for example, the default of Germany, Poland, one of the other large EU countries (France, Italy, Spain or the United Kingdom) or the United States of America, a deep recession persisting for a number of years and having a major impact on the German economy, the failure of an important central bank (in particular, the ECB or the U.S. Federal Reserve Bank) or a functioning repo market, or the default of a systemically relevant clearinghouse. Such risks are tolerated in the context of the pursuit of business goals, and fall outside the scope of risk management as defined in the risk strategy.

COMMERZBANK endeavors to ensure that the overall risk strategy covers all of the material risks to which it is exposed. Risk is broken down further into risk sub-strategies for material risk types, which are then specified and operationalized through internal policies, regulations and work instructions/guidelines. The goal of the annual risk inventory process is to ensure that all discernible risks material to the Group are identified. The assessment of the materiality of a risk is based on whether its occurrence could have a major direct or indirect impact on the Group's risk-bearing capacity.

As part of the planning process, the Board of Managing Directors determines the extent to which the Group's risk coverage potential should be utilized. On this basis, limits are set in a second step for individual risk types. Capital limits resulting from the planning process are assigned to the relevant management units. Compliance with the limits and guidelines is monitored during the year and action taken where required.

The avoidance of risk concentrations is one of the primary tasks of risk management. Risk concentrations may arise both due to the correlation of risk positions within one type of risk ("intra-risk concentrations") and due to the correlation of risk positions across different risk types (through common risk drivers or interactions between different risk drivers of various risk types – "inter-risk concentrations").

The purpose of establishing adequate risk management and controlling processes that are intended to enable the identification, assessment, management and monitoring, as well as the communication, of material risks and associated risk concentrations is to ensure that all COMMERZBANK-specific risk concentrations are adequately taken into account. One of the main goals behind this approach is to achieve early transparency regarding risk concentrations and thus reduce the potential risk of losses. COMMERZBANK utilizes a combination of portfolio and scenario analyses to manage and control COMMERZBANK-specific inter-risk concentrations. Stress tests are used to deepen the analyses of risk concentrations and, where necessary, to identify new drivers of risk concentrations. Management is regularly informed of the results of the analyses.

In accordance with the "three lines of defense" principle, protecting against undesired risks is an activity not limited to the risk function. The front office represents the first line of defense and must take risk aspects into account in business decisions. The second line of defense is the risk function, which has the most basic task of managing, limiting and monitoring risk. The third line of defense is comprised of internal and external control bodies (the Internal Audit unit, the Supervisory Board, external auditors and supervisory authorities).

In addition, those employees who have a material impact on COMMERZBANK's overall risk profile (referred to as risk takers) are also identified in the context of rules relating to the compensation process. Due to their particular importance for COMMERZBANK’s overall results, special regulations apply to these employees for measuring their performance and determining their variable compensation. In particular, these include compliance with rules and procedures (code of conduct), the sustainability of the underlying performance and the risk taker’s risk behavior. However, collective criteria in terms of Group performance and liquidity risk can also result in the entitlement to salary components paid out over the long term being clawed back in full or in part.

Furthermore, COMMERZBANK has created special guidelines for the risk function (referred to as risk values). These call for the use not only of quantifiable methods and models, but also portfolio-related expertise with the goal of facilitating the analysis and management of all sub-portfolios and quantifiable types of risk, with a focus on, among other things, concentration risk, portfolio sensitivity and capital allocation. Successful recoveries contribute towards the reduction of risk-related costs. Together with consistent risk strategies, policies and processes, these constitute the cornerstone of results-oriented risk management.

Definition of the key risk types

- **Default risk** (or credit risk) refers to the risk of losses due to defaults by counterparties as well as changes in this risk. In addition to credit default risk and third-party borrower risk, COMMERZBANK also includes issuer and counterparty risk as well as country and transfer risk under default risk.
- **Market risk** refers to the risk of potential financial losses due to changes in market prices (interest rates, commodities, credit spreads, exchange rates and share prices) or in other parameters that affect prices, such as volatility and correlations. The losses may affect the income statement directly, for example, in the case of trading book positions, or may be reflected in the revaluation reserve or in hidden liabilities/reserves in the case of banking book positions. COMMERZBANK also monitors market liquidity risk, which covers cases in which it is not possible to liquidate or hedge risky positions in a timely manner and to the desired extent or on acceptable terms as a result of insufficient liquidity in the market.
- **Liquidity risk** in the narrower sense is defined by COMMERZBANK as the risk that the Group will be unable to meet its payment obligations on a day-to-day basis. In a broader sense, liquidity risk is the risk that future payment obligations cannot be funded as and when they fall due, in full, in the correct currency or on standard market terms.
- **Operational risk** (“**OpRisk**”) is defined by COMMERZBANK, in accordance with the German Solvency Regulation (*Solvabilitätsverordnung*)[1] as the risk of loss resulting from the inadequacy or failure of internal processes, systems or individuals, or from external events. This definition includes legal risk; it does not cover reputational and strategic risk.
- **Business risk** is defined by COMMERZBANK as potential loss that results from the divergence of actual income (negative divergence) and expenses (positive divergence) from the corresponding projected figures. Business risk is modeled on the basis of empirical divergences between projected income and actual income and projected expenses and actual expenses.

Other risks – predominantly non-quantifiable risks – exist, which are described separately under “—*Other risks*”.

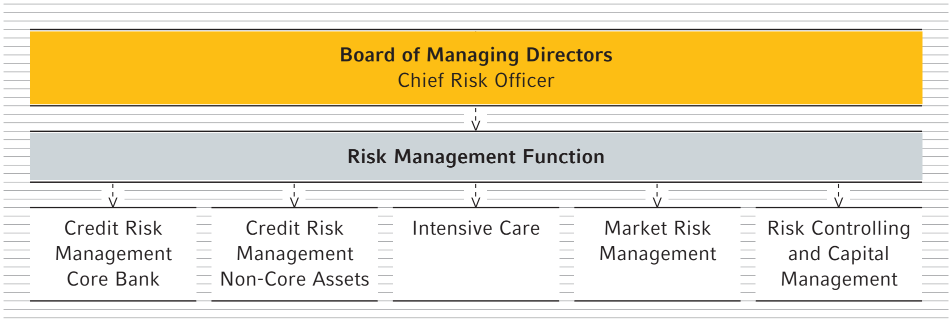
Risk management organization

Structure of the risk function

The Chief Risk Officer (the “**CRO**”) is responsible for implementing the Group’s risk policy guidelines for quantifiable risks laid down by the Board of Managing Directors. The CRO regularly reports to the full Board of Managing Directors and to the Risk Committee of the Supervisory Board on the overall risk situation within the Group.

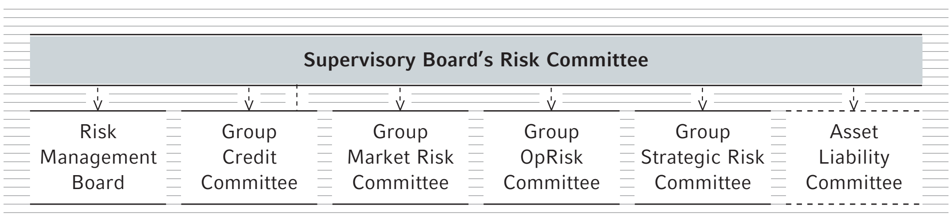
[1] Implementation of the “first” and “third” pillars of Basel II in German law.

The risk management activities were previously divided among the Credit Risk Management, Market Risk Management, Intensive Care, Risk Controlling and Capital Management divisions; however, in October 2012 the full Board of Managing Directors of COMMERZBANK resolved to modify the organizational risk management structure in line with the requirements of the Non-Core Assets (NCA) run-off segment. To this end, the risk function separated the back office for the NCA portfolio from that for the Core Bank, such that, in organizational terms, credit risk management for the NCA segment has now been consolidated across all rating levels into one unit. The heads of these five risk management divisions together with the CRO make up the Risk Management Board within Group Management.



Committees

The Board of Managing Directors has sole responsibility for fundamental strategic decisions. The Board of Managing Directors has delegated the operational risk management to committees. Under the relevant rules of procedure in each case, these are the Group Credit Committee, the Group Market Risk Committee, the Group OpRisk Committee and the Group Strategic Risk Committee, which decides on risk issues of an overarching nature. The CRO chairs all of these committees and has a veto right. The CRO is also a member of the Asset Liability Committee.



The **Supervisory Board's Risk Committee** comprises the Chairman of the Supervisory Board and three further Supervisory Board members. The Risk Committee is responsible for monitoring the risk management system and managing all risks, in particular, market, credit, operational and reputational risk. As a committee for discussion and decision-making within the risk function, the **Risk Management Board** deals with important current risk-related issues. In particular, it decides on the strategic and organizational development of the risk function and is responsible for creating and maintaining a consistent risk culture.

The **Group Credit Committee** is the decision-making committee for operational credit risk management below the Board of Managing Directors. The Group Credit Committee acts in accordance with the credit risk strategy and makes decisions within the scope of the authority delegated to it by the Board of Managing Directors. The **Group Market Risk Committee** is the committee that monitors market risk throughout the Group and manages such risk by specifying limits in line with risk-bearing capacity. In this regard, all market risks arising out of the trading and banking books are analyzed to identify risks early and for active risk management purposes. In addition to minimizing risk and avoiding losses, the committee focuses on the optimization of the risk/return profile at an aggregated level.

The **Group OpRisk Committee** (OpRiskCo) is responsible for managing operational risk in the Group and for defining relevant measures and/or recommending action as necessary. The standards for governance and for enhancing the functionality of COMMERZBANK's Internal Control System (ICS) are closely linked to the OpRisk management function. In light of the aforementioned, the Group OpRisk Committee also acts as the highest escalation and decision-making committee below the Board of Managing Directors for these standards.

The **Group Strategic Risk Committee** functions as the discussion and decision-making committee for all types of risk. Its main objective is to monitor and manage risks at the portfolio level, which involves issues of risk measurement, risk transparency and risk management.

The central **Asset Liability Committee** (ALCO) monitors the Group's risk-bearing capacity, among other things. As the body responsible for the Group-wide management of portfolio composition, capital allocation and RWA performance, it constitutes a key starting point in COMMERZBANK's internal capital adequacy assessment process (ICAAP). The monitoring of risks associated with the Bank's business strategy and of reputational risk falls within the area of responsibility of the Chief Executive Officer of the Board of Managing Directors (CEO), while the Chief Financial Officer (CFO) is responsible for overseeing compliance risk, in particular with regard to investor protection, insider trading guidelines and money laundering.

Applied methods of risk management

Important prerequisites for limiting and managing risk include the identification of all significant risks and risk drivers, the independent measurement and assessment of these risks in an evolving macroeconomic environment under portfolio-specific and also bank regulatory conditions and the risk/return-oriented management of risks on the basis of these assessments as part of a forward-looking risk strategy. COMMERZBANK employs a comprehensive range of quantitative parameters and measuring tools to monitor and manage risks. Some of these tools are applicable to a number of risk types, while others are tailored to the special features of specific risk categories. The following are the most important comprehensive quantitative parameters and measuring tools which COMMERZBANK currently uses to measure, manage and report on risks.

Economically required capital (ErC) is the amount that would, to a high confidence level (currently 99.91% at COMMERZBANK), be sufficient to cover unexpected losses arising out of risk positions. The **risk-bearing capacity ratio** (RBC ratio) indicates the excess coverage of the economically required capital over the risk coverage potential. The minimum required degree of risk-bearing capacity is deemed established as long as the RBC ratio is higher than 100%.

Exposure at default (EaD) is the expected exposure, taking into account potential (partial) drawdowns on open lines and contingent liabilities, that would adversely affect risk-bearing capacity in the event of default. In the case of securities in the Public Finance portfolio, the nominal value is reported as EaD. **Expected loss** (EL) indicates the potential loss which may be expected to be made on a loan portfolio within one year on the basis of historical loss data. **Risk density** is the ratio of expected loss to exposure at default and thus represents the relative degree of risk associated with an exposure or a portfolio. **Loss at Default** (LaD) is the amount of probable losses, for which the Bank would likely make a provision in the event of default. It is calculated as a proportion of EaD.

Value at risk (VaR) is a methodology for quantifying risk. It involves setting a holding period (such as one day) and a confidence level (such as 97.5%). The VaR value then denotes the relevant loss threshold that will not be exceeded within the holding period with a probability corresponding to the confidence level. **Credit value at risk** (CVaR) is the economic capital requirement for credit risk with a confidence level of 99.91%. The term results from the application of the value at risk concept to the measurement of credit risk. In substantive terms, credit VaR constitutes an estimate of the amount by which the losses from credit risks could potentially exceed expected losses within a single year; it is therefore also referred to as unexpected loss. The idea behind this approach is that expected loss merely represents the average amount of long-term credit-related losses, and it may vary (positively or negatively) from actual credit losses for the current financial year.

In connection with cluster risk, the "**all-in**" concept comprises the full amount of all of the credit lines of a customer which have been approved by COMMERZBANK – irrespective of the degree of the utilization of those credit lines to date. It is independent of statistically modeled parameters and incorporates both internal and external credit lines.

Risk-bearing capacity, economic capital requirement and stress testing

The risk-bearing capacity analysis is a key part of overall bank management and COMMERZBANK's ICAAP. The purpose of such analysis is to ensure that COMMERZBANK has capital resources sufficient to address its risk profile at all times.

COMMERZBANK monitors its risk-taking capability using a so-called "gone concern" approach, the primarily aim of which is to protect senior creditors even in the event of extraordinarily large losses arising out of an unlikely extreme event. This approach assumes a gone concern progression of events (the gradual liquidation of the Group).

When determining the economic capital required, allowance is made for potential unexpected fluctuations in value. Where such fluctuations exceed forecasts, they must be covered by the available economic capital in order to absorb unexpected losses (risk coverage potential). The quantification of the risk coverage potential is based on a differentiated view of the accounting values of assets and liabilities and involves economic valuations of certain items in the balance sheet.

The capital requirement for the risks taken is quantified using the internal economic capital model with a risk horizon of one year. When determining the economic capital requirement, all of the types of risk to which the COMMERZBANK Group is exposed that are classified as material in the context of the annual risk inventory are taken into account. The economic risk approach therefore also includes types of risk that are not covered by the regulatory capital adequacy requirements applicable to banks, and also reflects the effect of portfolio-specific interactions. The 99.91% confidence level stipulated by the economic capital model is in line with the underlying gone concern assumptions and is intended to ensure that the economic risk-bearing capacity concept is internally consistent.

The results of the annual validation of the risk-bearing capacity concept were implemented at the beginning of 2012. This involved, among other things, the introduction of an enhanced model for measuring and presenting business risk in the context of the risk-bearing capacity analysis. Methodological adjustments to distinguish and increase the stability of the risk metric were carried out. Business risk is no longer considered in the economically required capital but is a potential deduction from the risk coverage potential. Reserve risk, *i.e.*, the risk of already defaulted claims giving rise to extra costs due to the need for additional loan loss provisions, is taken into account in the risk-bearing capacity analysis using a risk buffer. In addition, since the beginning of 2012, the results of the risk-bearing capacity analysis are reported using the risk-bearing capacity ratio (**RBC ratio**), which indicates the excess of the risk coverage potential over the economically required capital.

The results of the annual update of the risk-bearing capacity concept were also implemented at the beginning of 2013. This involved, among other things, the consideration of risks associated with changes in property values in the amount of economically required capital. Property value risk represents the risk of a decrease in the market value of property (particularly real estate) held by the Group, and also comprises real estate risk, which was included within market risk until the end of 2012.

The minimum required degree of risk-bearing capacity is established where the RBC ratio is higher than 100%.

Risk-bearing capacity is monitored and managed on a monthly basis at the COMMERZBANK Group level. In 2012 and in the first half of 2013, the RBC ratio was higher than 100% at all times and was 156% as of June 30, 2013 (161% as of December 31, 2012). The increase in the RBC ratio over the course of 2012 largely reflected the easing of the European sovereign debt crisis in the second half of 2012, which also led to a significant reduction in the amount of the economically required capital for market risk.

	December 31,		June 30,
Risk-bearing capacity of the COMMERZBANK Group (€ bn)	**2011[1)]**	**2012[2)]**	**2013[2)]**
Economic risk coverage potential	**27**	**29**	**28**
Economically required capital	**22**	**17**	**18**
of which credit risk	13	13	13
of which market risk	8	4	4
of which OpRisk	2	2	2
of which property value risk[3)]	—	—	<1
of which business risk[4)]	2	—	—
of which diversification effects	–4	–2	–2
Risk-bearing capacity ratio (in %)[5)]	**123%**	**161%**	**156%**

1) Figures for 2011 on the basis of the methodology as of December 31, 2011; only comparable to a limited extent with the 2012 figures.
2) On the basis of the current methodology as of January 2012; only comparable to a limited extent with the 2011 figures as a result of the aforementioned changes.
3) Included as real estate risk in market risk as of December 31, 2011 and December 31, 2012. It includes the risk associated with shareholdings in unlisted companies; separate disclosure since 2013.
4) Since 2012, business risk is accounted for as a deduction from risk coverage potential.
5) Risk-bearing capacity ratio = economic risk coverage potential/economically required capital including risk buffer.

Macroeconomic stress tests are used to test risk-bearing capacity in the event of assumed adverse changes in the economic environment. The underlying scenarios, which are updated on a quarterly basis and approved by the Asset and Liability Committee, reflect extraordinary but plausible negative developments within the economy, and are applied across all risk types. In the scenario calculations, the input parameters for the calculation of the economic capital requirement for all material risk types are then simulated to reflect the forecast macroeconomic situation. In addition to the amount of capital required, the income statement is also subjected to stress testing on the basis of the macroeconomic scenarios, which in turn serves as a basis for simulating developments in the risk coverage potential. To ensure risk-bearing capacity, compliance with the limit for the stressed RBC ratio that is fixed in the overall risk strategy is constantly monitored and is a key part of internal reporting. The RBC ratio under stress remained higher than 100% throughout 2012 and the first half of 2013.

In addition to the regular stress tests, “reverse stress tests” were routinely conducted at the Group level. Unlike regular stress testing, the result of these simulations is predetermined: a sustained threat to COMMERZBANK’s existence. The aim of the process of analysis in reverse stress tests is to increase the transparency of Bank-specific potential threats and risk interactions by identifying and assessing extreme scenarios and events. The reverse stress test conducted in 2012 essentially resulted in a verification of the key risk drivers in the business model, which in the Group’s view had already been addressed by the risk management system, and resulted in an initial, expert-based classification of the probability of occurrence of all of the underlying reverse stress test scenarios. From a management perspective, there was no need for action.

The table below provides an overview of the distribution of the risk-weighted assets resulting from COMMERZBANK's business activities, broken down according to segment and type of risk:

Risk-weighted assets of the COMMERZBANK Group as of December 31, 2012 (€ bn)	Default risk	Market risk	Operational risk	Total
Core Bank	**108**	**11**	**22**	**140**
Private Customers	20	0	9	29
Mittelstandsbank	49	0	4	54
Central & Eastern Europe	14	0	1	15
Corporates & Markets	20	6	4	30
Others & Consolidation	5	5	3	12
Non-Core Assets	**67**	**0**	**1**	**68**
Commercial Real Estate	30	0	1	31
Deutsche Schiffsbank	20	0	0	20
Public Finance	16	0	0	16
Group	**175**	**11**	**23**	**208**

Regulatory environment

In mid-January 2012, COMMERZBANK presented a comprehensive package of measures designed to meet from its own resources the European Banking Authority's (EBA) requirement to strengthen its Core Tier I capital by €5.3 billion. COMMERZBANK had already introduced comprehensive measures at the end of 2011 in order to achieve the Core Tier I ratio of 9% stipulated by the EBA (in a simulated scenario of a partial default on European government bonds). The EBA's capital requirement was exceeded in the first quarter of 2012, which was achieved in particular through rigorous continuation of RWA management and taking the interim profit into account. COMMERZBANK's capital adequacy was further strengthened as a result of the additional capital strengthening effects of the capital structure optimization measure implemented in February 2012.

On December 14, 2012, the BaFin published the fourth amendment to the Minimum Requirements for Risk Management (MaRisk), which came into force as of January 1, 2013. The new requirements must generally be implemented by December 31, 2013. COMMERZBANK had already begun analyzing the need for adjustments in the affected areas of its operations upon the publication of the first draft of the MaRisk amendment, and intends to implement the new requirements within the stipulated timeframe.

Key developments in 2012 and the first half of 2013

From a risk management perspective, the 2012 financial year and the first half of 2013 were characterized by the resegmentation of COMMERZBANK, resulting in the division of its operations into a Core Bank segment and a Non-Core Assets run-down segment. The organizational structure of the risk management system was adjusted to the requirements of the run-down segment and the reduction of the portfolios of the Non-Core Assets sub-segments was further actively advanced.

- COMMERZBANK's capital resources were strengthened and its risk-bearing capacity was improved in 2012. The capital requirement target of €5.3 billion imposed by the European Banking Authority was exceeded. The Basel II.5 Core Tier I ratio was 12.0% at the end of 2012 and 12.1% as of June 30, 2013. The Bank's economic risk-bearing capacity ratio increased considerably to 161%, as of December 31, 2012 and 156% as of June 30, 2013, as compared to December 31, 2011 (123%).
- EaD, above all in the Non-Core Assets segment, was reduced significantly in 2012 and in the first half of 2013, with the portfolio reduction efforts focusing on Commercial Real Estate (–30% since December 2011), Public Finance (–20% since December 2011) and Ship Finance (–33% since December 2011), although EL for Ship Finance increased by 176% during this period. The Core Bank EaD increased to €328 billion. Further improvements in portfolio quality could be achieved, resulting in a risk density of 27 basis points (end of 2011: 31 basis points).
- As expected, the loan loss provisions for the Group amounted to €1.7 billion at the end of 2012. The level of total loan loss provisions for the Core Bank segment remained low at €0.3 billion, due to the release of some provisions, while in the NCA segment, loan loss provisions in the amount of €0.7 billion for the portfolios of Deutsche Schiffsbank was the primary contributor to the overall total. The loan loss provisions for the CRE sub-segment decreased slightly as compared to the previous year, although they remained at a high level of €0.6 billion. Loan loss provisions in the amount of €804 million were recorded in the first half of 2013, of which €282 million were attributable to the Core Bank and €522 million to the NCA segment (thereof €278 million for CRE and €248 million for Deutsche Schiffsbank).

- Market risk in the trading book decreased considerably once again in 2012. VaR in the trading book has fallen significantly by two-thirds since the beginning of 2009 and amounted to €28 million at the end of 2012, as compared to €59 million as of the end of 2011. VaR in the trading book further decreased to €20 million as of June 30, 2013.
- Operational risk was in line with expectations. The total charges arising out of OpRisk events in the amount of €310 million in 2012 were largely the result of losses on products arising from liability for advisory services. The amount of economically required capital for OpRisk decreased by €0.4 billion to €1.9 billion over the course of 2012 and remained nearly unchanged in the first half of 2013.

Default risk

The Group is exposed to default risk (credit risk) arising out of the lending business with customers and banks (mainly from loans to private and corporate customers, real estate and ship financing, and claims against banks, insurance companies, financial services providers, governments and public-law corporations), credit-substitute business (*i.e.*, structured credit products), financial instruments in the investment portfolio (for example, bonds of industrial companies, banks, insurance companies, governments and public-law corporations), other financial instruments and derivatives transactions. The Group defines credit risk as the risk of losses due to defaults by counterparties as well as changes in this risk. In addition to credit default risk and third-party borrower risk, COMMERZBANK includes counterparty risk, issuer risk, country risk and transfer risk under default risk.

Credit risk strategy and organization

The credit risk strategy is a partial risk strategy for addressing default risk and is derived from the overall risk strategy. It is embedded in COMMERZBANK's ICAAP process, and thereby contributes to ensuring risk-bearing capacity. The credit risk strategy serves as the bridge between the Bank's overall risk management across all risk types and the operationalization of default risk management. It relies on quantitative and qualitative management tools that take account of the specific requirements of Core Bank and run-off portfolios.

The quantitative management of credit risk is carried out on the basis of defined (economic and regulatory) financial ratios at the Group and segment/Group division levels, with the aim of ensuring an adequate portfolio quality and granularity in addition to risk-bearing capacity. Qualitative management guidelines in the form of credit policies define COMMERZBANK's target business and regulate the transaction type with which the risk resources provided are to be used in each individual case. The credit policies are firmly anchored in the credit process: transactions which do not meet the requirements are escalated to the next level in the credit approval authority hierarchy.

The credit risk strategy describes the strategic areas of action and provides an overview of the important management concepts in credit risk management, in particular, those relating to the management of the key risk concentrations (Group affiliations, countries, branches). In organizational terms, credit risk management in the Core Bank differs from risk management in the NCA segment. In the Core Bank, discrete back-office units are responsible for operational credit risk management on a portfolio and an individual case basis due to the separation of responsibility for the performing loan area on the one hand and Intensive Care on the other. All credit-related decisions in the performing loan area are risk/return decisions. The front and back offices assume joint responsibility for the risk and return arising out of an exposure, with the back office having primary responsibility for the risk aspect, and the front office for the return aspect. Accordingly, neither the front nor back office can be overruled in areas for which it has primary responsibility.

Specialist Intensive Care units deal with higher-risk customers, who are allocated to these units when defined transfer criteria are met. In addition to event related criteria such as customer rating, insolvency, third-party enforcement measures or credit fraud, the major reason for the transfer of a case to Intensive Care is the number of days by which the repayment of the loan is past due. This ensures that customers who are not servicing their loans can continue to receive support in a prompt manner from specialists in line with defined standardized procedures. Various restructuring and rehabilitation strategies are employed in connection with the operational treatment of loans in Intensive Care. Suitable measures are introduced depending on the specific problem. Customers are given close support with their loans to ensure that they adhere to any agreements made (planned repayments/ongoing amortization). This is aimed at securing the customer's recovery and return to the performing loan area.

Measures relating to deferments and the restructuring/reorganization of customer loans may include:

- Tolerance of temporary overdrafts, as long as the reason for the overdraft and the nature and date of the settlement are clear and foreseeable.
- Repayment agreements: Unpaid loan installments that result in an overdrawn current account are consolidated into a separate amount and repaid in monthly installments pursuant to a repayment agreement.
- Restructuring of existing credits/loans: Customer credits/loans are refinanced in order to reduce the amount of the current burden on the customer. This may also involve, for example, an amendment of the repayment terms and/or the loan structure/credit period.

- Restructuring/granting of new loans: Provision of financial support during the restructuring process of a company in crisis, with the goal of securing a sustainable recovery. This normally entails major intervention in the company's funding structures and contingent liabilities, and may also result in a waiver of repayment of the capital amount, a change in collateral positions or the granting of a restructuring interest rate that is lower than the standard market rate.

By contrast, responsibilities in the NCA segment are not separated into a performing loan area and Intensive Care, as credit risk management here has been merged into one unit across all rating levels to ensure greater flexibility for responding to the requirements of portfolio reduction and restructurings.

Credit approval authorities and loan processing

The credit authority regulations for the granting of loans are closely interlinked with credit policy and the credit risk strategy. The credit policies form key elements of the credit risk strategy as qualitative guidelines for decisions regarding individual transactions, and distinguish target transactions and non-target (out of policy) transactions. This involves the setting up of clear escalation guidelines for any divergences from credit policy. The level of authority required is linked to the probability of default ("**PD**") rating, which enables prompt reaction to changes in the credit rating of customers. The transaction rating (expected loss ("**EL**") rating) is applied in the case of defined special financing transactions.

For decisions in individual cases, the credit authorities model distinguishes between committee authorities and authorities in accordance with the one-person and two-person control principle, and between the Performing Portfolio[1] and Intensive Care. The determination of the relevant authority level is dependent on both the rating process and the overall extent of the exposure, and also on the risk concentration of the exposure (clusters). The qualitative management guidelines within the credit risk strategy (credit policies) are linked to internal authority regulations with the aim of strict operationalization. Credit authorities for target transactions are graduated on a risk/relevance-adjusted basis such that minor transactions can be decided following a one-person review (front office plus rating) basis and other transactions following a two-person review (front and back office[2]). The committees focus on exposures involving a high level of risk. Non-target transactions are subject to fixed competence escalation procedures in accordance with the policies on authorities.

The primary inquiry regarding the manner in which a loan is to be processed is whether a transaction poses non-material risks or entails significant risks for the Group. Depending on the type and risk volume of the transaction, either highly standardized processes may apply (retail customers, low-volume corporate customer business) or, where a significance threshold has been exceeded, individual processes may be necessary.

To ensure efficient credit processing and loan approval procedures, low-value/high-volume business is therefore rated/scored and processed by means of standardized procedures and/or processes. Standard processes will also apply in the case of groups of borrowers comprised of several borrowers who in their individual capacities fall under the significance threshold but exceed it on a collective basis. However, the back office will subject the borrowers as a single entity to a joint appraisal. Higher-risk exposures are allocated to Group Intensive Care.
Special credit risk arising out of trading transactions is handled by means of an issuer risk policy, among other things.

Risk management

COMMERZBANK manages default risk using a comprehensive risk management system consisting of an organizational structure, methods and models and a risk strategy with quantitative and qualitative management tools, as well as policies and processes. The risk management system ensures that the entire portfolio and the sub-portfolios, right down to the individual exposure level, are managed consistently and thoroughly on a top-down basis.

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[1] Credit exposures which, as a result of the risk assessment and related classification criteria, are not allocated to Group Intensive Care, *i.e.*, are not accorded intensive handling or treated as problem loans.

[2] Under the Minimum Requirements for Risk Management, a distinction is made between the division which initiates the credit transactions and has a say in the decision-making context (front office) and an independent unit which also has a say in credit approval decisions (back office).

The following diagram shows, by way of example, the elements used to manage default risk:

Overview of management instruments and levels

	Risk strategies and policies	Limit and guideline systems	Portfolio monitoring and reporting	Structures of organisation and committees
Group	Overall risk strategy plus sub-strategies for significant risk types Establishment of a general risk understanding and creation of a uniform risk culture	Definition of Group limits (across all risk types) for capital and liquidity management Additional definition of guidelines as key points of the aspired target portfolio	Group Risk & Capital Monitor plus risk type specific Group formats (including flash reporting) Uniform, consolidated data repository as basis for Group reporting	Ensuring exchange of information and networking in committees that operate across all risk types Retaining qualified staff in line with progressive product innovation or regulatory adjustments
Sub-portfolios	Clear formulation of risk policy in guidelines (portfolios, asset classes, etc.) Differenciated credit authori-ties based on compliance of transactions with the Bank's risk policy	Performance metrics on level of risk categories and sub-portfolios Expansion of Group-wide performance metrics using sub-portfolio-specific indicators	Portfolio batches as per established portfolio calendar Asset quality review and analysis of High Attention Parts (HAP) Trigger monitoring with clear escalation and reporting lines	Interdisciplinary composition of segment committees Ensuring uniform economic opinions
Individual exposures	Rating-dependent and bulk-sensitive credit authority regulations with clear escalation processes	Limitation of bulk risk and uniform management according to model-independent all-in definition	Limit monitoring at individual exposure level Monthly report to the Board of Managing Directors on the development of bulk risks Review of individual custom-ers/exposures resulting from asset quality or HAP analyses	Deal team structures Institutionalized exchange within the risk function, also taking account of economic developments Sector-wise organization of domestic corporate business

The key ratios and measures required for operational risk management are based on overarching Group targets and are supplemented at lower levels by specific information relating to sub-portfolios or products. Risk-based credit authority policies focus management attention in the highest decision-making bodies on issues such as risk concentrations or deviations from the risk strategy. The management of risk concentrations within default risk addresses both exposure-related credit risk concentrations (cluster risks) as well as country, sector and collateral concentrations.

The purpose of operational credit risk management remains the maintenance of an appropriate level of portfolio quality. In addition to further de-risking measures to reduce concentration risks, the management of the effects of the euro and sovereign debt crisis and the reduction of risks in the non-investment grade context, the focus is also on the structuring and approval of attractive new business opportunities in growth segments. Credit processes are continually monitored with a view to identifying possible areas for optimization.

Default risk is measured on the basis of COMMERZBANK's rating and scoring procedures, which are used for all key credit portfolios. Both the calibration of the probability of default assigned to individual counterparties or loans and the calculation of loss ratios are based on an analysis of historical data relating to the COMMERZBANK portfolio. The experience gathered in the current year provides a basis for the annual recalibration of the procedures used. The management of country risk takes the form of the establishment of risk limits and the definition of country-specific strategies for achieving a desired target portfolio.

Back-office activities for the domestic corporate customer business are organized by industry sector and focus on managing exposures to lower ratings. This allows for issues at the total and sub-portfolio level to be addressed and to be transferred to the individual loan level, to be identified and appropriate measures initiated.

Critical developments and constant changes in regulatory requirements intensify the need for flexible credit portfolio management, such that ensuring a high level of responsiveness of the portfolio has been and remains one of the key strategic spheres of activity within credit risk management.

Risk quantification

Default risk is quantified by means of a Group-wide credit portfolio model in conjunction with internally developed rating systems. The probability of default (PD), exposure at default (EaD) and loss given default (LGD) risk parameters are determined for each individual credit risk position, which facilitates the calculation of the corresponding expected loss for each position. The expected loss measures the potential loss which a credit portfolio may be expected to incur within a single year on the basis of historical loss data. Moreover, the credit portfolio model enables prognoses as to the probability of losses arising out of credit defaults and changes in ratings at the portfolio level, in particular enabling a quantification of the unexpected loss over a risk horizon of one year. This unexpected loss (credit value at risk – CVaR) measures the extent of possible credit risk losses over and above the expected loss, and must be covered by equity capital.

Credit portfolio model

A credit portfolio model can be used to estimate the probability of possible losses in the lending business and thus provide key indicators for managing and monitoring risk. The credit portfolio model used by COMMERZBANK was developed internally on the basis of the so-called "asset value approach", and on a similar basis to the CreditMetrics or Moody's KMV models, according to which the potential liquidation of borrowers' assets, changes in their credit ratings and defaults on their loans are simulated using a Monte Carlo simulation. Balance sheet losses at the portfolio level are calculated and statistically analyzed on that basis. The credit portfolio model requires the input of certain transaction and customer data for this purpose: the amount of the exposure, the customer's creditworthiness, the expected loss ratio and details of the countries and sector in which the customer is active. Furthermore, coincident default events are modeled using 60 systemic risk factors. Specific model parameters (correlations) measure the extent of the connection between the individual borrower and these system factors and the synchronization of the systemic factors among themselves, thus quantifying any potential diversification effects among various sectors and countries, and also the greater default correlations within each branch or country. Changes in portfolio composition or new empirical data points could necessitate adjustments to the model. All of the parameters of the credit risk model are therefore subjected to a detailed validation process at least once a year, the results of which must also be submitted to the bank supervisory authorities.

Rating architecture

A central element of COMMERZBANK's rating architecture is the use of "single point of methodology" rating methods with a central research library. This standardized process structure not only facilitates the management and monitoring of risk but also lowers the risk of rating arbitrage within the Group. The rating procedures are themselves embedded in rating systems which – beyond the conventional methods for the assessment of creditworthiness and risk – encompass all of the processes for the provision of data, the assignment of ratings and the taking of monitoring and management measures.

The use of rating procedures is an essential component of risk evaluation within the COMMERZBANK Group, irrespective of regulatory requirements. The resulting ratings are applied in the front and back office loan approval processes, in the internal management processes for the determination of loan loss provisions under IFRS and in the internal measurement of credit value at risk (CVaR) and risk-bearing capacity. In 2012, previously approved rating procedures were further revised and improved. The central objective of these developments was to yield more accurate risk forecasts and improved management tools.

The Basel Framework Agreement on the International Convergence of Capital Measurement and Capital Standards (Basel II) distinguishes between what is referred to as the "standardized approach" to credit risk ("**SACR**") and the internal rating-based approach ("**IRBA**"). The main advantage of IRBA rating procedures is that risks can be identified and quantified much more precisely. Following the approval for inclusion in IRBA of further portions of the portfolio, previously approved rating procedures were also further revised and improved in 2012 on the basis of experience gathered during the financial crisis. The central objective of these developments was to yield more accurate risk forecasts and improved management tools. The table below shows the rating procedures used under the IRBA as of December 31, 2012, together with their scope and core elements.

IRBA rating procedures

Class of receivables	Scope	Hard facts	Soft facts	Overruling
Financial Institutions	Banks	■	■	■
Sovereigns	Countries	■	■	■
Sovereigns	Municipalities/federal states	■		■
Corporate	Corporate customers	■	■	■
Corporate	Financial institutions (non-banks)	■	■	■
Retail	Private customers	■		
Spec. Lending	Commercial real estate	■[1)]	■	■
Spec. Lending	Structured finance	■	■	■
Spec. Lending	Renewable energy	■	■	■
Spec. Lending	Ship financing	■	■	■
Spec. Lending	ABS transactions (sponsors)	■	■	

1) These figures may be adjusted by analysts.

Hard facts refer to those system-based factors which are incorporated into the rating procedures and which leave no room for interpretation in terms of the information they provide. For example, this category includes data from company financial statements, private individuals' earning capacity or the age of available documents.

Soft facts refer to areas of structured analysis that require estimations by rating analysts, who thus have some discretion depending on the situation. For example, this category includes questions relating to the management's opinions or the quality of the products of the customer under review. "Overruling" is a later stage in the analysis, at which the analyst can further assess particular issues separately using his or her personal judgment. The system result may be selectively modified by means of an upward or downward revaluation, whereby the grounds for the decision must be documented. Overruling may be used, in particular, where an appropriate assessment of a company's situation based on an analysis of statistical information (such as financial statements) is not sufficient to establish a forward-looking probability of default due to strong fluctuations (for example, market changes). Due to the degree of freedom it brings to the rating process, overruling is subject to strict standards and regular monitoring.

As of December 31, 2012, the Group had reported more than 90% of its loan portfolio on the basis of EaD calculated using the IRBA procedure, and had received the relevant approval from the supervisory authorities. This means that, for these loans/receivables, the regulatory capital adequacy requirement is determined on the basis of the internal credit rating and internal estimates of revenue from collateral. In respect of loans and receivables not covered by the IRBA procedure, the SACR applies, according to which fixed risk weightings based primarily on external estimates of the borrower's credit rating are used. COMMERZBANK has drawn up a timetable for the gradual migration of the SACR portfolio to the IRBA system that is in line with the provisions of Section 56 of the German Solvency Regulation and that also takes account of the related levels of coverage in the various portfolios. The following table shows the status of implementation at the end of 2012.

EaD/RWA coverage through IRBA

EaD/RWA coverage through IRBA (%)	EaD coverage	RWA coverage
December 31, 2009	80	72
December 31, 2010	84	75
December 31, 2011	84	73
December 31, 2012	92	88

The level of IRBA coverage was increased once more following the completion of the Dresdner Bank integration. The IRBA coverage ratios at the end of 2012 were 92% on the basis of EaD and 88% on the basis of RWAs, and were thus 8 and 15 percentage points, respectively, higher than in the previous year. An updated plan of implementation has been submitted to the BaFin for approval, pursuant to which the Bank intends to reach the 92% IRBA exit threshold for

COMMERZBANK on the basis of RWAs by the end of 2013. The most important measures in this regard will be the certification of the remainder of the Private Customers' portfolios and the second wave of approval reviews at BRE Bank.

The rating procedure at COMMERZBANK comprises 25 rating classes for non-defaulting loans (1.0 through 5.8) and five classes for defaulting loans (6.1 through 6.5). In order to ensure the comparability of ratings across the various rating procedures, COMMERZBANK uses a master scale which assigns non-overlapping ranges of default probabilities which are stable over time to each ratings class. The rating procedure is subject to annual validation and recalibration to reflect the most current appraisal on the basis of all actually observed defaults. The default ranges allocated to the ratings remain unchanged (stable with respect to the portfolio and over time) for the purposes of comparison in the COMMERZBANK master scale. The internal ratings are compared to the ranges of external ratings for orientation and indicative purposes. Given that the default rates for externally-rated portfolios differ and fluctuate from year to year, they cannot be directly reconciled with those observed for internal ratings systems.

The master scale indicates a borrower's rating based on its probability of default as a percentage (PD or customer rating) and also the rating of a specific credit exposure based on risk density (EL or credit rating).

COMMERZBANK Rating	PD and EL midpoint in % of EaD	PD and EL range in % of EaD	S&P	
1.0	0.00	0	AAA	
1.2	0.01	0 – 0.02	AAA	
1.4	0.02	0.02 – 0.03	AA+	
1.6	0.04	0.03 – 0.05	AA, AA-	
1.8	0.07	0.05 – 0.08	A+, A	Investment grade
2.0	0.11	0.08 – 0.13	A-	
2.2	0.17	0.13 – 0.21	BBB+	
2.4	0.26	0.21 – 0.31	BBB	
2.6	0.39	0.31 – 0.47	BBB	
2.8	0.57	0.47 – 0.68	BBB-	
3.0	0.81	0.68 – 0.96	BB+	
3.2	1.14	0.96 – 1.34	BB	
3.4	1.56	1.34 – 1.81	BB	
3.6	2.10	1.81 – 2.40	BB-	
3.8	2.74	2.40 – 3.10	B+	
4.0	3.50	3.10 – 3.90	B+	Non-investment grade
4.2	4.35	3.90 – 4.86	B	
4.4	5.42	4.86 – 6.04	B	
4.6	6.74	6.04 – 7.52	B	
4.8	8.39	7.52 – 9.35	B-	
5.0	10.43	9.35 – 11.64	B-	
5.2	12.98	11.64 –14.48	CCC+	
5.4	16.15	14.48 –18.01	CCC+	
5.6	20.09	18.01 – 22.41	CCC to CC-	
5.8	47.34	22.41 – 99.99	CCC to CC-	
6.1	100.00	>90 days past due		
6.2	100.00	Imminent insolvency		
6.3	100.00	Restructuring with recapitalization/partial waiving of claims	C, D-I, D-II	Default
6.4	100.00	Cancellation without insolvency		
6.5	100.00	Insolvency		

The credit approval authority of individual employees and that of the respective committees (the full Board of Managing Directors, the Credit Committee and the credit sub-committees) is scaled according to the size of the exposure and the rating class in question. The most important management variable for default risk is the expected loss (EL) deduced on the basis of the allocated ratings. The credit risk strategy sets target values for individual sub-portfolios, with the goal of ensuring that the expected loan loss provisions are in line with the strategic orientation of COMMERZBANK, for example as related to the target rating from rating agencies or the quality and composition of the target portfolio.

Risk parameters

In addition to the classification of default risk in the rating process, an accurate evaluation of the severity of the potential loss is crucial for a reliable overall risk assessment. The severity of loss is determined on the basis of the exposure at default (EaD) on the one hand and the loss given default (LGD) on the other. The EaD forecast takes into account unused lines and contingent liabilities using credit conversion factors (**CCF**). Depending on the transaction and the customer in question, CCFs depict the probability of a drawdown in the event of a default within the next twelve months.

LGD is mainly determined using the expected proceeds from collateral and unsecured portions of loans. Proceeds from collateral is modeled using recovery rates representing an appropriate discount on the predetermined market value. The level of the recovery rate depends on the characteristics of the collateral in question, for example, for real estate, a distinction is made in the modeling according to the type of property and the location. For unsecured loans, particular emphasis is placed on the characteristics of the customer and the transaction in question when determining the recovery rate. The statistical estimates of the CCF and LGD models are based on internal empirical loss data.

In this context, COMMERZBANK relies on a history of internal credit defaults going back to 1997. New defaults are recorded on a continuous basis as part of the Group's permanent record-keeping and made available for statistical analysis once the processing is complete. The data collection process also involves numerous manual controls and automatic checking procedures to ensure the quality of the input data. Both internal and regulatory requirements of the German Solvency Regulation are taken into account in the development of statistical models for estimating EaD and LGD. Discussions with experts from the back office and the workout department play an important role in identifying relevant factors and forecasting plausible results. In areas with few historical default or recovery cases, the empirical analyses are supplemented with estimates from experts. All of the models are regularly validated and recalibrated based on new findings. Empirically-based LGD and EaD parameters are used in all important internal processes at COMMERZBANK. The suitability of the models was assessed by the Bundesbank and the BaFin during their review and approval of the advanced IRBA.

The combination of the abovementioned components ultimately yields an estimation of the expected loss (EL = EaD*PD*LGD) and also of the risk density (as the ratio of EL to EaD in basis points). The internal master scale is used to assign a rating class to the risk density of a credit exposure (credit rating) in addition to the PD of a borrower (customer rating).

Validation

Pursuant to Sections 147 et seq. of the German Solvency Regulation, all estimation procedures for the classification of risks are subject to regular validation and parameter recalibration. The Risk Control department, which is independent of the front office units, is responsible for preparing the requisite validation reports. Any unusual features and adjustment requirements are presented to, and handled by, the Strategic Risk Committee. The regular monitoring of the procedures is a further element of system management. The Internal Audit unit confirms the quality of the rating procedures used by regularly reviewing the validation and monitoring measures, and testing the applied methods and procedures.

The validation process distinguishes between quantitative and qualitative reviews of the rating procedures. The investigation targets uniform validation that requires mandatory standard analysis for all rating procedures and specific additional analysis procedures. Internal historical data is used for the validation process, and is supplemented with data purchased from external providers on an as needed basis (for example, for the analysis of shadow rating procedures). This data basis facilitates the effective evaluation of the stability of the models and the quality of the rating procedures over time, for which, for example, the level of accuracy and quality of the prognosis of a procedure represent important indicators.

Quantitative validation involves a comparison of the forecasts and the actual events with respect to the risk parameters determined by the rating procedures during the observation period. The quality of the forecasts is thereby assessed using mathematical/statistical methods, and the calibration is checked using a wide variety of statistical tests. All of the results of these analyses are consolidated and evaluated using a "traffic light" system. If a rating procedure falls short of the standards and threshold values defined in the validation concept, a concrete course of action with a corresponding time schedule must be established once a detailed explanation of the cause of the deficiency has been determined. Such action may include, for example, measures for improving data quality or an overhauling of the procedure in question.

Qualitative validation takes place in conjunction with the users of the risk models and focuses on procedural factors. In addition, the data quality and the process-compliant use of the models are regularly analyzed by means of asset quality reviews carried out by the back office. Thus, the purpose of the monthly reporting to the Board of Managing Directors on the rating coverage, for example, is to enable the evaluation of the portfolios using current and valid rating analyses. Each of COMMERZBANK's approved IRBA rating procedures is validated at least once a year in accordance with internal specifications and the requirements imposed by the German Solvency Regulation. The validation process comprises a quantitative review of the calibration and forecasting accuracy of the rating procedures and a qualitative evaluation of the risk assessment.

The validations carried out in 2012 indicated a need for adjustments to be made, especially to the ship financing rating procedure. The effect of the recalibration was already taken into account as of the end of 2012. The parameters for the

EaD and LGD forecast were likewise partially updated in line with a broader historical data basis in 2012, which led to adjustments to the corresponding forecasted figures with respect to banks, corporate customers and Public Finance borrowers. Together with a minor adjustment of the corporate rating system, these measures resulted in an increase in RWAs in a single-digit billion euro amount. Beyond this, the back testing did not reveal any significant anomalies.

Management of economically bound capital

With a view to ensuring the adequacy of COMMERZBANK's capital resources, limits, in particular CVaR limits, are imposed in respect of economically required capital (ErC) for all types of risks within the overall risk strategy throughout the Group. Due to the systematic restriction of the means of reducing default risk on short notice, it is important for the monitoring of the adherence to these limits that the expected development of credit risk (in the medium and long term) is taken into account. For this reason, projected and/or forecasted values in respect of capital-related parameters, and the comparison of those values with the actual development observed in the ongoing management context, play an important role. It is thereby ensured that adherence to imposed limits follows from the adherence to projections and/or forecasts. COMMERZBANK has opted against the application of a "cascading limit" concept in respect of credit risk below Group level, *i.e.*, the allocation of Group credit limits to segments or business divisions. Expected loss (EL) plays a decisive role in the operationalization of the management of capital for default risk, given that this parameter consolidates important input factors of CVaR within one significant figure, the use of which has long been established in the risk management context.

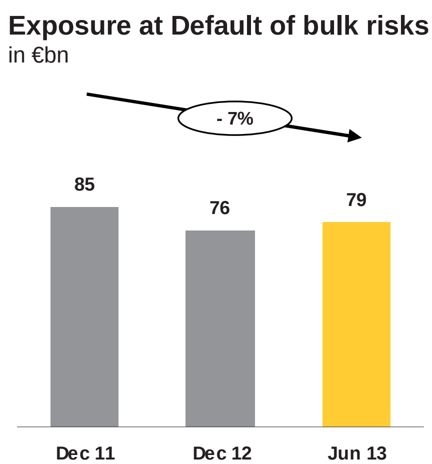
Management of cluster and concentration risk

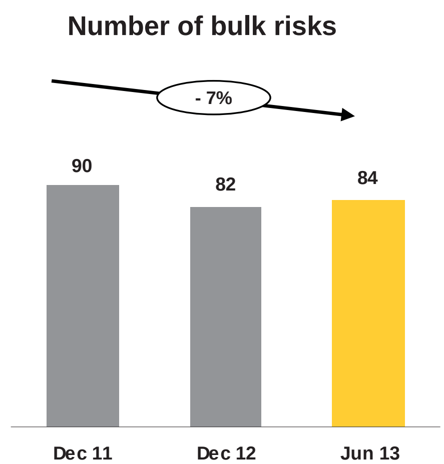
The financial crisis demonstrated that defaults by a few major market players can present considerable risks for the stability of the financial system. In order to recognize and limit these risks at an early stage, risk concentrations within individual large corporate customers (clusters), as well as within countries, customer groups and products, are actively managed, taking into account segment-specific features.

At the beginning of 2011, the previous method of categorizing cluster risk on the basis of statistically modeled parameters (EaD, LaD and CVaR) was replaced with a standardized definition based on the "all-in" approach. The "all-in" concept covers the full amount all of the credit lines of an individual customer approved by COMMERZBANK – irrespective of the extent to which the credit line has been utilized to date. However, it should be noted that, as in the case of the EaD charge, settlement risk is not included and that reverse repos are included within the "all-in" approach only after netting.

Clusters above a defined threshold are not desirable on a sustained basis and are systematically reduced. The management of risk concentrations within default risk encompasses both exposure-related credit risk concentrations (cluster risk) as well as country and sector concentrations. The management and the Risk Committee of the Supervisory Board are regularly informed of the results of the analyses.

The "all-in" entry threshold for cluster risk has been set at €1 billion and applies across all segments, product categories and balance sheet items, while what are referred to as exempted debtors are excluded from the scope of this risk management component. The establishment or, as the case may be, prolongation of a position exceeding the threshold for cluster risk requires the approval of the full Board of Managing Directors. Based on this definition, EaD for cluster risk amounted to €76 billion, or 17%, of total Group EaD as of December 31, 2012 (December 31, 2011: €85 billion or 17%). As of June 30, 2013, EaD amounted to €79 billion or 17% of total Group EaD. Cluster risk was thus reduced both in terms of EaD and the number of clusters.





Risk mitigation

At COMMERZBANK, risk mitigation takes the form of guarantees, collateral and offsetting procedures (netting). The IRBA reviews recognize procedures for offsetting hedging instruments, in particular financial collateral, guarantees, credit derivatives, life insurance policies, mortgage liens registered in the land register and other real (in rem) collateral. In the context of IRBA, COMMERZBANK takes into account credit risk mitigating effects arising out of the receipt of eligible warranties (guarantees/sureties, credit default swaps, comparable claims against third parties) through the use of the risk parameters (PD and LGD) of the guarantor; in the context of the SACR, it uses the risk weightings stipulated by the supervisory authorities. As part of the assessment of their liability undertakings, all guarantors are generally subject to a review of their creditworthiness and ratings in light of the sector and business to which they belong. The aim of the creditworthiness check is to determine the extent of the guarantor's ability to meet its financial obligations.

In accordance with the German Solvency Regulation, the quality of the accepted collateral is stringently reviewed and monitored on an ongoing basis. In particular, this involves a review of legal enforceability, and the regular evaluation and management, of the collateral. Above a defined threshold, the recoverability of hedging instruments is reviewed during the term of the loan as part of ongoing credit processing. This occurs at measured intervals – usually on an annual basis, however also at more frequent intervals where required, depending on the type of collateral involved. Positive correlations between the credit rating of the borrower and the value of the collateral or guarantee are determined during the processing of the loan; there is no netting of the hedging instruments in question.

The processing of collateral for private customers in the case of low-risk exposures of less than €750,000 involving certain standard collateral is generally carried out by specialized sales units, and in all other cases by specialized back office units. The processing of collateral for corporate customers is exclusively carried out by the collateral management section of the risk function.

The valuation and administration (processing) of collateral are governed by established collateralization principles, as well as by general standards and a range of collateral-specific directives (guidelines, manuals, process descriptions, IT instructions, legally certified standard term agreements and templates). The standards established for hedging or risk mitigation purposes with respect to loans, which also take into account the regulatory requirements of the German Solvency Regulation, include, among other things:

- Legal and operational standards for documentation and data collection, and valuation standards (analysis of exposures at least annually);
- Standards to ensure that collateral valuation procedures are uniform and current by establishing valuation processes, the stipulation of standardized valuation methods, parameters and defined collateral discounts, the clear allocation of competences and responsibilities for the processing and valuation process, and specifications for the regular conduct of revaluations;
- Other standards for taking certain risks into account, for example operational risk, correlation and concentration risk, scheduling and deadline risk, market risk (for example, in the case of currency fluctuations), country risk, litigation risk and risks relating to changes in law, environmental risk and risks relating to insufficient insurance coverage.

The collateral taken into account in the risk management context is mostly held by COMMERZBANK and Hypothekenbank Frankfurt and amounted, as of December 31, 2012, to approximately €113 billion for the exposures in the Performing Portfolio and approximately €9 billion in the Default Portfolio. In the Private Customers segment, the collateral predominantly consists of mortgages on owner-occupied and third party-leased residential properties. In the Mittelstandsbank segment, the collateral is spread over various types of security, mainly mortgage liens on commercial properties, as well as guarantees and default sureties. The portfolio of the Central & Eastern Europe segment is mainly secured by means of mortgage liens on both commercial and retail properties, while the collateral in the Corporates & Markets portfolio principally comprises assignments and pledges. In the Non-Core Assets segment, the collateral in the Commercial Real Estate sub-segment mainly relates to commercial mortgages and also to mortgages on owner-occupied and third party-leased residential properties; the Ship Finance portfolio is mostly secured by means of ship mortgages.

Performing Portfolio overview

The total lending volume comprises loans to banks (only loans in respect of which a loan agreement has been concluded – excluding money market trading between banks, for example) and loans to customers (claims on customers excluding reverse repos and cash collateral), liabilities on bills (bills of exchange eligible for central bank discounting and on-balance sheet and contingent liabilities arising out of transferred, settled bills of exchange (off-balance sheet)).

EaD includes other on-balance sheet and off-balance sheet items in addition to these items. For example, a certain percentage of the unused portion of an externally approved credit line is accounted for in EaD. This percentage reflects the probability that the unused credit line will be drawn down prior to any potential default by the borrower. A proportion of other contingent liabilities, such as guarantees of bills of exchange and letters of credit, is similarly accounted for in EaD, as is loan-equivalent exposure as a result of counterparty and issuer risk (derivatives and reverse repos after netting).

COMMERZBANK uses the EaD, LaD, EL, CVaR (economic capital consumption with a confidence level of 99.91% and a holding period of one year), risk assets and risk density risk parameters to manage and limit counterparty default risk, and the "all-in" risk parameter to manage and limit cluster risk. The default risk in the Performing Portfolio (PD rating 1.0 – 5.8) can be divided up among the segments of the COMMERZBANK Group as in the tables below. Details of the Default Portfolio (PD rating 6.1 – 6.5) are located in the section entitled "*—Intensive Care/Charges against earnings arising from impairments (loan loss provisions)—Default Portfolio*":

	Exposure at Default (€ bn)			**Expected Loss (€ m)**			**Risk Density (bps)**		
Credit risk figures by segment	**December 31, 2011**	**December 31, 2012**	**June 30, 2013**	**December 31, 2011**	**December 31, 2012**	**June 30, 2013**	**December 31, 2011**	**December 31, 2012**	**June 30, 2013**
Private Customers[1)]	**65**	**76**	**81**	**218**	**206**	**216**	**34**	**27**	**27**
Residential mortgage loans	36	46	47	93	92	95	26	20	20
Investment properties	6	5	5	14	11	12	24	21	22
Individual loans	12	12	12	58	46	45	51	40	38
Consumer and installment loans/credit cards	9	10	9	48	41	38	52	43	40
Domestic subsidiaries	1	3	3	4	7	7	28	28	28
Foreign subsidiaries and others	1	1	5	1	8	19	7	73	36
Mittelstandsbank[2)]	**115**	**111**	**116**	**357**	**313**	**354**	**31**	**28**	**30**
Financial Institutions	20	18	23	87	52	75	43	30	33
Corporates Domestic	81	78	79	230	214	226	28	27	29
Corporates International	14	15	15	40	46	53	28	31	36
Central & Eastern Europe	**26**	**25**	**26**	**192**	**150**	**140**	**73**	**59**	**53**
BRE Group	23	25	26	152	143	133	68	57	51
COMMERZBANK Eurasija[2)]	2	—	—	16	—	—	97	—	—
Bank Forum[2)]	<1	—	—	15	—	—	606	—	—
Other[2)]	2	<1	<1	9	7	7	49	234	236
Corporates & Markets[3)]	**61**	**68**	**70**	**133**	**139**	**151**	**22**	**20**	**21**
Germany	24	23	22	38	45	49	16	20	22
Western Europe	19	27	28	55	54	62	29	20	22
Central and Eastern Europe	2	2	2	4	4	6	19	25	35
North America	11	9	12	26	26	23	25	28	19
Other	6	7	8	10	10	12	17	15	16
Others and Consolidation[4)]	**31**	**41**	**33**	**51**	**61**	**37**	**16**	**15**	**11**
Non-Core Assets[5)]	**181**	**139**	**124**	**646**	**912**	**871**	**36**	**66**	**70**
Commercial Real Estate[1)]	57	47	40	290	277	256	51	59	63
Eurohypo Retail[1)]	14	—	—	17	—	—	12	—	—
Ship Finance/Deutsche Schiffsbank[4)]	21	14	12	165	435	453	77	302	365
of *which ship financing*	18	14	12	164	430	453	90	302	365
Public Finance[6)7)]	89	77	71	175	206	163	20	27	23
PRU[3)6)]	**12**	**—**	**—**	**83**	**—**	**—**	**70**	**—**	**—**
Total[7)8)]	**492**	**460**	**452**	**1,680**	**1,781**	**1,769**	**34**	**39**	**39**

1) Reallocation of the Core Bank activities of EuroHypo Retail to the Private Customers segment (residential mortgage loans), those of Commerz Real to the Private Customers segment (domestic subsidiaries), and the Non-Core activities of Eurohypo Retail to the Non-Core Assets segment (Commercial Real Estate) in 2012. In the second quarter of 2013, capitalized plan assets for pension plans were reclassified from the segment Others and Consolidation into the segments of the Core Bank. This led to an increase in exposure under the category "Foreign subsidiaries and other".

2) Reallocation of Commerzbank Eurasija, the subsidiaries in the Czech Republic and Slovakia, and Commerzbank Zrt. in Hungary to the Mittelstandsbank segment, and sale of Bank Forum, in 2012.

3) Allocation of the PRU segment (excluding the Private Finance Initiatives portfolio) to the Corporates & Markets segment in 2012.

4) Reallocation of the share of the loans to municipalities granted by Deutsche Schiffsbank from Ship Finance to Others and Consolidation in 2012. In the second quarter of 2013, capitalized plan assets for pension plans were reclassified from the segment Others and Consolidation into the segments of the Core Bank.

5) The Non-Core Assets segment was created as of July 1, 2012, replacing the former Asset Based Finance segment.

6) Reallocation of the Private Finance Initiatives portfolio (for details of the portfolio, see "*—Non-Core Assets—Public Finance*") to Public Finance (Non-Core Assets) in 2012.

7) As of December 31, 2011, including the non-value-adjusted share of the Greek bonds recorded under LaR and AfS.

8) As of December 31, 2011, excluding the inflation-induced carrying amounts of securities holdings primarily recorded under LaR (approximately €0.4 billion).

CVaR in € m[7]	December 31, 2011	December 31, 2012	June 30, 2013
Private Customers[1]	789	815	1,007
Mittelstandsbank[2]	3,361	2,986	3,092
Central & Eastern Europe[2]	664	539	537
Corporates & Markets[3]	1,600	2,094	2,039
Others and Consolidation[4]	655	1,137	710
Non-Core Assets[1)4)5)6)]	4,823	5,626	5,503
PRU[3)5)]	1,039	—	—
Group	**13,052**	**13,198**	12,889

1) Reallocation of the Core Bank activities of EH Retail and of Commerz Real to the Private Customers segment, and the Non-Core activities to Commercial Real Estate in 2012.
2) Reallocation of Commerzbank Eurasija, the subsidiaries in the Czech Republic and Slovakia, and Commerzbank Zrt. in Hungary to the Mittelstandsbank segment, and sale of Bank Forum, in 2012.
3) Allocation of the PRU segment (excluding the Private Finance Initiatives portfolio) to the Corporates & Markets segment in 2012.
4) Reallocation of the share of the loans to municipalities granted by Deutsche Schiffsbank from Ship Finance to Others and Consolidation in 2012.
5) Reallocation of the Private Finance Initiatives portfolio to Public Finance (Non-Core Assets) in 2012.
6) The Non-Core Assets segment was created as of July 1, 2012, replacing the former Asset Based Finance segment.
7) Figures based on a confidence level of 99.91%.

COMMERZBANK Group

In light of the prevailing uncertainty in the financial markets and the increasing regulatory requirements, COMMERZBANK resolved in June 2012 to accelerate the implementation of its strategy to focus on its customer-driven and profitable core business, while minimizing risks and reducing complexity and fully running down the Commercial Real Estate, Deutsche Schiffsbank and Public Finance portfolios over time. These Group divisions were thus transferred in their entirety to the new Non-Core Assets (NCA) run-down segment, with the Private Customers, Mittelstandsbank, Corporates & Markets and Central & Eastern Europe segments remaining within the Core Bank.

The following statements relate to the Group structure as of June 30, 2013.

The credit risk parameters within COMMERZBANK for the rating levels 1.0 – 5.8 are distributed between the Core Bank and Non-Core Assets segments as follows:

	Exposure at Default (€ bn)			Expected Loss (€ bn)			Risk Density (bps)			Credit Value at Risk (€ bn)		
	December 31, 2011	December 31, 2012	June 30, 2013	December 31, 2011	December 31, 2012	June 30, 2013	December 31, 2011	December 31, 2012	June 30, 2013	December 31, 2011	December 31, 2012	June 30, 2013
Core Bank	310	321	328	965	869	898	31	27	27	7,190	7,571	7,386
NCA	170	139	124	632	912	871	37	66	70	4,823	5,626	5,503
PRU[1]	12	—	—	83	—	—	70	—	—	1,039	—	—
Group	**492**	**460**	**452**	**1,680**	**1,781**	**1,769**	**34**	**39**	**39**	**13,052**	**13,198**	**12,889**

1) Allocation of the PRU segment (excluding the Private Finance Initiatives portfolio) to the Corporates & Markets segment (Core Bank) in 2012. In the third quarter of 2012, the Private Finance Initiatives portfolio (EaD in the amount of €3.0 billion) that was formerly part of the PRU segment was transferred to the NCA segment.

Core Bank

The Core Bank comprises the Private Customers, Mittelstandsbank, Central & Eastern Europe, Corporates & Markets and Others and Consolidation segments. EaD increased to €321 billion as of December 31, 2012, primarily as a result of the integration of a large part of the Portfolio Restructuring Unit segment, and further increased slightly to €328 billion as of June 30, 2013. Despite this integration, the portfolio quality on the basis of risk density improved further, amounting to 27 basis points, both as of December 31, 2012 and as of June 30, 2013 (December 31, 2011: 31 basis points).

Private Customers segment

The Private Customers segment comprises the activities of the Private Customers Group division, under which the domestic branch business with private and business customers and Wealth Management are combined, the Direct Banking Group division and the operations of the Commerz Real Group division, which have been part of the Core Bank since the fourth quarter of 2012.

Risks associated with the Private Customers business are largely dependent on the economic environment, unemployment levels and real estate prices. These risks are managed in accordance with, among other things, defined credit standards, active monitoring of new business, close observation of real estate markets and an IT-supported overdraft management system. Furthermore, abnormal loans are identified using selected triggers and accorded special treatment for the early identification of risks.

Customers’ financing needs are covered by a broad and modern range of products. The portfolio focuses on traditional home financing and the financing of capital investments in real estate (residential mortgage loans and investment properties with an EaD of €52 billion as of June 30, 2013 (as of December 31, 2012: €51 billion)). A further principal activity is securing loans for business customers (individual loans in the amount of €12 billion as of June 30, 2013 (as of December 31, 2012: €12 billion)). In addition, customers’ day-to-day credit requirements are met by means of consumer loans (credit facilities, installment loans and credit cards in the total amount of €9 billion as of June 30, 2013 (as of December 31, 2012: €10 billion)).

The increase in the portfolio of €11 billion to €76 billion in 2012 was largely due to the integration of Commerz Real and parts of the mortgage loan business of Hypothekenbank Frankfurt (formerly Eurohypo) within the Private Customers segment. The improvements in risk management made in 2012, particularly the implementation of systematic management measures in lower credit rating classes, and the expansion of early risk identification efforts, also contributed to a decrease in the risk density to 27 basis points as of December 31, 2012 and June 30, 2013 as well (as of December 31, 2011: 34 basis points), as did the higher proportion of lower-risk residential mortgage loans (risk density as of June 30, 2013: 20 basis points) and the positive market developments.

In the second quarter of 2013, capitalized plan assets of pension plans were reclassified from the Others and Consolidation segment into the segments of the Core Bank. This led to an increase in exposure under the category “Foreign subsidiaries and other”.

Mittelstandsbank segment

Within the Mittelstand Germany and Corporate Banking & International Group divisions, this segment bundles the Group’s activities involving small- and medium-sized customers (where these are not allocated to other segments), public sector and institutional customers. In addition, the Financial Institutions Group division within this segment is responsible for the Group’s relationships with domestic and foreign banks, financial institutions and central banks. Effective January 1, 2012, Commerzbank (Eurasija) SAO in Russia, the branches in the Czech Republic and Slovakia, and Commerzbank Zrt. in Hungary were transferred from the Central & Eastern Europe segment to the Mittelstandsbank segment. The maximum level of risk which the Group is willing to assume in respect of the Mittelstandsbank segment is ascertained on the basis of the assessment of the relevant sector, but also on the market conditions to which the companies are exposed in the main countries in which they operate. However, independently of these market conditions, every exposure is subjected to an individual analysis of the creditworthiness and sustainability of the customer’s business model.

The current positive economic situation in Germany is reflected in an improvement in the risk ratios in the Corporates Domestic sub-portfolio as compared to the end of 2011. The risk density in this division as of June 30, 2013 was comparatively low at 29 basis points (December 31, 2011: 28 basis points). In the Corporates International division, EaD amounted to €15 billion as of June 30, 2013 (December 31, 2011: €14 billion), and the risk density was 36 basis points (December 31, 2011: 28 basis points). Despite low demand for loans due to the good economic situation, EaD for the Mittelstandsbank segment for the whole of 2012 and in the first half of 2013 increased slightly to €116 billion (December 31, 2011: €115 billion), with risk density still below the level at the end of 2011. For details of the development of the Financial Institutions division, see the section entitled “*—Cross-segment data and portfolio analysis—Financial Institutions and Non-Bank Financial Institutions portfolio*”.

Central & Eastern Europe (CEE) segment

Following the disposal by COMMERZBANK of its shares in the Russian entity Promsvyazbank in June 2012 and the subsequent completion in October 2012 of the sale of the Ukrainian entity Bank Forum, the Central & Eastern Europe segment is largely made up of BRE Bank, which has its registered office in Poland. The geographical focus of the segment’s activities is on Poland, the Czech Republic and Slovakia; its customers are private and corporate customers of BRE Bank in Poland, and also direct banking customers of BRE Bank in the Czech Republic and Slovakia, who are serviced under the mBank brand. The corporate customers business focuses on small and medium-sized enterprises and major corporate customers. COMMERZBANK intends to use BRE Bank to further expand its universal banking activities in Poland and its direct banking activities in Poland, the Czech Republic and Slovakia.

With EaD of €26 billion as of June 30, 2013, slightly increased compared to December 2012 with €25 billion (December 31, 2011: €23 billion), BRE Bank is almost the sole driver of the CEE segment. Its risk density improved to 57 basis points as of December 31, 2012 and further to 51 basis points as of June 30, 2013 (December 31, 2011: 68 basis points).

After several years of above-average economic growth, the Polish economy lost momentum in 2012; COMMERZBANK has also observed a decline in demand for loans in the case of both private households and corporate enterprises since mid-2012. However, COMMERZBANK still expects that it will experience positive economic growth in Poland in 2013 despite the economic slow-down. Against this background, the risk density fell further in 2012. Taking the economic environment into account, the portfolio quality is expected to deteriorate slightly in 2013.

Corporates & Markets segment

The Corporates & Markets segment is centered around the investment banking activities of the COMMERZBANK Group and the support of sophisticated capital markets customers. The segment comprises the Equity Markets & Commodities, Fixed Income & Currencies, Corporate Finance, Credit Portfolio Management and Client-Relationship Management Group divisions. The Portfolio Restructuring Unit (PRU) – a segment which was not previously part of the Core Bank – was dissolved on July 1, 2012, and the remaining portfolio integrated into the Corporates & Markets segment's operating business, with the exception of the Private Finance Initiatives/Infrastructure Financing activities, which are now part of the NCA segment. The integration of the PRU portfolio was reflected in a higher EaD for Corporates & Markets of €68 billion as of December 31, 2012 as compared to the previous year (December 31, 2011: €61 billion); as of June 30, 2013, EaD slightly increased to €70 billion.

The regional focus of the Corporates & Markets segment is on Germany and Western Europe, which regions accounted for approximately three-quarters of EaD as of June 30, 2013, with North America accounting for €12 billion thereof as of June 30, 2013.

The Corporates & Markets segment focuses on, among other things, actively providing long-term support to its customers in respect of all financing matters (for example, equities, bonds, syndicated loans) by way of its underwriting and market placement services. The necessary limitation of underwriting risk for all product types is achieved using strict guidelines and defined limits. The positions that remain on the Bank's books as a result of its activities as lead arranger or market maker are closely monitored from a market and credit risk perspective, as well as at the counterparty and portfolio level. For certain products such as leveraged buy-outs, more dynamic developments have been evident on the market in recent months. Market developments are being closely monitored. Emphasis will continue to be placed on maintaining the risk quality of the portfolio in line with existing credit policies.

There is a focus on close monitoring of counterparties (such as banks) in critical countries. There has been closer scrutiny of risk management in relation to stock exchanges and clearing houses due to the changes in regulatory requirements on derivatives.

Structured credit sub-portfolio

The structured credit sub-portfolio is composed of the portion of the former Portfolio Restructuring Unit (PRU) run-down segment allocated to the Core Bank. Between the beginning of 2012 and June 30, 2013, its nominal volume and risk values have been virtually halved by €9.4 billion to €9.9 billion, and by €5.1 billion to €4.8 billion, respectively (including the Default Portfolio in each case). The following table shows the composition of and changes in the structured credit sub-portfolio of the Corporates & Markets segment:

C&M Structured Credit Portfolio[3]	December 31, 2011			December 31, 2012			June 30, 2013		
	Nominal values	Risk values[1]	Mark down ratio[2]	Nominal values	Risk values[1]	Mark down ratio[2]	Nominal values	Risk values[1]	Mark down ratio[2]
	(€ bn)		(%)	(€ bn)		(%)	(€ bn)		(%)
RMBSs	3.2	1.9	40	1.6	1.1	30	1.5	1.1	28
CMBSs	0.6	0.3	43	0.2	0.1	51	0.2	0.1	51
CDOs	9.8	5.9	40	4.5	3.1	30	3.9	2.7	31
Other ABSs	2.1	1.7	19	1.3	1.1	20	1.2	0.9	19
Other structured credit positions	3.6	0.1	—	3.2	0.0	—	3.1	0.0	—
Total	**19.3**	**9.9**	—	**10.8**	**5.4**	—	**9.9**	**4.8**	—

1) Risk value is the balance sheet value of cash instruments; in the case of long CDS positions, it is the nominal value of the underlying instrument less the cash value of the credit derivative.
2) Mark-down ratio = 1-(risk value/nominal value).
3) See also "*Presentation and Analysis of the Net Assets, Financial Position and Results of Operations—The COMMERZBANK Group's results of operations for the 2010, 2011 and 2012 financial years and for the first halves ending June 30, 2012 and June 30, 2013—Comparison of the first halves ending June 30, 2012 and June 30, 2013—Segment performance—Corporates & Markets*".

Residential mortgage-backed securities (RMBSs) are instruments that securitize private, largely European, real estate loans. The extended period since the launch of the structures provides an increasingly reliable basis for predicting future portfolio performance. In addition, the macroeconomic development of the economies of importance to the Group is consistent with COMMERZBANK's risk assessment.

The portfolio largely consists of Collateralized Debt Obligations (CDOs). This sub-segment comprises all of the positions for which interest and principal claims are secured by corporate loans and/or bonds and other ABSs, or which are contractually linked to their development in real terms.

Risk values: CDOs (€ bn)	December 31, 2011	December 31, 2012
U.S. CLOs	1.7	1.0
EU CLOs	1.2	0.8
U.S ABSs.	2,6	1.2
EU ABSs	0.0	0.0
CRE	0.3	0.2
Total	**5.9**	**3.1**

Overall, EaD of the CDO portfolios decreased significantly to €3.1 billion as of December 31, 2012 (December 31, 2011: €5.9 billion). A large proportion thereof, at 58% of the risk value, is accounted for by CLOs, which are predominantly based on loans to corporations in the United States of America and in Europe. CLOs continue to benefit from both the stabilizing or, as the case may be, positive developments in the major economies and from continued forecasts of falling default rates and increased expectations of recovery in the corporate sector. Improvements in portfolio quality and renewed growth in investor demand, in particular for senior CLO tranches, have resulted in positive fundamental valuations in this sector. However, this segment has also suffered from a widening of spreads and increased volatility, and an associated reduction in market valuations. The mark-down ratio was 9% as of December 31, 2012.

A further 39% of the risk values are attributable to U.S. ABSs with a mark-down ratio of 50%, even though the securitizations held by COMMERZBANK predominantly consist of the most senior tranches of such securities.

Rating breakdown: CDOs (€ bn)	December 31, 2011	December 31, 2012
AAA	0.3	0.3
AA	1.5	0.8
A	0.9	0.6
BBB	1.9	1.2
<BBB	1.4	0.4
Total	**5.9**	**3.1**

Hypothekenbank Frankfurt, in the Public Finance portfolio (largely government-backed ABS paper), and Commerz Europe (Ireland) continued to have asset-backed exposure. See also "*—Cross-segment data and portfolio analysis—Conduit exposure and other asset-backed exposure*".

Leveraged acquisition finance (LAF) sub-portfolio

EaD of this portfolio amounted to €3.1 billion as of the end of 2012, having decreased slightly from €3.2 billion at the end of the previous year. Repayments of portfolio loans – in particular, through resales of the company or refinancing by means of high-yield bonds – were thereby partially offset by new business on a selective basis. The difficult economic environment within Europe resulted in individual charges to the portfolio in 2012; however, the overall quality of the portfolio is satisfactory, as the focus remained Europe (97%), and particularly Germany (43%). The companies represented in the portfolio are directly affected by developments in the weaker countries of the Eurozone to only a minor extent. The portfolio remains broadly diversified in terms of industry sector and region, and value continues to be placed on the retention of this diversified portfolio structure and the maintenance of an appropriate size of the lending book.

Non-Core Assets

The Commercial Real Estate, Deutsche Schiffsbank and Public Finance portfolios were bundled within the Non-Core Assets run-down segment in 2012. All of the portfolios of these divisions are to be run down completely over time. Exposure at default for the segment in the performing loan book totaled €124 billion as of June 30, 2013 (end of 2012: €139 billion), and was thus €57 billion lower than the comparative figure for the NCA portfolio as of the end of 2011.

On March 30, 2012, the European Commission converted the requirement imposed in 2009 with respect to the sale of Eurohypo by COMMERZBANK into a winding-up requirement, pursuant to which the non-core activities of Eurohypo are to be divided up in organizational terms and ultimately run down. These non-core activities include (1) the Commercial Real Estate business outside of the markets in Germany, the United Kingdom, France and Poland, and (2) certain Commercial Real Estate activities in the markets in Germany, the United Kingdom, France and Poland which evidence a low coverage ratio or are associated with a higher level of risk (see also "*Description of the COMMERZBANK Group's Business Activities—Material agreements—Utilization of the SoFFin stabilization measures by COMMERZBANK*"). As a result of the EU requirements, COMMERZBANK transferred the CRE portfolios to the Non-Core Assets (NCA) segment as of July 1, 2012.

Commercial Real Estate

In 2012 and in the first half of 2013, the holdings of this Group division, primarily those of Hypothekenbank Frankfurt AG, were strategically reduced. Since the end of 2011, total EaD in the Performing Portfolio has been reduced by €13 billion to €47 billion as of December 31, 2012 and by a further €7 billion to €40 billion as of June 30, 2013. The portfolio composition according to type of use remains unchanged. As of June 30, 2013, the major share of the exposure is attributable to the office (€15 billion), retail (€13 billion) and residential real estate (€7 billion) sub-portfolios. The decrease in the amount of exposure was largely the result of loan repayments, exchange rate fluctuations and transfers to the Default Portfolio.

Although the uncertainty associated with the sovereign debt crisis further subsided (at least temporarily) to a considerable degree in the second half of 2012, the ongoing recession in the Eurozone continued to have an adverse effect on real estate markets, above all in the southern peripheral countries, where the development of CRE market values remains clearly negative, particularly in light of the ongoing downturn in rental markets. Solid demand for high-value real estate is supporting price levels, from which liquid investment markets, such as those in London, Germany and the USA, continue to benefit. However, lower-value properties are considerably more difficult to place on the market.

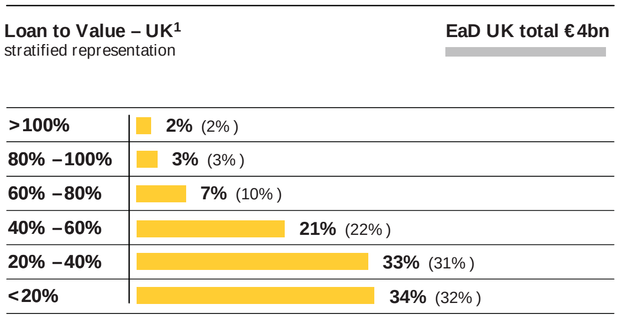
The recession in the eurozone, which after the Southern European countries has now also hit France and the Netherlands, continues to affect the CRE markets. Many European office markets are thus characterized by rental activity that is dominated by lease extensions or replacement leases, often with reduced space requirements. This is particularly true for Southern European countries, with the result that the CRE markets in these countries are showing an ongoing slowdown and a decline in fair values. By contrast, the CRE markets in countries with a comparatively solid economic situation, particularly the United States and Germany, benefit from high, albeit selective, demand.

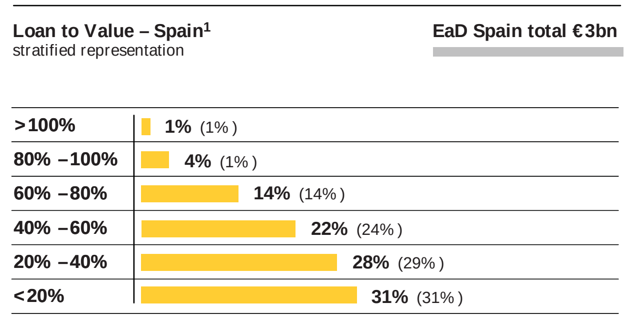
Commercial Real Estate portfolio by region	Exposure at Default (€ bn)			Expected Loss (€ m)			Risk Density (bps)		
	December 31, 2011	December 31, 2012	June 30, 2013	December 31, 2011	December 31, 2012	June 30, 2013	December 31, 2011	December 31, 2012	June 30, 2013
Germany	26	22	19	116	78	61	40	35	32
Western Europe	21	18	15	90	111	114	42	62	75
of which: UK[1]	6	5	4	29	19	10	46	37	27
of which: Spain	4	4	3	15	23	34	37	63	98
Central and Eastern Europe	5	4	4	25	28	28	53	71	79
USA	3	2	1	29	20	23	85	114	176
Other	2	1	1	26	34	30	168	242	257
Total	**57**	**47**	**40**	**290**	**272**	**256**	**51**	**58**	**63**

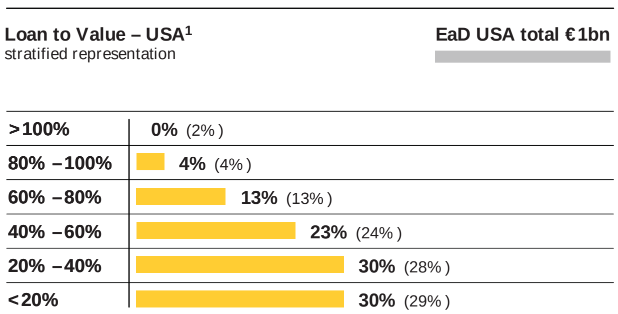
1) UK CRE-portfolio sold in the third quarter of 2013.

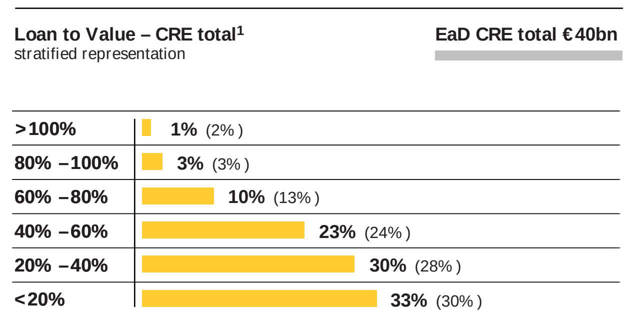
Commercial Real Estate portfolio by type of property (€ bn)	Exposure at Default		
	December 31, 2011	December 31, 2012	June 30, 2013
Office	21	17	15
Commercial real estate	18	15	13
Residential real estate	6	8	7
Hotels	3	2	2
Other	7	5	3
Total	**57**	**47**	40

The mortgage-backed funding of Hypothekenbank Frankfurt continues to exhibit an acceptable loan-to-value ratio ("**loan to value**"; as of June 30, 2013, a total of 1% of the stratified funding volume exhibited a loan-to-value ratio of greater than 100%.









1) Run-off stratification on the basis of market values; excluding margin lines and corporate loans; not taking account of additional collateral. All of these graphs relate to transactions secured by means of mortgage liens.
Figures in parentheses: December 2011.

In addition to the risk quantification methods presented under the heading "Risk quantification" (see *"—Default risk—Risk quantification*"), COMMERZBANK breaks down the CRE portfolio in the Performing Portfolio by country into three risk cluster categories (high risk, medium risk and low risk) on the basis of internal expert appraisals in consideration of actual losses and market assessments as well as expectations for the future market development. In this connection, it must be taken into account that the risk from individual exposures is dependent upon LtVs, the rental agreements and the tenants' creditworthiness. As of June 30, 2013, the distinct countries were allocated to the following risk clusters:

COMMERZBANK Real Estate (EaD in € bn)		**June 30, 2013**
high risk	UK[1)]	3.9
	Spain	3.4
	Hungary	0.3
	Other	1.0
	Total	***8.6***
medium risk	Italy	2.1
	Portugal	1.7
	USA	1.3
	Other	2.4
	Total	***7.5***
low risk	Germany	19.2
	France	2.7
	Poland	1.0
	Other	1.5
	Total	***24.4***
Total[2)]		**40**

1) UK CRE-portfolio sold in the third quarter of 2013.
2) Includes the portion of Hypothekenbank Frankfurt AG's retail banking not allocated to the core business.

Deutsche Schiffsbank

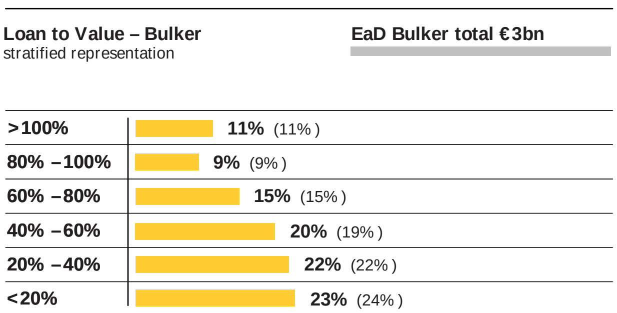
Deutsche Schiffsbank AG was merged with COMMERZBANK in May 2012. The exposure of the Ship Finance portfolio (including Deutsche Schiffsbank) was reduced in 2012 from €18 billion to €14 billion as of December 31, 2012. As of June 30, 2013, the portfolio's EaD amounted to €12 billion, with the ten largest exposures accounting for approximately 21% of total EaD in ship financing as of June 30, 2013 (December 31, 2012: 21%). The focal point of the portfolio remains the three standard ship types, namely containers (EaD as of June 30, 2013: €4 billion), tankers (EaD as of June 30, 2013: €3 billion) and bulk cargo ships (EaD as of June 30, 2013: €3 billion). The remainder of the portfolio comprises various special tonnages with a high level of diversification across the various ship segments.

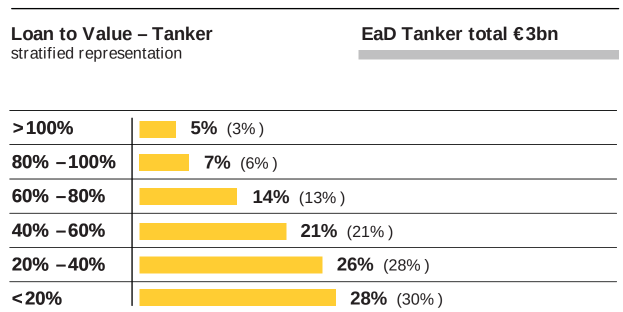
Ship Finance portfolio	Exposure at Default (€ bn)			Expected Loss (€ m)			Risk Density (bps)		
	December 31, 2011	December 31, 2012	June 30, 2013	December 31, 2011	December 31, 2012	June 30, 2013	December 31, 2011	December 31, 2012	June 30, 2013
Container ships..........	6	5	4	81	219	241	131	456	558
Tankers	4	4	3	29	103	100	66	289	316
Bulk cargo ships..........	4	3	3	24	57	67	59	188	253
Various special tonnages ...	4	3	2	30	56	46	87	178	201
Total.............	**18**	**14**	**12**	**164**	**435**	**453**	**90**	**302**	**365**

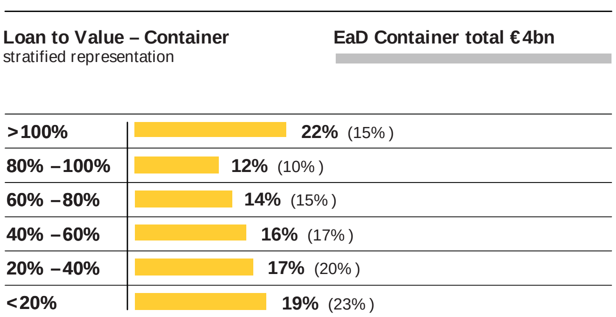
Market developments in 2012 and in the first half of 2013 were characterized by further – sometimes dramatic – decreases in charter rates, also due to excess capacity, and an associated increase in insolvencies. The further consistent reduction of EaD in the existing portfolio will also be the focus of the activities pursuant to the defined, value-preserving run-off strategy in 2013. Shipping markets are not expected to experience a recovery in 2013.

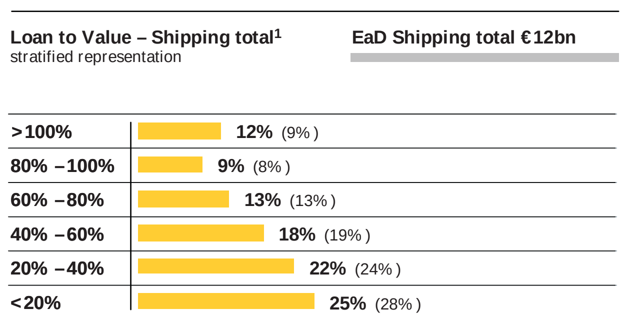
EL increased from €164 million to €435 million between December 31, 2011 and December 31, 2012, and further to €453 million in the first half of 2013. Container ships and tankers were particularly affected by the market developments described above. The risk density correspondingly increased further from 90 basis points at the end of 2011 to 302 basis points at the end of 2012 and to 365 basis points at June 30, 2013.

The following graphs show the loan to value ratios in the shipping portfolio as of June 30, 2013:









1) Including corporate financing.
Figures in parentheses: December 2011.

Overall, approximately 12% of the portfolio within the loan-to-value stratification evidenced a loan-to-value ratio of more than 100% as of June 30, 2013, of which nearly 50% evidenced a debt service coverage ratio (DSCR) of more than 100%. The Group division's EaD was concentrated predominantly within Europe (79%), mostly in Germany (38%) and Greece (22%); Asia accounted for only 8% of EaD in ship financing. It should be noted that this split has been determined on the basis of the location of the registered office of the borrower. However, because ships are globally mobile and may be used by foreign charter companies, the economic risk will not necessarily arise in the country in which the borrower's registered office is located. The economic policy challenges facing Europe indicate that the development of the market remains uncertain, especially with regard to container shipping.

In addition to the risk quantification methods presented under the heading “Risk quantification” (see “*—Default risk—Risk quantification*”), COMMERZBANK breaks down the ship portfolio in the Performing Portfolio by ship type into three risk cluster categories (high risk, medium risk and low risk) on the basis of internal expert appraisals in consideration of actual losses and market assessments as well as expectations for the future market development. In this connection, it must be taken into account that the risk from individual exposures is dependent upon LtVs, the terms of the charters and the charterers’ creditworthiness. As of June 30, 2013, the distinct ship types were allocated to the following risk clusters:

Deutsche Schiffsbank (EaD in € bn)		**June 30, 2013**
high risk	Bulk Carrier (Capesize/VLOC)	1.1
	Container < 2.000 TEU*)	0.5
	Container 2.000 – 4.000 TEU*)	0.7
	Product/Chemical Tanker	1.2
	Total	***3.4***
medium risk	Bulk Carrier (Handysize/max)	1.1
	Bulk Carrier – Paramax	0.5
	Container 4,000 – 8,000 TEU*)	1.5
	Crude Oil Tanker	1.3
	Total	***4.3***
low risk	Container > 8.000 TEU*)	1.7
	Gas Tanker	0.7
	Yards	0.1
	Other (Cruise, Car Carrier, Offshore, Other)	2.2
	Total	***4.7***
Total)**		**12**

*) Twenty-foot Equivalent Unit (TEU) is an international, standardized unit for counting intermodal containers of various sizes and for describing the load capacity of ships.

**) Includes assets and participations of Commerz Real currently unable to be placed (referred to as the Warehouse Portfolio) – €0.2 bn.

Public Finance

The Public Finance division consists of the Group’s positions in the public finance business (further positions may be attributed to the Treasury unit and also the Corporates & Markets and Mittelstandsbank segments), as well as the secured and unsecured bank bonds/loans held as additional coverage for Pfandbrief issues.

The Public Finance portfolio comprises receivables and securities with predominantly long maturities, some of which are held in the available for sale (AfS) category, but most of which are held as loans and receivables (LaRs) by Hypothekenbank Frankfurt and Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft. In the third quarter of 2012, the Private Finance Initiative (PFI) portfolio (€3 billion EaD), formerly part of the Portfolio Restructuring Unit, was transferred to the NCA segment. This portfolio comprises the long-term financing of public facilities and service entities, for example those of hospitals or water utilities in the United Kingdom. The PFI portfolio is largely collateralized and, in accordance with NCA strategy, is to be run down over time in a value-preserving manner.

The following table shows the regional distribution of the Public Finance portfolios, whereby the PFI portfolio is included in the figures for the first time as of 2012 (EaD: €3 billion) and the great majority of the credit volume is attributable to the United Kingdom:

Public Finance portfolio by region	**Exposure at Default (€ bn)**			**Expected Loss (€ m)**			**Risk Density (bps)**		
	December 31, 2011	**December 31, 2012**	**June 30, 2013**	**December 31, 2011**	**December 31, 2012**	**June 30, 2013**	**December 31, 2011**	**December 31, 2012**	**June 30, 2013**
Germany	34	26	23	6	4	2	2	2	1
Western Europe	36	34	33	157	176	138	44	51	42
Central and Eastern Europe	3	2	2	4	4	5	13	18	21
North America	13	12	11	7	16	12	5	14	11
Other	3	3	2	2	5	6	6	20	31
Total	**89**	**77**	**71**	**175**	**206**	**163**	**20**	**27**	**23**

Borrowers in the NCA Public Finance, with EaD of €47 billion as of June 30, 2013, were primarily sovereigns, federal states, regions, cities, local authorities and supranational institutions. The main exposure is in Germany and Western Europe. The remainder of the portfolio relates to banks (€22 billion EaD as of June 30, 2013), with the focus once again on Germany and Western Europe (approximately 93% as of June 30, 2013). The banking portfolio predominantly comprises securities/loans that largely feature guarantee/maintenance obligations or other public sector declarations of liability, or that have been issued in the form of covered bonds.

Public Finance EaD, which had already been reduced by €52 billion to €77 billion between 2010 and 2012, mostly by utilizing maturities and also by means of an active reduction of the portfolio, fell further to €71 billion as of June 30, 2013. COMMERZBANK intends to reduce the portfolio to approximately €55 billion by the end of 2016. The holdings of Greek bonds were already sold in their entirety in the second quarter of 2012 following the bond exchange implemented by Greece in the context of the Private Sector Involvement (PSI) transaction. The total sovereign debt exposure of the COMMERZBANK Group in Greece, Ireland, Italy, Spain and Portugal increased slightly from €12.3 billion as of December 31, 2011 to €12.8 billion as of June 30, 2013. See "*—Cross-segment data and portfolio analysis—Country classification and management*".

Cross-segment data and portfolio analysis

It should be noted that the following positions are already fully reflected in the Group and segment data.

Sector classification: Corporates

The following tables show the breakdown of the Company's Corporates exposure by sector, regardless of the existing segment allocation:

Corporates sub-portfolio by sector as of December 31, 2011	Exposure at Default (€ bn)	Expected Loss (€ m)	Risk Density (bps)
Basic materials/Energy/Metals	25	96	38
Consumption	21	82	40
Automotive	11	26	25
Transport/Tourism	10	38	38
Technology/Electrical industry	10	23	23
Chemicals/Plastics/Healthcare	11	33	29
Services/Media	9	50	53
Mechanical engineering	8	25	32
Construction	4	17	41
Other	17	58	34
Total	**126**	**447**	**36**

Corporates sub-portfolio by sector as of December 31, 2012	Exposure at Default (€ bn)	Expected Loss (€ m)	Risk Density (bps)
Basic materials/Energy/Metals	25	130	51
Consumption	22	85	39
Chemicals/Plastics/Healthcare	11	48	43
Transport/Tourism	11	22	20
Technology/ Electrical industry	9	25	27
Automotive	9	21	23
Services/Media	8	29	35
Mechanical engineering	8	20	26
Construction	4	17	39
Other	15	34	23
Total	**122**	**430**	**35**

Corporates sub-portfolio by sector as of June 30, 2013	Exposure at Default (€ bn)	Expected Loss (€ m)	Risk Density (bps)
Basic materials/Energy/Metals	24	121	50
Consumption	21	85	40
Chemicals/Plastics/Healthcare	11	53	48
Transport/Tourism	11	26	23
Automotive	8	22	27
Services/Media	8	27	33
Technology/ Electrical industry	8	29	35
Mechanical engineering	8	19	24
Construction	4	20	47
Other	15	28	19
Total	**119**	**430**	**36**

Financial Institutions and Non-Bank Financial Institutions portfolio

Most of the following positions are held in the Non-Core Assets (in Public Finance), Mittelstandsbank and Corporates & Markets segments; other exposures relate to the Treasury unit and, to a minor extent, Central and Eastern Europe.

Financial Institutions

The focus of the risk strategy for the Financial Institutions sub-portfolio in 2012 continued to be proactive risk reduction, particularly in Public Finance, and selective new business with customers with a good rating, either through trade finance activities performed on behalf of corporate customers in the Mittelstandsbank segment or through capital market activities in the Corporates & Markets segment. The consideration of country risk played a major role therein. Cluster risk in the portfolio was further reduced. Despite the slight easing of the tense situation in the markets, the development of risk within the portfolio will continue to be influenced by in the progress of the euro and sovereign debt crisis. The section entitled "—*Performing Portfolio overview*" includes a full description of this exposure. The decrease in EL in 2012 was largely the result of the improved ratings of European banks.

In the first half of 2013, the risk strategy for this sub-portfolio continued to be based on the careful monitoring of developments within the Eurozone, as well as carrying out risk-driven assessments of country risk and taking into account such risk in the business strategy. In this context, the conclusion of new business in the Trade Finance division of the Mittelstandsbank segment and capital market activity in the Corporates & Markets segment resulted in a corresponding increase in EL and EaD, while cluster risk within the sub-portfolio was further reduced.

	Exposure at Default (€ bn)			Expected Loss (€ m)			Risk Density (bps)		
FI portfolio by region[1]	December 31, 2011	December 31, 2012	June 30, 2013	December 31, 2011	December 31, 2012	June 30, 2013	December 31, 2011	December 31, 2012	June 30, 2013
Germany	17	14	16	10	8	9	6	6	6
Western Europe	28	28	28	81	49	62	29	18	22
Central and Eastern Europe	8	9	8	52	22	25	62	25	31
North America	3	1	2	1	<1	1	6	3	4
Other	16	13	19	41	41	64	26	31	34
Total	**72**	**65**	**73**	**185**	**121**	**160**	**26**	**19**	**22**

1) Excluding exempted debtors.

Non-Bank Financial Institutions portfolio

The Non-Bank Financial Institutions (NBFI) portfolio continued for the entirety of the review period to focus on attractive new business with customers with good creditworthiness and further portfolio optimization. The creditworthiness of the insurance sub-sector benefited from a considerable decrease in major claims arising out of natural disasters when compared to 2011.

	Exposure at Default (€ bn)			Expected Loss (€ m)			Risk Density (bps)		
NBFI portfolio by region	**December 31, 2011**	**December 31, 2012**	**June 30, 2013**	**December 31, 2011**	**December 31, 2012**	**June 30, 2013**	**December 31, 2011**	**December 31, 2012**	**June 30, 2013**
Germany........	10	11	10	22	24	17	22	22	18
Western Europe	13	18	16	22	41	42	18	23	26
Central and Eastern Europe	1	1	3	6	4	6	43	27	22
North America.....	5	8	8	42	22	23	92	29	28
Other	3	2	2	3	4	2	11	23	11
Total.............	**32**	**40**	**39**	**95**	**96**	**90**	**30**	**24**	**23**

Securitizations: process, valuation and financial accounting

Securitization process

In its securitization business, COMMERZBANK acts as originator, sponsor and investor, each as defined in the applicable regulations.

- **Originator:** Parts of COMMERZBANK's own loan portfolio are selectively placed on the capital markets by means of securitization transactions. Largely for capital management reasons, COMMERZBANK and Hypothekenbank Frankfurt have undertaken securitizations of COMMERZBANK's claims on customers over the course of recent years with a volume of €7.3 billion as of June 30, 2013 (€7.5 billion as of December 31, 2012), including the placement of two securitizations of Mittelstand loans each in the amount of €2.0 billion in 2012. Two securitizations of Mittelstand loans in the amount of €2.0 billion and €1.5 billion were also repaid in 2012, as were four of Hypothekenbank Frankfurt AG's CMBS transactions in the total amount of €1.5 billion. As of June 30, 2013, the reporting date, risk positions in the amount of €5.1 billion had been retained, and the vast majority of all positions, in the amount of €4.9 billion, were comprised of senior tranches, nearly all of which are rated good to very good.

  In connection with securitization transactions (synthetic and true-sale) for which it has acted as originator, COMMERZBANK has regularly cooperated with the rating agencies Standard & Poor's, Moody's and Fitch. The assets securitized by COMMERZBANK consist of its own receivables arising out of its SME lending business, its dealings with large corporate customers and its private mortgage lending business. With respect to the transactions in which Hypothekenbank Frankfurt AG has acted as originator, the underlying securitized receivables consist of commercial real estate loans or commercial mortgage-backed securities (CMBSs) and private mortgage loans. As part of its ongoing bank management, COMMERZBANK continuously reviews potential opportunities for securitizing its own receivables. This process is decisively influenced by current market conditions (see also "*Risk Factors—Market and Company-related risks—31. The Group's options for securing longer-term refinancing through the Pfandbrief markets, which to date have been carried out through Hypothekenbank Frankfurt, are impaired as a result of that entity's difficult situation and impending winding-up, and could be complicated even further by an impairment of the liquidity of the Pfandbrief markets*").

Securitization pool as of December 31, 2011 (€ bn)	Maturity	Total volume[1]	COMMERZBANK volume[1] Senior	Mezzanine	First Loss Piece
Corporates	2013-2027	4.5	4.1	0.2	<0.1
MezzCap[2]	2036	0.2	<0.1	<0.1	<0.1
RMBSs[3]	2048	0.2	<0.1	<0.1	<0.1
CMBSs[4]	2012-2084	4.0	0.6	<0.1	<0.1
Total		**8.9**	**4.7**	**0.3**	**0.1**

[1] Tranches/retained volume (nominal): banking and trading book.
[2] Own securitization by COMMERZBANK of capital in the form of profit participation certificates.
[3] Residential mortgage-backed securities: securities used for the securitization of credit risk arising out of a residential property loan portfolio.
[4] Commercial mortgage-backed securities: securities used for the securitization of credit risk arising out of a commercial property loan portfolio.

Securitization pool as of December 31, 2012 (€ bn)	Maturity	Total volume[1]	COMMERZBANK volume[1] Senior	Mezzanine	First Loss Piece
Corporates	2020-2022	5.0	4.5	0.1	<0.1
MezzCap[2]	2036	0.1	<0.1	<0.1	<0.1
RMBSs[3]	2048	0.1	<0.1	<0.1	<0.1
CMBSs[4]	2013-2084	2.3	0.4	<0.1	<0.1
Total		**7.5**	**4.9**	**0.1**	**0.1**

[1] Tranches/retained volume (nominal): banking and trading book.
[2] Own securitization by COMMERZBANK of capital in the form of profit participation certificates.
[3] Residential mortgage-backed securities: securities used for the securitization of credit risk arising out of a residential property loan portfolio.
[4] Commercial mortgage-backed securities: securities used for the securitization of credit risk arising out of a commercial property loan portfolio.

Securitization pool as of June 30, 2013 (€ bn)	Maturity	Total volume[1]	COMMERZBANK volume[1] Senior	Mezzanine	First Loss Piece
Corporates[2]	2020-2036	5.1	4.6	0.1	<0.1
RMBSs[3]	2048	0.1	<0.1	<0.1	<0.1
CMBSs[4]	2013-2084	2.1	0.3	<0.1	<0.1
Total		**7.3**	**4.9**	**0.1**	**0.1**

[1] Tranches/retained volume (nominal): banking and trading book.
[2] Including the MezzCAP transaction (own securitization by COMMERZBANK of own capital in the form of profit participation certificates).
[3] Residential mortgage-backed securities: securities used for the securitization of credit risk arising out of a residential property loan portfolio.
[4] Commercial mortgage-backed securities: securities used for the securitization of credit risk arising out of a commercial property loan portfolio.

- **Sponsor:** The structuring, arrangement and securitization of the receivables portfolios of COMMERZBANK's customers, especially the Mittelstandsbank and Corporates & Markets segments, constitute key components of the structured finance product range. By securitizing portfolios of receivables, *i.e.*, selling their receivables on a non-recourse basis, COMMERZBANK customers are able to tap alternative sources of funding in the capital markets. Special purpose vehicles (SPVs) are usually established to manage the receivables. Purchases of receivables in this context are primarily financed by issuing short-term commercial paper (CP) from the "Silver Tower" asset-backed commercial paper (**ABCP**) program administered by COMMERZBANK (conduit). The issued commercial paper is assigned ratings by Standard & Poor's, Moody's and Fitch. In its capacity as sponsor, COMMERZBANK is generally responsible for the structuring and management of the purchasing and refinancing transactions. COMMERZBANK provides liquidity facilities to the SPVs, which are available at short notice. All liquidity lines are taken into account in the calculation of the risk-weighted position values. The highly diversified receivables portfolios generally originate from the customer's holdings of current accounts receivable, such as trade receivables and receivables resulting from automobile, machinery and equipment leasing. The receivables portfolios thus reflect the differing business focus of the individual sellers of receivables.

  The COMMERZBANK-sponsored "Kaiserplatz" and "Silver Tower" conduits merged in 2011. All transactions have since been allocated to the "Silver Tower" conduit. The securitization positions resulting from the "Silver Tower" conduit predominantly comprise liquidity facilities/back-up lines. Apart from the business involving the provision of financing to Mittelstandsbank and Corporates & Markets customers, non-strategic business is still conducted by the ABCP "Beethoven" conduit, which is subject to the run-down activities of the winding-up unit (structured credit legacy). As a result of the successful reduction of the portfolio, the remaining volume of the securitization positions vis-à-vis the "Beethoven" conduit amounted to only €120 million as of June 30, 2013.

- **Investor:** In the past, COMMERZBANK has invested in securitization positions both in its trading book and in its banking book. When compared to the previous year, existing positions were largely restructured and reduced by the structured credit legacy winding-up unit. The Bank's own credit risk strategy permits it to enter into new securitization positions with key customers to a limited extent, provided that a differentiated analysis and documentation of the risk profile is carried out for each securitization position, having regard to the risk drivers in the transaction that could have an indirect or a direct effect on the risk associated with the securitization position in question. In the 2012 reporting year, €75 million was invested in a securitization transaction on the basis of car leasing receivables from business customers in accordance with the internal credit risk strategy.

Procedure for determining risk-weighted exposure

In 2012, COMMERZBANK generally applied the IRBA rules in its regulatory reporting. In accordance with the principle of "accessory relationship" stipulated in the German Solvency Regulation with respect to securitizations, the regulatory rules relating to IRBA securitization positions apply irrespective of the type of securitization position in question. The rating-based approach is used in the case of retained, externally rated securitization positions arising out of COMMERZBANK's own securitization transactions. In addition, placed synthetic securitization tranches are backed by capital in accordance with the risk weighting of the provider of the collateral. The supervisory formula approach is used for the majority of transactions, and in the case of other individual securitization positions, a capital deduction is made if there are no external ratings. The provisions of Section 262 of the German Solvency Regulation relating to the calculation of the value of specific IRBA positions in securitization transactions are not applicable as a result of the structure of the transactions entered into by COMMERZBANK.

The "Silver Tower" and "Beethoven" conduits sponsored by COMMERZBANK are predominantly rated internally using ABS rating systems certified by the supervisory authorities. COMMERZBANK also acts as a sponsor in several other transactions. In certain individual cases, when appropriate external ratings are unavailable, the supervisory formula approach is used or capital deductions are made, as the case may be. In accordance with MaRisk, the rating systems are further developed, independently of the front office, via the methodology unit of COMMERZBANK's risk function. In compliance with the provisions of the German Solvency Regulation, this methodology is in line with that of the rating agencies Standard & Poor's, Fitch and Moody's. The procedures were initially certified by the BaFin and the Deutsche Bundesbank and are subject to regular review by the supervisory authorities. Moreover, the internal rating procedures are validated by COMMERZBANK's risk function on an annual basis and are additionally subject to regular review by the Internal Audit unit.

The various internal rating procedures take into account all the characteristics of the securitized receivables portfolio identified by the rating agencies as material risk drivers as well as the particular structural features of the individual securitization position. In addition, further quantitative and qualitative risk components considered by COMMERZBANK to be material are taken into account; these include, in particular, seller risk and qualitative risk drivers which are assessed by means of structured qualitative questionnaires. The outcome of the rating process is a tranche-specific rating derived from the quantitative and qualitative results of the rating procedure, which is based on the PD or the EL of the tranche, depending on the grading procedure used. No external ratings from the specified rating agencies exist for the securitization positions assessed using internal rating procedures. In addition to the use of internal rating procedures for the determination of the regulatory capital requirements, the results are used within the internal capital modeling, portfolio monitoring and limitation contexts (ICAAP processes).

External ratings are generally available for investor positions, which result in the application of the rating-based approach (RBA). Regardless of the type of securitized receivables or securitized position in question, COMMERZBANK takes into account all available external ratings of securitization positions by its specified rating agencies (Moody's, Standard & Poor's and Fitch). The EIF (European Investment Fund), as principal, has issued a bilateral and irrevocable guarantee in respect of a portion of the investor positions of Hypothekenbank Frankfurt International SA. In individual cases only, a capital deduction is made in the absence of any appropriate ratings.

The determination of the capital requirements for securitization positions in the trading book is based on the application of the relevant provisions of Section 303 in conjunction with Section 255 of the German Solvency Regulation.

Accounting and valuation principles

In the case of true-sale or synthetic securitization transactions using special purpose vehicles, the IFRS accounting principles require the Group to review the extent to which the securitizing special purpose vehicle should be consolidated. Within the COMMERZBANK Group, this review process is centralized in the Accounting department, which is informed in advance of the establishment or reorganization of a special purpose vehicle and undertakes a review on the basis of the information provided to it in order to determine whether the special purpose vehicle should be consolidated.

- **Originator positions:** Where the special purpose vehicle is consolidated as part of the COMMERZBANK Group, no further derecognition test is required under IAS 39 and no derecognition of the assets is carried out. Where the special purpose vehicle is not required to be consolidated, the possibility of removing the securitized assets from the balance sheet is assessed, in the case of true-sale securitizations, applying the risks and rewards (of ownership) approach as the primary criterion for derecognition and the concept of control as the secondary criterion for derecognition (IAS 39.15 et seq.), and, where appropriate, a derecognition or partial derecognition (continuing involvement) takes place. In the case of synthetic securitizations, the underlying receivables generally remain on the balance sheet and are reported under their original IFRS category, as is the case for securitized receivables in true-sale securitizations which are not removed from the balance sheet. These assets continue to be accounted for and valued in accordance with the rules of the respective IFRS category. Where securitized receivables are derecognized, any resulting gains or losses are reported in the income statement. Furthermore, where applicable, the removal of the receivables from the balance sheet will result in the first-time reporting of new positions, for example bonds issued by special purpose vehicles. Pursuant to IFRS, these positions are categorized based on the intention pursued in acquiring the securities and the form of the securities, in compliance with the provisions of IAS 39 (held for trading, loans and receivables or available for sale). For a more detailed presentation of the rules relating to the categorization and the associated evaluation, see note 5 to the consolidated financial statements for the 2012 financial year (see "*Financial Section—Consolidated Financial Statements of COMMERZBANK Aktiengesellschaft as of December 31, 2012—Notes*"). No securitization transactions which would have resulted in a decrease in accounts receivable were conducted in 2012 or in the first half of 2013, and thus no profits or losses were realized from the sale of accounts receivable in connection with securitization activities in 2012 or in the first half of 2013.

- **Sponsor positions:** Under IFRS, the refinancing entity "Beethoven Funding Corporation" is consolidated. In the case of "Silver Tower", the refinancing entities "Silver Tower Funding Ltd" and "Silver Tower US Funding LLC" as well as the related purchasing entities are not consolidated. However, no purchasing or refinancing entities for the "Beethoven" or "Silver Tower" programs are consolidated for regulatory purposes. Where the beneficiary special purpose vehicle is not consolidated under IFRS, the full amount of the liquidity line which has not been drawn down is recorded as a contingent liability in the "*Financial Section*". A receivable which falls within the IFRS category "loans and receivables" is reported on the balance sheet in the amount of the drawdowns thereon.
- **Investor positions:** Under IFRS, investor positions are categorized based on the intention pursued in acquiring the securities and the form of the securities, in compliance with the provisions of IAS 39 (held for trading, loans and receivables or available for sale). For a more detailed presentation of the rules relating to the categorization and the associated evaluation, see note 5 to the consolidated financial statements for the 2012 financial year (see "*Financial Section—Consolidated Financial Statements of COMMERZBANK Aktiengesellschaft as of December 31, 2012—Notes*"). Where the securitization positions are traded on liquid and observable markets, they are valued on the basis of independent market prices; where this is not possible, the value of the securitization positions is determined using valuation models. This involves the use of a discounted cash flow approach with both the cash flows and the other relevant parameters used being based on data observable on the market. Furthermore, the approach is calibrated for similar securitization structures using market data. No significant changes were made to the methods for the valuation of securitization positions in 2012 or in the first half of 2013.

Conduit exposure and other asset-backed exposure

Conduit exposure from the strategic customer business and other asset-backed exposure of the Group in addition to that arising in connection with the positions in the Corporates & Markets segment is described below.

	December 31, 2011		December 31, 2012		June 30, 2013	
Conduit and other asset-backed exposure (€ bn)	**Nominal values**	**Risk values**	**Nominal values**	**Risk values**	**Nominal values**	**Risk values**
Conduit exposure	3.3	3.3	3.1	3.1	3.5	3.5
Other asset-backed exposure	6.1	5.8	5.5	5.4	5.2	5.1
Total	**9.4**	**9.1**	**8.6**	**8.5**	**8.7**	**8.6**

COMMERZBANK is the sponsor of the "Silver Tower" multi-seller asset-backed commercial paper conduit, through which it arranges the securitization of receivables of Mittelstandsbank and Corporates & Markets customers, which primarily consist of trade and leasing receivables. These transactions are financed by means of either issues of asset-backed commercial paper (ABCP) or – where no placement of ABCP occurs – by drawdowns on credit lines (liquidity lines).

The other asset-backed exposure relates to ABS positions with a risk value in the amount of €5.4 billion as of December 31, 2012 and €5.1 billion as of June 30, 2013 (December 31, 2011: €5.8 billion). As of June 30, 2013, these positions were mainly held by Frankfurter Hypothekenbank in the Public Finance area (€4.6 billion) and by CB Europe (Ireland) (€0.5 billion), and primarily comprise government guaranteed paper (€4.6 billion), of which €3.7 billion is attributable to student loans guaranteed by the U.S. government. A further €1.3 billion relates to non-U.S. RMBSs, CMBSs and other mainly European ABS paper.

Country classification and management

In its calculation of country risk, the Group measures both transfer risk and region-specific event risk based on political and economic events that could potentially affect a country's economic assets. Country risk management comprises decisions, measures and processes that aim to influence the country portfolio structure with a view to attaining business, risk and return targets. Since 2012, country risk has been managed and limited on a loss at default basis at the country level. The Strategic Risk Committee handles country exposure deemed significant for COMMERZBANK due to size and exposure in countries in which COMMERZBANK holds significant investments in relation to GDP.

The current regional breakdown of COMMERZBANK's exposure corresponds to its strategic orientation and reflects the main areas of its global business activities. As of June 30, 2013, 50% of its exposure related to Germany, 33% to other countries in Western, Central and Eastern Europe, and 7% to North America. The remainder is broadly diversified and is apportioned among a large number of countries, particularly those in which German exporters receive support or in which COMMERZBANK maintains a presence through local entities. The increase in EL in 2012 and in the first half of 2013 in the "Other" region is largely attributable to ship financing.

Total portfolio by region as of December 31, 2011	**Exposure at Default (€ bn)**	**Expected Loss (€ m)**	**Risk Density (bps)**
Germany	250	649	26
Western Europe	115	443	38
Central and Eastern Europe	42	269	65
North America	40	111	28
Other	46	208	46
Total	**492**	**1,680**	**34**

Total portfolio by region as of December 31, 2012	**Exposure at Default (€ bn)**	**Expected Loss (€ m)**	**Risk Density (bps)**
Germany	231	564	24
Western Europe	113	446	39
Central and Eastern Europe	41	207	51
North America	33	69	21
Other	42	496	119
Total	**460**	**1,781**	**39**

Total portfolio by region as of June 30, 2013	**Exposure at Default (€ bn)**	**Expected Loss (€ m)**	**Risk Density (bps)**
Germany	227	561	25
Western Europe	110	419	38
Central and Eastern Europe	41	204	50
North America	31	63	20
Other	44	522	119
Total	**452**	**1,769**	**39**

EaD in Greece, Ireland, Italy, Portugal and Spain was reduced by approximately €3.3 billion in 2012, and totaled €31.8 billion as of December 31, 2012 and €31.4 billion as of June 30, 2013. The exposure in relation to Cyprus amounted to €0.4 billion as of June 30, 2013; only a small proportion of this amount can be attributed to sovereigns and banks. The following table shows EaD in Greece, Ireland, Italy, Portugal and Spain on the basis of the country in which the registered office or the property is located.

EaD as of December 31, 2011[1)] (€ bn)	**Sovereigns[2)]**	**Banks**	**CRE**	**Corporates/ Others**	**Total**
Greece	0.8	0.1	0.2	0.1	1.1
Ireland	0.0	0.9	0.1	0.9	2.0
Italy	7.9	1.1	2.4	2.7	14.0
Portugal	0.8	0.5	1.7	0.3	3.4
Spain	2.8	4.6	4.1	3.2	14.6
Total	**12.3**	**7.2**	**8.5**	**7.2**	**35.1**

1) Does not include EaD from ship financing.
2) Including sub-sovereigns.

EaD as of December 31, 2012[1] (€ bn)	Sovereigns[2]	Banks	CRE	Corporates/ Others	Total
Greece	0.0	0.0	0.2	0.1	0.2
Ireland	0.0	0.6	0.1	0.9	1.6
Italy	8.8	0.9	2.2	2.3	14.2
Portugal	0.9	0.3	1.6	0.3	3.0
Spain	2.6	3.7	3.6	2.9	12.8
Total	**12.3**	**5.5**	**7.7**	**6.5**	**31.8**

1) Does not include EaD from ship financing.
2) Including sub-sovereigns.

EaD as of June 30, 2013[1] (€ bn)	Sovereigns[2]	Banks	CRE	Corporates/ Others	Total
Greece	0.0	0.0	0.2	0.1	0.3
Ireland	0.0	0.5	0.1	0.9	1.6
Italy	9.4	0.8	2.0	2.4	14.6
Portugal	0.8	0.3	1.4	0.3	2.8
Spain	2.6	3.6	3.4	2.4	12.1
Total	**12.8**	**5.2**	**7.1**	**6.1**	**31.4**

1) Does not include EaD from ship financing.
2) Including sub-sovereign entities.

Value adjustments affecting the income statement in the total amount of €2.2 billion were carried out in 2011 in respect of the bonds issued and guaranteed by the Greek government, such that the value of this portfolio as of December 31, 2011 was only 26% of its nominal value. For further details regarding the value adjustments, see note 54 to the consolidated financial statements for the 2012 financial year (see "*Financial Section—Consolidated financial statements of COMMERZBANK Aktiengesellschaft as of December 31, 2012—Notes*") and note 53 to the consolidated financial statements for the 2011 financial year (see "*Financial Section—Consolidated financial statements of COMMERZBANK Aktiengesellschaft as of December 31, 2011—Notes*"). In March 2012, the government bonds held by private creditors were exchanged for new bonds; COMMERZBANK has reduced its sovereign EaD in Greece to nearly zero since the exchange. See also "*Risk Factors—Market and Company-related risks—3. The Group holds substantial volumes of Sovereign Debt. Impairments and revaluations of such Sovereign Debt to lower fair values have had material adverse effects on the Group's net assets, financial position and results of operations in the past, and may have further adverse effects in the future*". In Italy, an increase in the amount of €0.9 billion was recorded in 2012 as a result of the termination of CDS hedges.

Rating classification

The Group's overall portfolio is proportionately divided up on the basis of PD or customer ratings (excluding Commercial Real Estate, where the rating breakdown is based upon exposure ratings) into the following internal rating classifications (see also COMMERZBANK's rating scale in the section entitled "*—Risk quantification—Rating architecture*"):

Rating breakdown as of December 31, 2011 based on EaD (%)	1.0–1.8	2.0–2.8	3.0–3.8	4.0–4.8	5.0–5.8
Private Customers	27	46	19	5	3
Mittelstandsbank	13	59	22	4	2
Central & Eastern Europe	21	41	31	5	3
Corporates & Markets	44	39	13	2	1
Asset Based Finance, of which	30	41	20	6	3
Commercial Real Estate	*29*	*54*	*13*	*3*	*1*
Ship Finance	*10*	*31*	*31*	*16*	*11*
Public Finance	*57*	*25*	*15*	*2*	*1*
Group[1]	**30**	**44**	**19**	**4**	**2**

1) Including PRU and Others and Consolidation.

Rating breakdown as of December 31, 2012 based on EaD (%)	1.0–1.8	2.0–2.8	3.0–3.8	4.0–4.8	5.0–5.8
Private Customers	28	49	17	4	2
Mittelstandsbank	13	60	20	4	2
Central & Eastern Europe	26	38	24	9	3

Rating breakdown as of December 31, 2012 based on EaD (%)

	1.0–1.8	2.0–2.8	3.0–3.8	4.0–4.8	5.0–5.8
Corporates & Markets	46	40	12	1	1
NCA, of which	31	36	20	8	6
Commercial Real Estate	*35*	*43*	*17*	*4*	*1*
Ship Finance	*7*	*21*	*23*	*24*	*24*
Public Finance	*52*	*25*	*17*	*3*	*3*
Group[1)]	**31**	**44**	**17**	**5**	**3**

1) Including PRU and Others and Consolidation.

Rating breakdown as of June 30, 2013 based on EaD (%)

	1.0–1.8	2.0–2.8	3.0–3.8	4.0–4.8	5.0–5.8
Private Customers	29	49	16	3	2
Mittelstandsbank	13	59	20	5	2
Central & Eastern Europe	26	40	22	9	3
Corporates & Markets	47	41	9	2	1
NCA, of which	30	40	15	9	5
Commercial Real Estate	*35*	*40*	*21*	*4*	*1*
Ship Finance	*7*	*15*	*22*	*25*	*31*
Public Finance	*50*	*37*	*8*	*4*	*0*
Group[1)]	**31**	**46**	**15**	**5**	**3**

1) Including Others and Consolidation.

The calibration of ratings is carried out on the basis of historical data. It may therefore result in rating downgrades, for example due to time-lag effects, even where the economic environment is already showing signs of recovery.

Derivative transactions

A derivative is a financial instrument with a value determined by an underlying asset. The underlying asset may, for example, be an interest rate, a commodity price, a share price, a foreign exchange rate or a bond price. The financial instrument does not require any initial net investment, or only a relatively small initial net investment as compared to other types of instrument that are similarly responsive to changes in market factors. Settlement occurs at a future date.

In order to minimize (reduce) the credit risk arising out of these instruments, COMMERZBANK enters into master agreements (bilateral netting agreements) with its counterparties. 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 against the party to the contract (close-out netting).

In order to hedge against any net claims/liabilities arising out of netting, the Group also enters into collateral agreements.

The nominal amount reported on the balance sheet is the business volume traded by the Group. By contrast, the positive and negative fair values listed in the table are the expenses which would be incurred by the Group or its counterparty to replace the contracts originally concluded with transactions of an equivalent financial value. From the Group's perspective, a positive fair value therefore indicates the maximum potential counterparty-specific default risk arising out of derivative transactions that existed on the balance sheet date. The maturity dates listed in respect of the transactions are based on the residual terms of the contracts and not those of the underlying assets.

The procedure for the carrying out of counterparty default adjustments (CDAs), which take account of the loss expected to accrue as a result of a potential default by a counterparty, particularly in the context of OTC derivatives transactions, was refined in the 2013 financial year. While the CDA procedure previously applied was based on internal ratings (with an exception being made in the case of exposure vis-à-vis monoliners), since January 1, 2013, counterparty default risk is taken into account, using external ratings, by means of credit valuation adjustments (CVAs), in the case of positive derivatives positions, and debit value adjustments (DVAs) in the case of negative derivatives positions.

The nominal amounts and fair values arising out of the derivatives business (banking and trading books) were as follows:

December 31, 2011 (€ m)	Nominal amount, by residual term				Fair value	
	Up to 1 year	1-5 years	More than 5 years	Total	Positive	Negative
Foreign currency-based forward transactions	560,609	169,593	104,667	834,869	17,891	20,805
Interest rate-based forward transactions	2,704,223	2,807,512	2,410,803	7,922,538	296,597	302,788
Other forward transactions	127,865	181,131	21,356	330,352	7,812	8,518
Gross position	**3,392,697**	**3,158,236**	**2,536,826**	**9,087,759**	**322,300**	**332,111**
of which: exchange-traded	*93,331*	*21,634*	*4,134*	*119,099*	—	—
Net position on the balance sheet					**128,739**	**137,358**

December 31, 2012 (€ m)	Nominal amount, by residual term				Fair value	
	Up to 1 year	1-5 years	More than 5 years	Total	Positive	Negative
Foreign currency-based forward transactions	442,466	170,519	118,569	731,554	13,592	14,119
Interest rate-based forward transactions	2,617,713	2,024,487	1,739,143	6,381.343	253,072	259,183
Other forward transactions	122,429	129,138	17,155	268,722	4,354	5,704
Gross position	**3,182,608**	**2,324,144**	**1,874,867**	**7,381,619**	**271,018**	**279,006**
of which: exchange-traded	*142,811*	*22,591*	*11,174*	*176,576*	—	—
Net position on the balance sheet					**112,457**	**116,873**

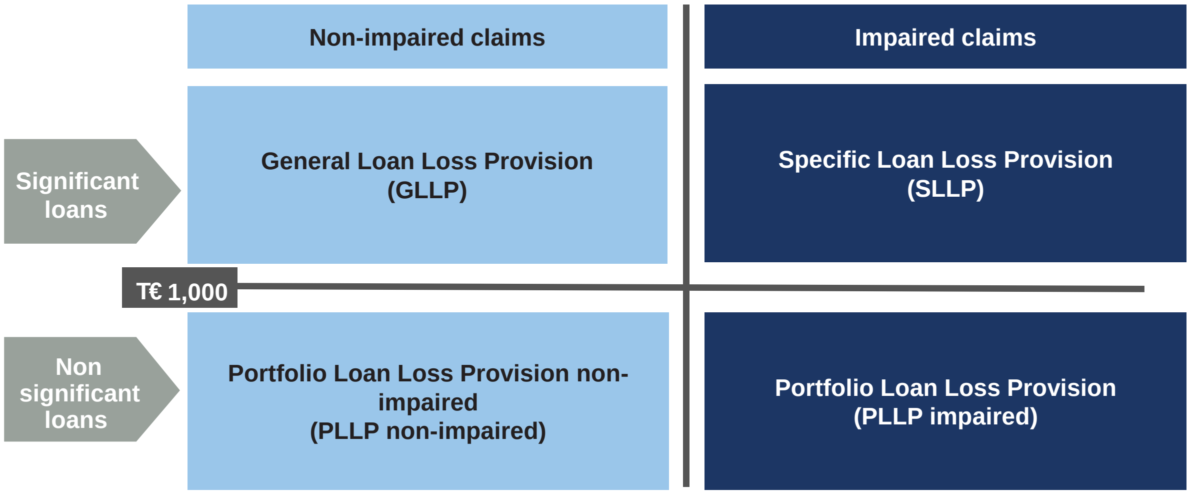
June 30, 2013 (€ m)	Nominal amount, by residual term				Fair value	
	Up to 1 year	1-5 years	More than 5 years	Total	Positive	Negative
Foreign currency-based forward transactions	458,288	179,787	116,861	754,936	12,099	12,817
Interest rate-based forward transactions	3,045,724	1,902,593	1,641,404	6,589,721	178,918	183,818
Other forward transactions	122,432	135,467	17,655	275,554	5,648	5,847
Gross position	3,626,444	2,217,847	1,775,920	7,620,211	196,665	202,482
of which: exchange-traded	*99,888*	*25,867*	*12,125*	*137,880*		
Net position on the balance sheet					84,490	86,881

For a more detailed presentation of derivative transactions as of December 31, 2012, see note 78 to the consolidated financial statements for the 2012 financial year (see "*Financial Section—Consolidated Financial Statements of COMMERZBANK Aktiengesellschaft as of December 31, 2012—Notes*").

Intensive Care/Charges against earnings arising from impairments (loan loss provisions)

Principles relating to loan loss provisions

Risks arising out of the lending business that are reported under the IFRS category LaR are accounted for by establishing specific loan loss provisions (SLLPs), portfolio loan loss provisions (PLLPs) and general loan loss provisions (GLLPs) with respect to both on-balance sheet and off-balance sheet claims arising out of the lending business pursuant to the provisions of IAS 37 and IAS 39. In the calculation of loan loss provisions, a distinction is generally made between loans in default and loans not in default, and between non-significant loans (volume of up to €1 million) and significant loans (volume of more than €1 million). The calculation of loan loss provisions is based on the allocation of a receivable to the relevant sub-portfolio; the different cases are shown in the following diagram:



Loans in default or non-performing loans are those loans which are identified as defaults under the Basel II rules. The following events are decisive in establishing whether a customer is in default:

- Imminent insolvency / more than 90 days past due;
- COMMERZBANK is assisting in the customer's restructuring with or without recapitalization/partial waiving of claims;
- COMMERZBANK has given notice demanding settlement of its claim;
- The customer has been declared insolvent.

In the case of non-significant claims in default, a general portfolio valuation allowance or provision (PLLP impaired) is established on the basis of internal parameters. In the case of significant loans in default, the specific valuation allowance/loan loss provision (SLLP) is calculated on the basis of the present value of expected future cash flows. The cash flows take into account both expected payments and proceeds from the recovery of collateral and other attainable realizable cash flows. The loan loss provision represents the difference between the amount of the claim and the present value of the total expected cash flow.

General loan loss provisions for on-balance sheet and off-balance sheet transactions (GLLPs and PLLPs non-impaired) are calculated at the level of each individual transaction, once again using internal default parameters (PD, LGD) and taking into account the LIP (loss identification period) factor. The LIP factor serves to transform the one-year EL into incurred loss as required under IFRS, and is defined as the average period of time between the occurrence of a loss event and its identification by the Bank. Country risk is not separately taken into account under IFRS, but is included for the purposes of the calculation of SLLPs through individual cash flow estimates, or is assigned a flat-rate value and included in the LGD parameters in the calculation of the general valuation allowance.

Impairment tests are also carried out in respect of securities classified as available for sale (AfS) and loans and receivables (LaRs) where the fair value is below amortized cost as a result of a low credit rating. On each reporting date, a review is carried out to determine whether there are objective grounds (a "trigger event") for an impairment and whether this "event of loss" will have an effect on the expected cash flows. Trigger events are reviewed on the basis of the credit rating of the borrower/issuer or of the issue (for example, in the case of Pfandbriefe and ABS transactions). Trigger events may include:

- Arrears of/default on payments of interest or principal on the part of the issuer/debtor;
- Restructuring of the debt instrument due to substantial financial difficulties on the part of the issuer (in the case of a security) or debtor (in the case of a loan);
- Increased probability of restructuring proceedings;
- Increased probability of insolvency.

Trigger events are operationalized through a combination of ratings and changes in fair value. To this end, the individual securities are allocated to one of three groups (listed equity instruments, unlisted equity instruments and debt instruments), which form the basis for further individual impairment checks. Where trigger events are identified, an impairment is carried out and recorded on the income statement, and the claim in question is designated as non-performing. If no trigger events are identified but the fair value is below amortized cost, a charge is created against the revaluation reserve for AfS items. In the case of LaR positions, no charge is recorded on the income statement – provided no impairment is carried out – other than an indirect charge through the establishment of GLLPs. If an impairment is carried out, the amount thereof is the difference between the amortized cost and the fair value.

The total amount of the loan loss provisions, insofar as it relates to claims on the balance sheet, is deducted from the corresponding items on the balance sheet. In contrast, loan loss provisions for risks in connection with off-balance sheet transactions, such as guarantees, endorsement liabilities and loan commitments, are recorded as provisions for risks arising out of the lending business.

In accordance with the Group write-down policy, impaired positions are generally written down to the present value of the claim in question two years after termination by utilizing existing valuation allowances (SLLPs/PLLPs impaired). Amounts recovered on written-down claims are recognized on the income statement.

Loans are defined as being in arrears where they are between at least one and at most 90 days past due and, subject to a minimum threshold (2.5% of the limit or a maximum of €100), are not classified as defaulted loans.

The processing of non-performing exposures is carried out by the Group Risk Management Intensive Care (GRM IC) unit with respect to the Core Bank and by the newly established Group Risk Management – Credit Risk NCA (GRM CRN) unit with respect to the Non-Core Assets (NCA) segment. Each of these units possesses the necessary specific expertise for the provision of support to customers undergoing restructuring and for the successful liquidation of exposures in default, including the recovery of any collateral.

Loan loss provisions by segment

Loan loss provisions for the Group's lending business amounted to €1,660 million in the 2012 financial year. This amount includes an effect arising out of the review and updating of parameters in the amount of €69 million (net). Overall, the amount of the loan loss provisions in the 2012 financial year was €270 million greater than in the previous year. The loan loss provisions in the first half of 2013 amounted to €804 million and thus were €188 million higher than in the first half of the previous year. The first half of 2013 was dominated by an increase in provisions attributable to a small number of individual counterparties in the Core Bank's corporate portfolio that are in or near insolvency and continued high allocations to provisions in the NCA segment predominantly relating to the Commercial Real Estate portfolio in the United Kingdom. Write-downs on securities are not considered as risk provisions but as part of income from financial assets. Details on this are given in note 5 of the consolidated interim financial statements as of June 30, 2013 (see "*Financial Section—Consolidated Interim Financial Statements of COMMERZBANK Aktiengesellschaft as of June 30, 2013*"). The following table shows the breakdown of net loan risk provisions by segment:

	2011 financial year					2012 financial year					2013		
Loan loss provisions[1] (€ m)	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**2011 Total**	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**	**2012 Total**	**Q1 2013**	**Q2 2013**	**H1 2013**
Core Bank	**83**	**50**	**175**	**174**	**482**	**18**	**116**	**47**	**102**	**283**	**92**	**190**	**282**
Private Customers	45	38	33	–55	**61**	8	26	45	16	**95**	35	27	62
Mittelstandsbank	11	–28	58	149	**190**	–35	32	–9	42	**30**	78	147	225
Central & Eastern Europe	27	9	26	24	**86**	18	35	28	24	**105**	6	36	42
Corporates & Markets	0	31	59	56	**146**	27	23	–17	19	**52**	–26	–19	–45
Others and Consolidation	0	0	–1	0	**–1**	0	0	0	1	**1**	–1	–1	–2
Non-Core Assets	**236**	**231**	**255**	**181**	**903**	**178**	**301**	**383**	**512**	**1,374**	**175**	**347**	**522**
Commercial Real Estate	190	246	189	72	**697**	57	131	213	222	**623**	38	240	278
Deutsche Schiffsbank	71	–15	63	112	**232**	114	170	160	299	**743**	138	110	248
Public Finance	–25	0	3	–4	**–26**	7	0	10	–9	**8**	–2	–3	–5
Total[2]	**318**	**278**	**413**	**381**	**1,390**	**212**	**404**	**430**	**614**	**1,660**	**267**	**537**	**804**

1) In this table, figures preceded by a minus sign are released loan loss provisions; positive figures, *i.e.*, figures without any prefix, are established loan loss provisions. These figures may differ from those contained in the tables in other parts of this offering circular, in particular in the sections entitled "*Presentation and Analysis of the Net Assets, Financial Position and Results of Operations*" and "*Selected Financial and Business Information of the COMMERZBANK Group*" and in the "*Financial Section*".

2) Including loan loss provisions for the PRU segment in the total amount of €3 million in 2012 and €5 million in 2011.

Loan loss provisions for the Core Bank amounted to €283 million in the 2012 financial year, having decreased considerably by €199 million or 41% as compared to the previous year. The Core Bank benefitted in particular from reversals of loan loss provisions as a result of successful restructuring measures and the ongoing very good economic climate in Germany.

Loan loss provisions in the Core Bank amounted to €282 million in the first half of 2013 and thus were €148 million higher than in the first half of the previous year. The first half of 2013 was dominated by the recognition of new provisions for a small number of individual counterparties in the corporate portfolio that are in or near insolvency. Moreover, loan loss provisions in the same period of 2012 were positively influenced by reversals due to the regular annual update of parameters and a historically low level of loan loss provisions.

Loan loss provisions for the Private Customers business increased by €34 million to €95 million in the 2012 financial year as compared to the 2011 financial year. The difference between 2011 and 2012 is largely commensurate with the positive special effects arising out of the reduction of the LIP factor and the associated reversal of loan loss provisions in 2011. Loan loss provisions in the Private Customers business stood at €62 million in the first half of 2013, which was an increase of €28 million compared to the first half of 2012. Adjusted for the effects of the regular annual update of parameters in the first quarter of 2012, loan loss provisions overall were slightly below the previous year's level.

Loan loss provisions for the Mittelstandsbank segment reached a historical low in 2012, at €160 million less than in the previous year. The main drivers for this reduction were successful restructuring measures and a decrease in portfolio loan loss provisions due to the very high quality of the portfolio. Loan loss provisions in the Mittelstandsbank amounted to €225 million in the first half of 2013 and thus were €228 million higher than in the first half of the previous year. The large increase was driven by additional loan loss provisions attributable to a small number of individual counterparties that are in or near insolvency, whereas the first half of 2012 benefited from a historically low level of provisions primarily attributable to a lower number of new cases as well as the positive effects from the regular annual update of parameters.

Loan loss provisions for the Central & Eastern Europe segment increased by €19 million to €105 million in 2012; however, it should be noted that reversals of loan loss provisions were recorded in the previous year as a result of the sale of the portfolio of BRE Bank and, on a one-off basis, due to parameter effects. Loan loss provisions for Central & Eastern Europe in the first half of 2013 amounted to €42 million, a decline of €11 million compared to the period of the preceding year. This was mainly due to reversals as a result of successful restructurings.

In the Corporates & Markets segment, loan loss provisions decreased significantly, as compared to the previous year, by €94 million to €52 million in 2012. Given that loan loss provisions are generally strongly influenced by changes in individual major exposures, the reduction in 2012 was largely the result of large reversals in two individual cases, one of which related to the assets which formerly belonged to the Portfolio Restructuring Unit segment. Corporates & Markets is heavily influenced by movements in individual large exposures. The net reversal of €45 million in the first half of 2013 was largely a result of some successful major restructurings. By contrast, the need for provisions in the prior-year period was characterized by the significant impact of a single large exposure on loan loss provisions.

Considerable charges were once more recorded in the Non-Core Assets segment during the course of 2012, with loan loss provisions increasing by €471 million overall as compared to the previous year. This development was largely due to the significant increase in loan loss provisions in Deutsche Schiffsbank as a result of the difficult conditions prevailing in the shipping markets. In the first half of 2013 loan loss provisions in Non-Core Assets increased by €43 million to €522 million as compared to the first half of 2012 and were largely attributable to additional loan loss provisions in the commercial real estate financing portfolio in the United Kingdom. In addition loan loss provisions in the shipping portfolio remained at a high level as a result of the persistently tough conditions on the shipping market.

Loan loss provisions for the Commercial Real Estate division were reduced slightly by €74 million in 2012 as compared to the previous year, although they remain substantial at €623 million. Loan loss provisions for Commercial Real Estate amounted to €278 million in the first half of 2013 compared to €188 million in the first half of 2012. A large part of this was attributable to a small number of individual assets in the Commercial Real Estate financing portfolio in the United Kingdom. The entire U.K. Commercial Real Estate portfolio (including performing and non-performing assets) was sold in the third quarter of 2013. Net loan loss provisions for the Deutsche Schiffsbank business division increased significantly by €511 million in 2012 as compared to the previous year; the amount of this increase comprises effects arising out of the review of the parameters for the calculation of the loan loss provisions in the amount of €145 million in the fourth quarter. Loan loss provisions at Deutsche Schiffsbank remained at €248 million in the first half of 2013 (first half of 2012: €284 million). Hence loan loss provisions in the shipping portfolio remained at a high level. Given the ongoing difficult market conditions, further defaults and associated loan loss provisions are expected in subsequent quarters.

Loan loss provisions for the Public Finance portfolio increased from €–26 million to €8 million in the 2012 financial year as compared to the previous year. The reversal of loan loss provisions in 2011, which was mainly attributable to an isolated case, was largely offset in 2012 by charges arising out of general valuation allowances. As in the first half of 2012, loan loss provisions in Public Finance were driven almost solely by general loan loss provisions in the first half of 2013. With net reversals of €5 million in the first half of 2013, loan loss provisions were €12 million lower than the respective figure in the first half of 2012. Write-downs on securities are not considered as risk provisions but as income from financial assets. Details on this are given in note 5 of the consolidated interim financial statements as of June 30, 2013 (see "*Financial Section—Consolidated Interim Financial Statements of COMMERZBANK Aktiengesellschaft as of June 30, 2013*").

Due to the accelerated reduction in the NCA segment and the normalization of the Core Bank's loan loss provisions, for 2013 as a whole, we expect the Group's loan loss provisions to be higher than in 2012.

The risks related to the macroeconomic framework are still high. If a massive economic downturn or defaults at financial institutions should arise, fuelled by the impact of the continuing sovereign debt crisis on the real economy, it is possible that under certain circumstances significantly higher loan loss provisions may be necessary.

Default Portfolio

In 2012, the Group's Default Portfolio (PD rating 6.1 – 6.5) decreased as compared to the previous year. It amounted to €18.9 billion as of December 31, 2012 (December 2011: €19.7 billion) and decreased further to €17.8 billion as of June 30, 2013. These amounts include receivables from the LaR category, but do not include any impaired securities. Details of the Performing Portfolio (PD rating 1.0 – 5.8) can be found in the section entitled "*—Performing Portfolio portfolio overview*". The following tables provide a detailed overview of the structure of the Default Portfolio:

Default Portfolio as of December 31, 2011

(€ m)	**Group[1)]**	**PC**	**MSB**	**CEE**
Default volume	19,703	1,444	2,935	2,019
Total loan loss provisions	7,657	493	1,638	1,049
Collateral	9,278	669	590	1,016
General loan loss provisions (GLLPs)	948	164	285	85
Coverage	17,844	1,326	2,512	2,150
Coverage ratio incl. GLLPs in %	91	92	86	107
Coverage ratio excl. GLLPs in %	86	80	76	102
NPL ratio[2)] (%)	3.8	1.9	2.6	7.2

1) Including Others and Consolidation.
2) NPL ratio: Default volume (non-performing loans – NPL) in relation to total exposure (EaD including NPL).

Default Portfolio as of December 31, 2011

(€ m)	**C&M**	**ABF**	**CRE**	**Ship**	**Retail**	**PF**	**PRU**
Default volume	2,116	10,536	6,960	2,945	618	13	652
Total loan loss provisions	772	3,362	2.359	722	269	12	333
Collateral	60	6,773	4,544	1,885	344	0	170
General loan loss provisions (GLLPs)	78	332	175	135	14	8	3
Coverage	910	10,468	7,078	2,743	627	20	506
Coverage ratio incl. GLLPs in %	43	99	102	93	102	153	78
Coverage ratio excl. GLLPs in %	39	96	99	89	99	93	77
NPL ratio[1)] (%)	3.3	5.5	11.2	12.1	4.2	0.0	5.2

1) NPL ratio: Default volume (non-performing loans – NPL) in relation to total exposure (EaD including NPL).

Default Portfolio as of December 31, 2012

(€ m)	**Group[1)]**	**Core Bank[1)]**	**PC**	**MSB**	**CEE**	**C&M**
Default volume	18,926	6,799	1,135	2,632	1,069	1,961
Total loan loss provisions	7,148	3,264	392	1,439	579	853
Collateral	9,296	1,451	527	482	383	59
General loan loss provisions (GLLPs)	887	470	128	232	54	54
Coverage	17,331	5,185	1,047	2,153	1,016	966
Coverage ratio incl. GLLPs in %	92	76	92	82	95	49
Coverage ratio excl. GLLPs in %	87	69	81	73	90	47
NPL ratio[2)] (%)	4.0	2.1	1.5	2.3	4.0	2.8

1) Including Others and Consolidation.
2) NPL ratio: Default volume (non-performing loans – NPL) in relation to total exposure (EaD including NPL).

Default Portfolio as of December 31, 2012

(€ m)	**NCA**	**CRE**	**Ship**	**PF**
Default volume	12,128	7,643	4,482	2
Total loan loss provisions	3,884	2,672	1,211	1
Collateral	7,845	5,056	2,789	0
General loan loss provisions (GLLPs)	417	130	272	15
Coverage	12,146	7,858	4,272	16
Coverage ratio incl. GLLPs in %	100	103	95	911
Coverage ratio excl. GLLPs in %	97	101	89	45
NPL ratio[1)] (%)	8.1	14.0	23.7	0.0

1) NPL ratio: Default volume (non-performing loans – NPL) in relation to total exposure (EaD including NPL).

Default Portfolio as of June 30, 2013

(€ m)	Group[1]	Core Bank[1]	PC	MSB	CEE	C&M
Default volume	17,781	6,073	1,044	2,621	985	1,422
Total loan loss provisions	7,067	3,221	365	1,484	563	808
Collateral	8,607	1,276	483	418	366	9
General loan loss provisions (GLLPs)	857	463	125	240	49	48
Coverage	16,531	4,960	973	2,142	978	865
Coverage ratio incl. GLLPs in %	93	82	93	82	99	61
Coverage ratio excl. GLLPs in %	88	74	81	73	94	57
NPL ratio[2] (%)	3.8	1.8	1.3	2.2	3.6	2.0

[1] Including Others and Consolidation.
[2] NPL ratio: Default volume (non-performing loans – NPL) in relation to total exposure (EaD including NPL).

Default Portfolio as of June 30, 2013

(€ m)	NCA	CRE	Ship	PF
Default volume	11,708	7,136	4,570	2
Total loan loss provisions	3,846	2,522	1,323	1
Collateral	7,332	4,687	2,644	0
General loan loss provisions (GLLPs)	394	136	248	10
Coverage	11,572	7,345	4,215	11
Coverage ratio incl. GLLPs in %	99	103	92	614
Coverage ratio excl. GLLPs in %	95	101	87	35
NPL ratio[1] (%)	8.6	15.0	26.9	0.0

[1] NPL ratio: Default volume (non-performing loans – NPL) in relation to total exposure (EaD including NPL).

In both 2012 and the first half of 2013, the Core Bank's Default Portfolio benefitted from sizeable outflows resulting from successful restructuring and repayment measures. This positive situation with respect to loan loss provisions is also reflected in the changes within the Default Portfolio. The run-down of the Private Customers business in the amount of more than €309 million, or more than 21%, in 2012 was of great significance in this regard. A decrease in the amount of €91 million could also be observed in this segment in the first half of 2013. The Mittelstandsbank segment's Default Portfolio decreased in line with the changes in respect of loan loss provisions by €556 million in 2012 and by a further €11 million in the first half of 2013. In the Central & Eastern Europe segment, the default volume decreased by €697 million in 2012 as compared to the end of 2011, largely as a result of the sale of the stake of Bank Forum. The Corporates & Markets segment's Default Portfolio was reduced by €155 million in 2012 and by a further €539 million in the first half of 2013, in particular as a result of the restructuring of a major individual case.

The Non-Core Assets segment's default volume increased by €1.6 billion during the course of 2012, largely as a result of defaults in relation to the shipping portfolio. The default volume decreased slightly by €420 million in the first half of 2013. A slight increase was recorded in the Commercial Real Estate Group division as compared to end of 2011. New inflows were offset by loan repayments and exchange rate fluctuations. Developments in the German market continue to be positive. In the first half of 2013 CRE's default volume decreased by €507 million. Deutsche Schiffsbank's Default Portfolio increased significantly, from €2.9 billion to €4.6 billion in 2012 and in the first half of 2013, due to the uncertain economic situation in shipping markets. In contrast, Public Finance's default volume fell by €11 million to €2 million in the same period.

The development of the default volume is not necessarily the same as the development of loan loss provisions. First, loan loss provisions are not only the result of new cases that are shown as increases in the volume of the Default Portfolio, but are also influenced by the subsequent recognition or reversal of loan loss provisions for exposures that are already in default and by direct write-downs. Second, the change in the default volume is not solely due to new cases, but rather also reflects the return to normal loan processing of exposures that have been successfully restructured as well as the removal from the balance sheet of completed liquidations. Default volume and loan loss provisions may therefore move in opposite directions, with the result that trends can only be identified over several reporting periods, and possibly with a time delay.

The Default Portfolio is divided into five classes based on the nature of the default:

- Rating level 6.1: Imminent insolvency / more than 90 days past due.
- Rating levels 6.2/6.3: COMMERZBANK is assisting in the customer's restructuring with or without recapitalization/partial waiving of claims.
- Rating levels 6.4/6.5: COMMERZBANK has given notice demanding settlement of its claim or the customer has been declared insolvent.

The following table shows the allocation within the Default Portfolio to the five default classes:

Default classes		December 2011		December 2012	
90 dpd (6.1)	Default volume (€ m/share in%)	2,201	11	1,311	7
	Collateral (€m/share in%)	1,786	19	1,043	11
	Total loan loss provisions (€ m/share in %)	176	2	98	1
	Coverage Ratio incl. collateral	89%		87%	
	excl. collateral	8%		7%	
Workout/ restructuring (6.2 – 6.3)	Default volume (€ m/share in%)	11,591	59	11,723	62
	Collateral (€ m/share in%)	5,172	56	6,142	66
	Total loan loss provisions (€ m/share in %)	4,126	54	3,711	52
	Coverage Ratio incl. collateral	80%		84%	
	excl. collateral	36%		32%	
Termination/Insolvency (6.4 – 6.5)	Default volume (€ m/share in%)	5,912	30	5,892	31
	Collateral (€ m/share in%)	2,320	25	2,111	23
	Total loan loss provisions (€ m/share in %)	3,355	44	3,339	47
	Coverage Ratio incl. collateral	96%		92%	
	excl. collateral	57%		57%	
Group[1)]	**Default volume** (€ m/share in%)	**19,703**	100	**18,926**	100
	Collateral (€ m/share in%)	**9,278**	100	**9,296**	100
	Total loan loss provisions (€ m/share in %)	**7,657**	100	**7,148**	100
	Coverage Ratio incl. collateral	**86%**		**87%**	
	excl. collateral	**39%**		**38%**	

1) Including Others and Consolidation.

Of claims in the Group's Default Portfolio, 87% were backed by collateral and valuation allowances (92% including GLLPs) (coverage ratio) as of December 31, 2012.

Overdrafts are closely monitored by COMMERZBANK with a view to avoiding any increases in the Default Portfolio. In addition to the "> 90 days past due" default criterion, a mechanically supported preliminary overdraft management procedure is set in motion from the first day past due. The following table shows overdrafts outside of the Default Portfolios on the basis of EaD (€ million) as of the end of December 2012:

Segment	>0≤ 30 days	>30≤ 60 days	>60≤ 90 days	>90 days	Total
Core Bank	**2,434**	**292**	**112**	**90**	**2,927**
Private Customers	575	81	44	16	**715**
Mittelstandsbank	1,508	139	35	9	**1,691**
Central & Eastern Europe	243	60	23	66	**391**
Corporates & Markets	106	12	10	0	**127**
Non-Core Assets	609	164	165	53	**991**
Group[1)]	**3,043**	**456**	**277**	**143**	**3,918**

1) Including Others and Consolidation.

In respect of uncovered claims, the Group assumes, on the basis of historical data, that further income can be generated from items in the Default Portfolio, for example, because a successful rescheduling or restructuring of the loan is still possible (cash flow expectation; see in this regard "*Risk Factors—Market and Company-related risks—10. The Group has a substantial number of non-performing loans in its portfolio, and these defaults may not be sufficiently covered by collateral or by write-downs and provisions previously taken*"). Coverage ratios vary within the individual segments, depending on the business model in question. Thus, for example, the ratio in the NCA segment is relatively high, given that the commercial real estate business with its long-term orientation is normally characterized by collateral in the form of mortgage liens. In the Corporates & Markets segment, by contrast, transactions are predominantly of a short to medium-term duration and depend to a greater extent on customer creditworthiness and expected cash flows, with the result that they frequently have lower coverage ratios. Most of the exposures in the Corporates & Markets segment's portfolio are at the workout stage rather than at the pure liquidation stage; this results in higher cash flow expectations and less need for loan loss provisions.

Market risk

Market risk strategy and organization

Given the experience of the financial crisis, the market risk strategy lays down comprehensive guidelines for managing and monitoring market risk. The market risk strategy is derived from the overall risk strategy and the business strategies of the individual segments and determines the market risk management objectives with regard to COMMERZBANK's main business activities. The core tasks of market risk management are the identification of all key market risks and market risk drivers for the Group, the independent measurement and evaluation of these risks, and the risk/return-oriented management of risk based on these results and on estimates within the COMMERZBANK Group.

COMMERZBANK's Board of Managing Directors is responsible for ensuring the effective management of market risk throughout the COMMERZBANK Group. Specific levels of authority and responsibility in relation to market risk management have been assigned to the appropriate market risk committees. Various market risk committees have been established within COMMERZBANK, in which divisional representatives discuss current risk positioning issues and determine management measures with the risk function and finance.

The Group Market Risk Committee, which meets on a monthly basis, is chaired by the risk function and deals with COMMERZBANK's market risk position. The discussions within the Group Market Risk Committee center on the monthly market risk report, which is also presented to, and discussed within, the full Board of Managing Directors. The report summarizes the current developments in the financial markets, as well as COMMERZBANK's risk positioning and the risk ratios derived therefrom. The aggregated view of the market risk positions forms the basis for more extensive management of all relevant types of risk to which COMMERZBANK is exposed. The Segment Market Risk Committee, which focuses on trading-intensive segments (Corporates & Markets and Treasury), meets on a weekly basis. Furthermore, a separate Market Risk Committee, meeting once a month, was set up in November 2012 to manage market risk in the Non-Core Assets segment.

The risk management process (risk identification, risk measurement, management, monitoring and reporting) is the responsibility of the market risk management function, which acts independently of COMMERZBANK's trading activities. The central market risk management function is supplemented by decentralized market risk management units at segment level and by regional units and subsidiaries. As a result of the close integration of the central and local risk management functions and the business units, the trading divisions constitute the starting point for the risk management process and are responsible, in particular, for the ensuring the active management of market risk positions, by means of, for example, reduction measures or hedging transactions.

Risk management

COMMERZBANK uses a wide range of quantitative and qualitative tools to manage and monitor market risk, such as targets for sensitivities, value at risk figures, stress tests, scenario analyses and data on economic capital, which limit market risk. Guidelines on portfolio structure, new products, maturity limits and minimum ratings are designed to ensure the quality of market risk positions. Within the framework of the market risk strategy, all of the various factors are weighted individually for each segment according to their relevance, and allowance is made for the varying impact of the parameters for the management of the segments in compliance with the business strategy.

Market risk is managed internally at Group level, at segment level and in the lower-level units, whereby all market risk-relevant positions are addressed and trading and banking book positions are jointly managed. A comprehensive internal limit system is implemented down to portfolio level and is a key element of the internal management of market risk.

The quantitative and qualitative factors limiting market risk are determined by the market risk committees. The degree of utilization of these limits, together with the relevant income figures, is reported to the Board of Managing Directors and the responsible heads of the business segments on a daily basis. Based on qualitative analyses and key quantitative ratios, the market risk function identifies potential future risks, anticipates potential financial losses in collaboration with the finance function and draws up proposals for further action, which are discussed with the market units. The aforementioned market risk committees vote on the proposed measures or risk positions, which are then submitted to the full Board of Managing Directors for approval.

Risk concentrations are restricted directly by means of specific limits or are indirectly reduced (for example, using stress test limits). In addition, the combination of various conventional risk measures (for example, VaR, sensitivities) ensures the appropriate management of concentration risk. Furthermore, risk drivers are analyzed on a regular basis in order to identify concentrations, with the management of existing risk concentrations also being reviewed using situation-driven analyses and, where necessary, supplemented by targeted measures, such as limits and specific processes.

Risk quantification

Value at risk

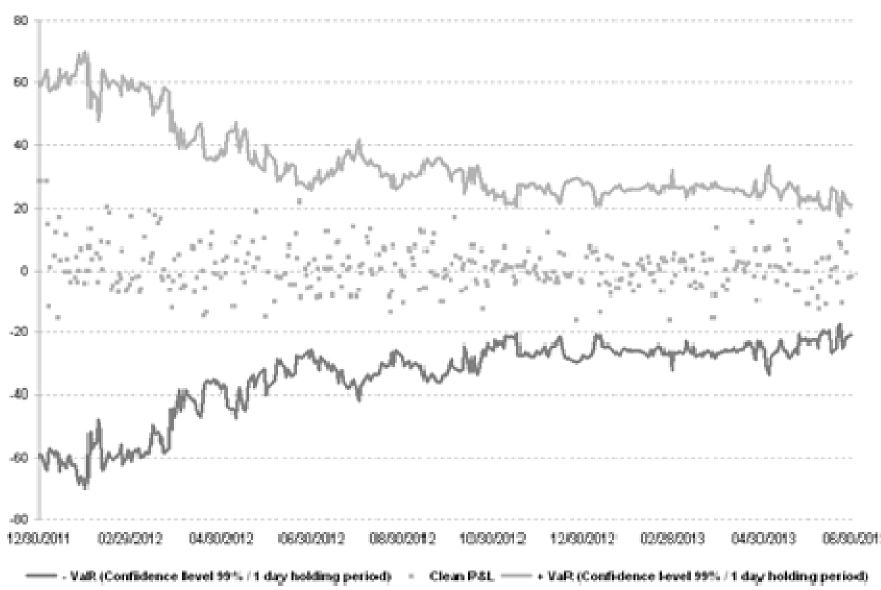
A standardized value-at-risk model incorporating all positions is used for the internal management of market risk. Value at risk (VaR) quantifies the potential loss from financial instruments as a result of changed market conditions within a pre-defined time horizon and with a fixed probability. The VaR market risk model used by COMMERZBANK is based on a historical simulation with historical market data over a one-year interval. The historical simulation determines the gains/losses which will be generated by current positions on the basis of historical changes in the market rates, prices and volatilities used for the valuation of the portfolio. To this end, independent market data is used, the quality of which is checked on a daily basis and which is recorded in a central database at a specified point in time. Market data is provided for all relevant positions relating to the following investment classes: interest rates, credit spreads, shares, foreign currencies and commodities. The market data used takes the form of prices quoted directly on the market or market data derived using internal methods (for example, interest rate and credit spread curves). Where market data cannot be provided for individual positions, a proxy concept (derivation of prices on the basis of comparable instruments) is applied.

For internal management purposes, a confidence level of 97.5% and a holding period of one day are assumed. In December 2011, the BaFin approved the use by COMMERZBANK of the VaR market risk model for the calculation of its regulatory capital requirement, which assumes a confidence level of 99% and a holding period of 10 days. These assumptions satisfy the requirements of the Basel Committee and other international standards on market risk management. VaR is calculated on the basis of a one-day holding period for certain purposes (for example, back testing, disclosure); it can be used for all risk classes for which reliable historical data is available. The value-at-risk concept permits a comparison of the risks arising in the context of various business areas to be made and enables the aggregation of numerous positions, having regard to correlations and compensatory effects between different assets, thereby providing a consistent overview of market risk at any given time. A comprehensive internal system of limits extending down to portfolio level has been implemented and constitutes a key element of the internal management of market risk.

The reliability of the internal VaR model is checked on a daily basis using back-testing methods, and the resulting VaR is compared with the gains and losses arising as a result of the changes in prices actually occurring in the market. This comparison provides a basis for the evaluation by the supervisory authorities of the internal risk model. A “negative back-testing outlier” occurs when the loss actually accruing exceeds the amount of the loss predicted on the basis of the VaR model, and conversely, a “positive back-testing outlier” occurs when the gain actually accruing exceeds the predicted amount of income.

An analysis of the back-testing results provides important points of reference for the improvement of the market risk model and for the review of parameters, and serves as a basis for the assessment by the supervisory authorities of the quality of the internal risk model. All negative outliers are classified according to a traffic light system prescribed by the supervisory authorities and reported, at the Group level, immediately to such authorities with details of their extent and cause. During 2012 and the first half of 2013, no negative back-testing outliers were reported.

Back-testing chart: Course of 2012 and first half of 2013 (€ m)



Moreover, the suitability of the individual components of the internal model for measuring risk is regularly validated. The components include the underlying model assumptions and parameters and the proxies used. The outcome of all validations carried out is reported on a quarterly basis to the Segment Market Risk Committee and the Board of Managing Directors. Of particular importance in this regard is the identification and rectification of any weaknesses in the model, which are classified according to their effect on VaR and monitored using specific scenarios. Against this background, further adjustments to the model were carried out in 2012 which further improved the accuracy of the measurement of risk.

The following market risk factors are captured by the value-at-risk model: interest rates, credit spreads, share prices, exchange rates and commodity prices as well as their respective volatility. The model takes account of both the linear and, particularly for derivatives, the non-linear impact of the risk factors on the value of a portfolio. Basis risk arising as a result of, for example, the setting of variable interest rates for a currency at different points in time or intervals (tenor basis risk) or the use of different instruments for the assumption and hedging of risk (cash/derivative basis risk) is measured and quantified in a suitable manner. Among other things, all identified weaknesses in the model are systematically recorded in the context of the model validation process, which is carried out on a regular basis. A report based on an evaluation of the gravity of the weaknesses in the model is submitted up to the level of the Board of Managing Directors and measures are taken to rectify those weaknesses.

VaR makes it possible to compare risks within different business areas and also to aggregate and net positions within a portfolio. The simultaneous consideration of market risk factors enables relationships between different asset classes to be taken into account. With the aid of the value at risk approach, COMMERZBANK is able to apply a standardized measure of risk to all its trading activities and products. VaR makes it possible to depict COMMERZBANK's market risk over a fixed period of time, and also to compare it to day-to-day trading gains and losses for management and validation purposes.

As with any model, the application of the value at risk model involves the adoption of key assumptions, which is why it is not possible to predict all trading losses using the value at risk model. These model assumptions must be validated, and include the following:

- Historical data will not necessarily provide a suitable basis for predicting future events. This retrospective approach can lead to actual risks being underestimated (as during the financial crisis, for example) or overestimated in the VaR context. One of the most important validation measures in this context is back testing, on which basis COMMERZBANK observed no negative outliers in 2012. As already explained, in COMMERZBANK's value-at-risk model, estimates of future volatility are based on analyses of market data from the previous year. In accordance with this approach, the estimates for 2012 also factored in the increased market volatility that was largely the result of the ongoing European sovereign debt crisis.
- In the case of highly liquid or potentially less liquid products, the one-day holding period may result in an over- or underestimation of market risk. In order to account for this risk, a liquidity-adjusted VaR measure is used for gauging the economic risk-bearing capacity in the market risk context.
- Intraday risk is not assessed.

Although COMMERZBANK believes that its value-at-risk model covers the material risks, and although the model is continuously being refined, risks not currently included in VaR could attain greater significance.

See also "*Risk Factors—Market and Company-related risks—44. The Group may be exposed to risks that are either not identified or inadequately assessed by its existing risk management*".

Stress testing

Given that the VaR concept provides a forecast of possible losses assuming "normal" market conditions, it is supplemented by stress tests. Stress tests help to measure the risk to which COMMERZBANK is exposed, based on extraordinary but still plausible events. These events may be simulated using extreme movements on various financial markets. The key scenarios relate to major changes in credit spreads, interest rates and yield curves, exchange rates, share prices and commodities prices. Examples of stress tests are a 10% fall in all equity prices or a parallel shift in the yield curve by 50 basis points. The results of the Group-wide (global) market risk stress test fell by 11% in 2012.

Extensive Group-wide stress tests and scenario analyses are carried out as part of the risk monitoring process. The Group-wide stress test calculation is based on a combination of short-term stress test scenarios and scenarios based on macroeconomic variables. The stress testing framework is complimented by portfolio-specific stress tests and ad hoc scenario analyses. The goal is to simulate the impact of crises and extreme market situations on COMMERZBANK's overall market risk position. This process also quantifies the impact on the various components of capital and the income statement. For purposes of risk control and monitoring, short-term scenarios are calculated on a daily basis, compared with the imposed limits and reported to the Board of Managing Directors. Longer-term scenarios are updated on a monthly basis and discussed within the responsible committees.

The VaR and stress test models were regularly validated in 2012. Model adjustments were implemented that further improved the accuracy of risk measurement.

Market developments

The effects of the European sovereign debt crisis continued to be felt in 2012. Market developments were greatly influenced by the tense situation in the peripheral countries and by the measures implemented by central banks (the ECB, the U.S. Federal Reserve Bank) to contain the crisis. The aggressive interventionist approach taken by the central banks resulted in the stabilization of the markets in the second half of the year. While equity markets continued to be characterized by a high level of uncertainty and volatility in the first half of the year, a noticeable upward trend could be discerned in the calmer market environment in the second half of 2012.

Low interest rates continue to prevail in the bond markets. The low interest rate policy adopted by the ECB is forcing investors to switch to investments with longer maturities or lower creditworthiness in order to avoid negative real rates of return. The announcement of the ECB's unlimited bond-buying program resulted in a lowering of risk premiums on the peripheral markets in the second half of 2012. However, risk premiums are expected to remain high and volatile in structural terms. Following the depreciation of the euro in the first half of the year as a result of the uncertainty surrounding the European debt crisis, it appreciated against most international currencies in the second half of 2012. The commodities markets also experienced considerable price fluctuations in 2012.

Market risk in the trading book

Value at risk in the trading book decreased significantly in 2012 and in the first half of 2013. This was due mainly to an additional reduction in non-strategic risk positions. Furthermore, markets were less volatile in 2012 as compared to the previous year, resulting in a further reduction in VaR that was particularly noticeable following the removal of the crisis scenarios for 2011 from the time series for the historical simulation.

The following table shows the Group-wide regulatory market risk in respect of the trading portfolio, including the foreign exchange risks in the banking book, as it applies to the calculation of the own capital requirement. VaR shows the potential losses that will not be exceeded in the case of a holding period of one day with a 99% confidence level:

VaR of the portfolio in the trading book[1)] (€ m)	**2011**	**2012**	**Q1 2013**	**H1 2013**
Minimum	38	21	21	17
Median	66	39	26	25
Maximum	102	70	32	34
Period-end figure	**59**	**28**	**26**	**20**

1) 99% confidence level, one-day holding period, 254-day history.

The value at risk in the trading book decreased significantly from €59 million to €28 million as of the end of 2012 and further to €20 million as of June 30, 2013. This was due mainly to an additional reduction in non-strategic risk positions. Furthermore, markets were less volatile in 2012 as compared to the previous year, resulting in a further reduction in VaR. The market risk profile is diversified across all asset classes. The dominant asset classes are credit spread risk, followed by interest and currency risk. The VaR trend in the first half of 2013 shows a marked fall in interest risk and a rise in credit spread risk. The shifts within the credit spread and interest risk types were attributable to the removal of the aforementioned crisis situations from the model time series (being older than 1 year) and improved allocation of risks to the specified risk types.Interest rate risk also contains basis and inflation risk. Basis risk arises if, for example, positions are closed by way of hedging transactions with a different type of price setting than the underlying transaction. The other risk types were largely stable.

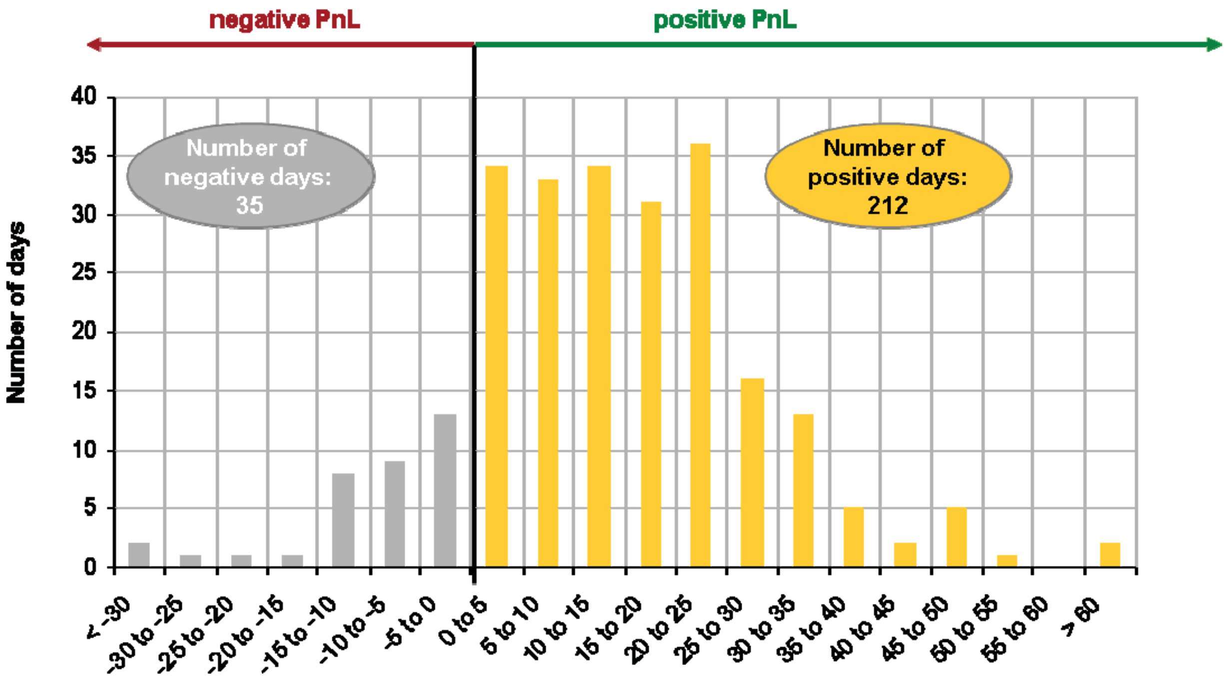
VaR contribution by risk type in the trading book[1)] (€ m)	**December 31, 2011**	** 2012**	**June 30, 2013**
Credit Spreads	18	7	10
Interest rates	31	15	4
Equities	4	2	1
FX	4	3	4
Commodities	3	1	1
Total	**59**	**28**	20

1) 99% confidence level, one-day holding period, equally-weighted market data, 254-day history.

The following bar chart shows the distribution of the actual daily income from Corporates & Markets and Treasury in 2012. The bar height indicates the number of trading days on which the trading income indicated on the horizontal axis in € millions was achieved.

Daily P&L distribution: C&M & Treasury – 2012

(€ m)



Further risk ratios are calculated for regulatory capital adequacy purposes in accordance with the requirements of the Basel Committee. This includes, in particular, the calculation of stressed VaR, which quantifies the risk arising from the current positioning in the trading book with market movements in a fixed crisis period for COMMERZBANK's portfolio. Stressed VaR decreased by €17 million to €35 million as of December 31, 2012 but then increased slightly to €36 million in the first half of 2013 (99% confidence level, one-day holding period). The holding period for stressed VaR is scaled up to 10 days for the purposes of the calculation of the regulatory capital requirement, and the crisis observation period used is checked regularly by means of model validation and approval processes and adjusted where necessary. COMMERZBANK bases its calculation of stressed VaR on the market developments in 2011 and thus takes account of the considerable market fluctuations occurring at the peak of the euro crisis in its risk measurement. Moreover, the risk of a deterioration in creditworthiness and event risk in respect of trading book positions is quantified using the "incremental risk charge" and "equity event VaR" parameters. Event risk is a component of the regulatory VaR calculation and is accounted for in the values in the following table.

Stressed VaR of the portfolios in the trading book (€ m)	**December 31, 2011[1)]**	**2012**
Minimum	49	24
Median	58	35
Maximum	72	52
Year-end figure	**52**	**35**

1) The basis is the fourth quarter of 2011.

The following two tables show the incremental risk charge as of the reporting date, December 31, 2012, excluding diversification effects.

Incremental risk charge capital requirement (€ m)	**December 31, 2011[1)]**	**2012**

Incremental risk charge capital requirement (€ m)	December 31, 2011[1]	December 31, 2012
Minimum	222	121
Median	277	171
Maximum	322	309
Year-end figure	**254**	**150**

[1] The basis is the fourth quarter of 2011.

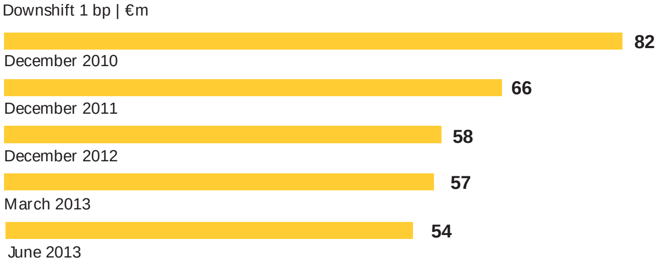
Incremental risk charge by sub-portfolio as of December 31, 2012	Incremental risk charge (€ m)	Average regrouping horizon (months)
Corporates & Markets	149	5.7
Treasury	47	12.0

The incremental risk charge decreased by €104 million to €150 million during the course of 2012. The reason for the decrease in both cases was the further reduction of non-strategic risk positions. Furthermore, on the basis of the current allocation criteria, transactions were transferred from the trading book to the regulatory banking book.

Market risk in the banking book

The key driver of market risk in the banking book is the credit spread risk in the Public Finance portfolio, including the positions held by the subsidiaries Hypothekenbank Frankfurt AG and Erste Europäische Pfandbrief- und Kommunalkreditbank (EEPK). This area, which was managed under a strict downsizing strategy for several years, was allocated to the Non-Core Assets segment in 2012 and continues to be systematically run down. The Treasury portfolios with their credit spread risk, interest rate risk and basis risk also have a particular impact on market risk in the banking book.

Credit spread sensitivities
Downshift 1 bp | €m



The diagram above documents the development of credit spread sensitivities for all securities and derivative positions (excluding loans) of COMMERZBANK. The reduction of the Public Finance portfolio as part of the de-risking strategy and slightly lower market values for the government bond portfolio led to a decline, with the overall position amounting to €54 million as of June 30, 2013. Just under 75% of the credit spread sensitivities relate to securities positions classified as loans and receivables (LaR).Changes in credit spreads have no impact on the revaluation reserve or the income statement for these portfolios. There were also equity risks in the banking book in 2012 that were created through larger investment portfolios. These were largely run down by year-end such that equity risk in the banking book was not a major factor as of December 31, 2012.

In addition, the interest rate risk in the banking book is determined monthly in accordance with regulatory requirements. This risk comprises, in particular, the risk of changes in values as a result of changes in the interest rate over time. The retention period for interest rate positions and the refinancing structure thereof are additional factors in the context of interest rate risk management. The risk model applies assumptions as to early redemption and the behavior of investors in the case of demand deposits. Furthermore, the risk of a shallower or steeper yield curve is addressed using a range of risk management tools. The yield curve shows the interest rate level over various maturities. Interest rate risk may also arise where positions are hedged by way of a transaction with a different type of pricing than that which applied in respect of the underlying transaction (basis risk). Interest rate risk affects COMMERZBANK's banking and trading books. The overall interest rate risk to which COMMERZBANK is exposed is comprised of the positions in both of these books.

The interest rate risk in COMMERZBANK's banking book is chiefly the result of the Group's commercial activities. Interest rate risk arises out of commercial activities where interest rate positions in the customer business are not or are only partially hedged. Interest rate risk further results from investment models falling within the area of responsibility of the central ALCO (Asset Liability Committee), which relate in particular to the investment in and/or refinancing of products which are not tied to any contractually stipulated interest rate (for example, in the case of own capital and savings and demand deposits).

Interest rate risk in COMMERZBANK's banking book falls within the area of responsibility of the Group Treasury unit as part of the business strategy. In addition to the positions taken by the central Group Treasury unit, the treasury activities of branches and all subsidiaries are also taken into consideration. The main responsibilities of the Treasury unit include management of the balance sheet structure and liquidity risk. Its aim is to generate a positive interest margin between interest income and funding (refinancing) expense. Interest rate risk arises in this context where positions are not refinanced over matching maturity periods or in matching currencies.

COMMERZBANK manages interest rate risk arising out of the trading and banking books on a comprehensive basis. The measurement of interest rate risk in both books is completely integrated within COMMERZBANK's daily measurement and monitoring of risk. As in the case of the measurement of trading book risk, risk quantification in the banking bank also occurs on the basis of value at risk. In addition, stress tests and scenario analyses are carried out on a daily and monthly basis using the stress test calculations described in the foregoing. This standardized procedure is intended to ensure complete transparency in respect of interest rate risk in both the trading and the banking book.

A further management element for interest rate risk in the banking book is interest rate sensitivities, which indicate how interest income will change in the event of changes in the interest rate level, for example by a change of one basis point (bp). Interest rate sensitivities are also monitored on a daily and monthly basis, at both portfolio and segment level and also at the level of the COMMERZBANK Group. Limitations are placed on interest rate sensitivities across the various maturity ranges at both Group and segment level for management purposes, with a particular focus on interest rate sensitivities in the case of longer maturities.

The impact of an interest rate shock on the economic value of the Group's banking book is simulated on a monthly basis for regulatory purposes. In accordance with the Banking Directive, the BaFin has prescribed two uniform, sudden and unexpected changes in interest rates to be used by all banks, which must report on the results of this stress test every quarter. The BaFin has set the applicable change in interest rates at +200 basis points and –200 basis points. As of June 30, 2013, potential losses in the amount of €1,990 million as a result of the +200 basis points scenario, and potential gains in the amount of €907 million as a result of the –200 basis points scenario, were identified. These potential gains or losses were largely the result of fluctuations in the euro and U.S. dollar yield curves; changes in the yield curves for the United Kingdom, Japan and Switzerland were of lesser significance. These figures comprise the positions of COMMERZBANK and material Group companies; they fall well short of the defined threshold for a potential decrease in the amount of own capital (20% for so-called outlier banks). When evaluating the results of the simulations, it should be noted that COMMERZBANK manages its interest rate risk on the basis of the Group position (including the trading book) and that a consideration of the banking book alone will only be of limited informative value in economic terms.

	December 31, 2011		December 31, 2012		June 30, 2013	
(€ m)	**–200 bps[1)]**	**+200 bps[1)]**	**–200 bps[1)]**	**+200 bps[1)]**	**–200 bps[1)]**	**+200 bps[1)]**
Total	**1,829**	**–2,052**	**118**	**–1,621**	**907**	**–1,990**

1) Interest rate shock.

Interest rate risk in the banking book by currency	**2012**	
(€ m)	**–200 bps[1)]**	**+200 bps[1)]**
EUR	–667	–1.129
USD	662	–573
GBP	296	–165
JPY	–18	17
CHF	–112	191
Other	–44	37
Total	**118**	**–1,621**

1) Interest rate shock.

Pension fund risk is also part of market risk in the banking book. The pension fund portfolio comprises a broadly diversified investment portion and a portion relating to insurance-related liabilities. Due to the extremely long duration of the liabilities (cash outflows modeled over almost 90 years), the main portion of the overall portfolio's present value risk relates to maturities of 15 years and above. The main risk drivers are long-term euro interest rates, credit spreads and the euro rate of inflation expected on the basis of anticipated developments in pensions. Equity, volatility and currency risk also need to be taken into consideration. Diversification effects between individual risks reduce overall risk, while interest rate risk and inflation rate risk, in particular, offset each other to a certain extent. The extremely long maturities of these liabilities pose the greatest challenge, particularly with regard to the hedging of credit spread risk. This is because there is an insufficiently liquid market for corresponding hedging products.

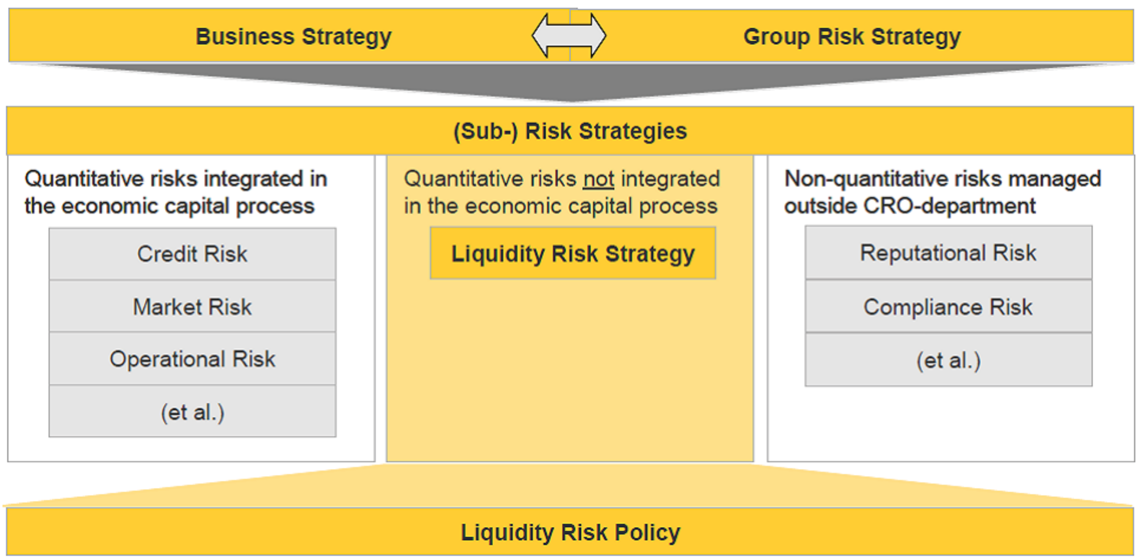
Market liquidity risk

Market liquidity risk is the risk that it will not be possible for the Group to liquidate or hedge risky positions in a timely manner, to the desired extent or on acceptable terms as a result of insufficient liquidity in the market. Market liquidity risk is measured by creating a liquidation profile for each portfolio in order to enable the classification of the portfolio in terms of its convertibility into cash using a market liquidity factor. The market liquidity risk is calculated by weighting the market risk for the year as a whole with the market liquidity factor. As was also the case at the end of 2012, COMMERZBANK had earmarked €0.2 billion in economic capital to cover market liquidity risk in the trading and banking books as of June 30, 2013 (December 31, 2011: €0.7 billion). Securities which are more susceptible to market liquidity risk include, in particular, asset-backed securities and other run-off portfolios.

Liquidity risk

Liquidity risk strategy and organization

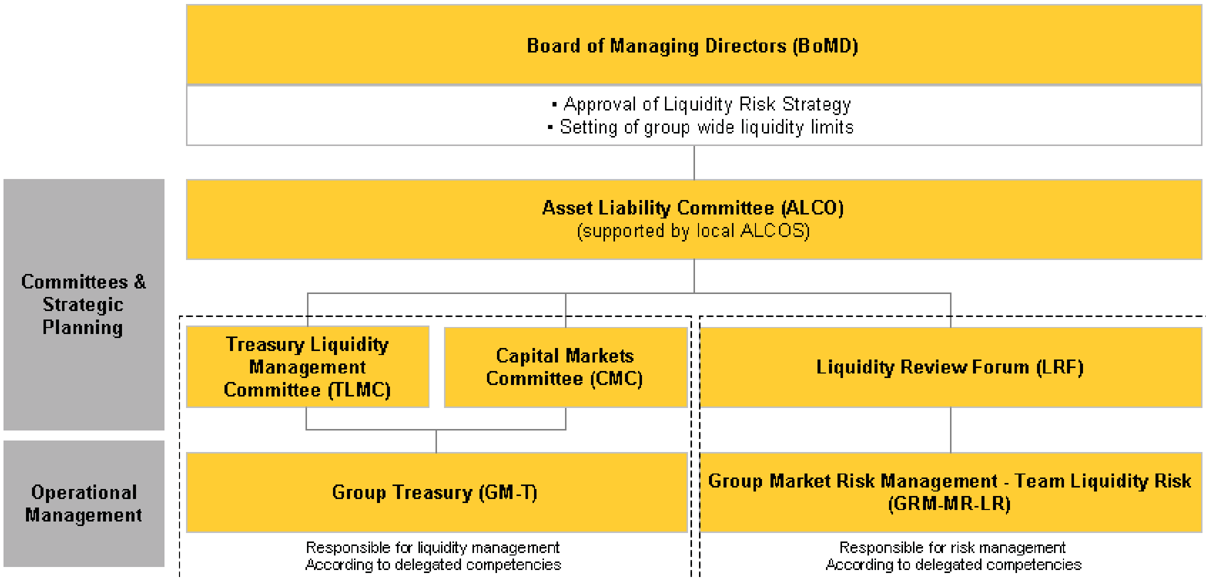
The global framework for the handling of liquidity risk management is the liquidity risk strategy, which is derived from COMMERZBANK's business and risk strategy and is agreed by the Board of Managing Directors. The liquidity risk strategy contains guidelines that define liquidity risk management, including risk tolerance, and also takes account of the increasing regulatory requirements. As the ability to meet payment obligations at all times is a prerequisite for the continued existence of the Group, liquidity risk management focuses on a combination of liquidity provisioning and risk limitation. The guidelines of the liquidity risk strategy are supplemented by regulations such as the Liquidity Risk Policy, the Model Validation Policy, the Model Change Policy and the Limit Policy.



COMMERZBANK's Group Treasury unit is responsible for the operational management of liquidity risk. Liquidity risk arising over the course of the year is monitored by the independent risk function using an internal liquidity risk model. Key decisions on liquidity risk management and monitoring are made by the central Asset Liability Committee (ALCO). This includes the setting of liquidity risk limits and the definition of the liquidity reserve.

The ALCO can resolve upon various measures for securing liquidity within the scope of the contingency plan, which is based on an integrated process comprising the Liquidity Risk Contingency Plan and the complementary Liquidity Contingency Measures drawn up by the Treasury unit, and allows for a clear allocation of responsibility for emergency procedures, in addition to adequate specification of measures to be taken should the need arise.

The following image describes the organization of liquidity risk monitoring and management:



Risk management

COMMERZBANK uses a wide range of quantitative and qualitative tools – based on an internal liquidity risk model – to manage and monitor liquidity risk. Key decisions on liquidity risk management and monitoring are taken by the central Asset Liability Committee, with subsequent confirmation by the full Board of Managing Directors. At an operating level, additional sub-committees are responsible for handling liquidity risk issues at the local level and with methodological issues relating to the quantification and limitation of liquidity risks that are of lesser significance for the Group.

The existing limit concept ensures that any emerging liquidity shortages can be identified at the earliest possible stage and that corresponding measures can be taken to address any such shortages in good time. Under the limit concept, liquidity risk limits for the COMMERZBANK Group are set on the basis of its risk tolerance as defined in the liquidity risk strategy. These Group limits are then broken down for the individual Group entities, both for individual currencies and across all currencies. In addition to liquidity limits for a time horizon of up to one year, COMMERZBANK has defined a target corridor for longer-term structural liquidity risk.

Risk quantification

The safeguarding of the COMMERZBANK Group's ability to meet its payment obligations is quantified and monitored on the basis of two interlinked concepts (analogous to the future Basel III key parameters):

- Period of up to 1 year: available net liquidity ("**ANL**") concept;
- Period of more than 1 year: stable funding concept.

Available net liquidity concept

The Bank's internal liquidity risk model forms the basis for liquidity management and reporting to the Board of Managing Directors. With reference to the reporting date in question, this risk measurement approach calculates the available net liquidity (ANL) for the next twelve months on the basis of various scenarios. COMMERZBANK's available net liquidity is calculated for various stress scenarios using the following three components: deterministic, *i.e.*, contractually agreed cash flows (forward cash exposure – FCE); economic cash flows expected in the particular scenario on the basis of statistical analysis (dynamic trade strategy – DTS); and the assets realizable in the particular scenario (balance sheet liquidity – BSL).

Liquidity is managed centrally by means of the existing liquidity risk limits and taking account of the level of liquidity risk tolerance. The stress scenario relevant for management that underlies the modeling allows for the impact of both an institution-specific stress event and a broader market crisis when calculating liquidity and setting limits. The definition of the parameters for the stress scenario is based on the level of risk tolerance determined in accordance with the overall risk strategy, but also includes defining scenarios not covered by that risk tolerance. A detailed contingency plan is drawn up on the basis of the stress scenarios, which are calculated daily and reported to management. The underlying assumptions are reviewed regularly and adjusted in accordance with any changes in the market environment as required.

In the context of liquidity risk measurement, the amount of the liquidity reserve is also reported in the daily liquidity risk report, as is the composition thereof, the degree of encumbrance and the amount of the liquid assets. Particular attention is paid in the context of the analyses conducted on a regular basis (weekly and monthly reports) to the quality of the reported assets and to whether these evidence an appropriate degree of diversification. In order to secure the Bank's ability to meet its payment obligations in all currencies, the internal liquidity risk model's limit system also includes currency-specific limits. Due to the prompt and regular provision of information to the Board of Managing Directors and the involvement of the ALCO, potential liquidity gaps can be identified at an early stage and addressed by means of targeted measures.

Risk concentrations may lead to increased outflows of liquidity, particularly in stress situations, and thus to increased liquidity risk. Risk concentrations may take various forms in the liquidity risk management environment, for example, in relation to maturities, large individual creditors or currencies. Liquidity risk management is performed centrally through the existing liquidity risk limit structure and takes into account the level of liquidity risk tolerance. With the support of ongoing monitoring and reporting, risk concentrations on the funding front can be identified in a timely manner and largely avoided.

Additional components of liquidity risk management are a survival period calculation within the meaning of MaRisk and the analysis of additional inverse stress scenarios. These assume, in particular, the occurrence of a significant collapse in short-term refinancing markets. The possibility of further liquidity being required as the result of a rating downgrade is likewise taken into consideration, as is increased utilization of approved credit and/or liquidity lines. At the same time, statistical models are used to determine the volumes of the core deposit base for certain (customer) deposits expected to be stable in the event of a crisis. With regard to the liquidation of reserves, the model differentiates among different asset classes. In this context, assets eligible for central bank borrowing purposes are generally considered to be realizable at any time and are therefore recognized as short-term cash inflows in the ANL model. General restrictions on disposals are taken into account in the form of market-specific discounts ("haircuts").

In sum, the conservative ANL model, and the continuous and sustainable management approach based thereon, is aimed at maintaining solvency at all times, even in acute crisis situations.

The effectiveness of the ANL is enhanced by limits imposed at the Group level. The establishment of limits is the responsibility of the risk function and is coordinated with the central liquidity management activities of the Treasury unit. The establishment of ANL and currency limits is intended to ensure that sufficient liquidity is maintained over a period of at least one year, even assuming the occurrence of stress events. Following from the limits imposed at the Group level, the limit structure is broken down in relation to the main subsidiaries and business units. Within the context of the ANL limits, currency limits must also be adhered to at the Group level and at the various foreign locations in order to limit refinancing risk in foreign currencies.

Even with the aid of a conservative ANL concept, it is still not possible to fully protect the Group in advance against all potentially conceivable liquidity risks. A residual risk therefore remains that, despite the liquidity reserves on hand, contingency plans and measures for the limitation of risk, the COMMERZBANK Group could become insolvent, particularly in an unexpected, extreme situation of longer duration.

The stress scenarios described form the basis for a detailed contingency plan, pursuant to which the central Asset Liability Committee may resolve upon various measures for securing liquidity. This contingency plan is based on an integrated process comprising the Liquidity Risk Contingency Plan and the complementary Liquidity Contingency Measures drawn up by the Treasury unit, and allows for a definitive allocation of responsibilities for emergency procedures, in addition to adequate specification of measures to be taken should the need arise. See also "*Risk Factors—Market and Company-related risks—30. The Group is dependent on the regular supply of liquidity, and a market-wide or company-specific liquidity shortage could have material adverse effects on the Group's net assets, financial position and results of operations. Currently, the liquidity supply for banks and other players in the financial markets is heavily dependent on extensive central bank measures*".

Stable funding concept

COMMERZBANK's short- and medium-term funding relies on an appropriately broad diversification in terms of investor groups, regions and products. Liquidity management regularly analyzes the structure of the various sources of funding for the Group's liabilities in order to actively manage the funding profile. Long-term funding is largely secured by means of structured and unstructured capital market products on a secured or unsecured basis, and by means of customer deposits.

Within the framework of the stable funding concept, the structural liquidity requirement for the Group's core lending business and assets that cannot be liquidated within one year are identified and compared to the sources of funding which are still available to the Group for at least one year ("**stable funding**"). The concept is based to the greatest possible degree on volumes recorded on the balance sheet. Those liabilities which, on account of the legal duration of their residual term, will be available to the Group for at least a year (for example, common equity and hybrid and subordinated capital with a residual term of >1 year, securitized liabilities with a residual term of >1 year, liabilities owed to banks with residual terms of >1 year, etc.) are initially recorded as stable funding. However, liabilities are also recorded as stable funding where (as is the case, in particular, for customer deposits) it may be assumed that, despite their legal terms being of shorter or duration or on-demand, at least a certain amount thereof (referred to as "core deposit base") will be available to the Group for financial purposes in the longer term. The core deposit base which may be recorded as stable funding is determined on the basis of statistical models that analyze the deposit balances observed in the past with a view to statistically possible withdrawals. Despite its conservative definition of the parameters of these models, the Group is still exposed to the residual risk that, contrary to expectations, actual deposit withdrawals may in the future be greater than the deposit withdrawals determined on the basis of the statistical models (referred to as "model risk"). See also "*Risk Factors—Market and Company-related risks—44. The Group may be exposed to risks that are either not identified or inadequately assessed by its existing risk management*".

The ratio of available stable funding to structural funding requirements is referred to as the stable funding ratio. In the case of a stable funding ratio of 100%, the level of funds over a period of more than one year as defined by the Group is exactly equal to the funding requirements over a period of more than one year as defined by the Group. The stable funding ratio is reported monthly. The Group's objective in risk management terms is to keep the stable funding ratio within a fixed narrow target range of approximately 100%, thereby securing the Group's structural liquidity. During the course of the past two years, the stable funding ratio was above 100% at all times. The stable funding ratio is reviewed by the central ALCO on a monthly basis; in the event of any divergences upwards of or downwards from the target range, the ALCO will resolve upon suitable measures aimed at bringing the ratio back within the target range. In addition to other relevant factors such as the market environment and market access, the stable funding ratio represents a cornerstone of COMMERZBANK's issue plan. Issues are planned in such a way that, given the other planning variables, the stable funding ratio remains within the target range set by the Group.

Stress testing

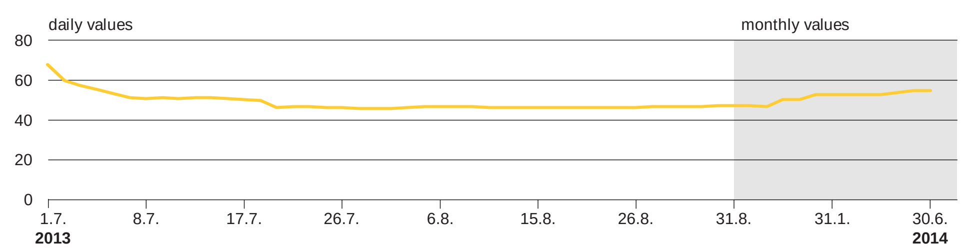
COMMERZBANK carries out regular stress tests for the purposes of ensuring an adequate basis for the avoidance of potential liquidity shortages even under difficult market conditions. These stress tests distinguish between, in particular, general stress scenarios specific to the Bank and combinations of scenarios covering all relevant forecast periods. In addition to carrying out the ANL stress tests, COMMERZBANK carries out separate survival period stress calculations within the meaning of MaRisk. These stress scenarios, which are of relevance from a risk management perspective, are supplemented with additional inverse and adverse scenario analyses which extend beyond the defined level of risk tolerance and take account of, among other things, an unexpected reduction in customer deposits or U.S. dollar funding.

In order to cover liquidity requirements in the event of a stress scenario, securities are kept available that are eligible for discounting at the central bank and that are included as balance sheet liquidity in the calculation of available net liquidity (ANL). In order to provide special coverage in the event of the sudden, unexpected incurrence of payment obligations, for example arising out of drawdowns on liquidity lines, the Treasury unit maintains a portfolio of freely disposable, highly liquid securities deposited at the central bank and eligible for discounting at the central bank.

Development of liquidity risk

The following ANL graph shows that, under the stress scenario relevant for risk management calculated as of June 30, 2013, a comfortable liquidity surplus existed throughout the period analyzed.

Available net liquidity in the combined stress scenario of the internal liquidity risk model
€bn



In 2012, the growing liquidity surplus in the money markets was also reflected in COMMERZBANK's internal liquidity ratios: the amount of the liquidity surplus calculated in the internal stress scenarios relevant to risk management remained clearly above the limits set by the Board of Managing Directors at all times throughout the 2012 financial year and in the first half of 2013. The same applies to compliance with the external German Liquidity Regulation (defined below) and the survival period calculation stipulated by MaRisk. COMMERZBANK's ability to meet all of its payment obligations was thus assured at all times, not only in accordance with the external German Liquidity Regulation (ratio as of December 31, 2012:

1.38 (December 31, 2011: 1.17), with the minimum regulatory requirement being 1.00), but also in line with the internally specified limits.

In this respect COMMERZBANK continued to profit from its core business activities in retail and corporate banking and from a widely diversified funding base in terms of products, regions and investors in the money and capital markets. In order to cope with short-term liquidity shortages, COMMERZBANK maintains a liquidity buffer of assets eligible for discounting at the central bank and cash reserves. The composition, availability and amount of these assets are reviewed and reported on daily. The regular analyses focus particularly on the quality of the reported assets and on reasonable diversification.

As of June 30, 2013, the volume of freely available assets eligible for discounting at the central bank after any haircuts included in the ANL modeling, plus central bank deposits, amounted to €99.3 billion (as of December 31, 2012: €83.4 billion. COMMERZBANK has also taken measures to enable it to react to a possible breakup of the euro and to mitigate the liquidity impact this would have.

Further development of the liquidity risk management system and Basel III

COMMERZBANK is addressing the central issues arising out of Basel III, the offsetting of liquidity costs and the management of liquidity risk within the scope of the internal liquidity risk model, and is pushing forward with the strategic development of its range of risk management tools, increasing the analytical options available in the context of liquidity risk reporting by continuously developing the infrastructure used for this purpose.

Operational risk

COMMERZBANK actively measures and manages operational risk using a consistent Group-wide framework aimed at systematically identifying OpRisk and, if so, to identify risk concentrations, as well as defining and prioritizing measures to mitigate risk. Operational risk is defined in accordance with the German Solvency Regulation as the risk of loss resulting from the inadequacy or failure of internal processes, systems and people or from external events. This definition includes legal risks but not reputational or strategic risk.

At COMMERZBANK, OpRisk and the governance of the internal control system (ICS) are closely linked with one another, in terms of both organizational structure and methodology. This close connection is due to the fact that the causes of many OpRisk cases are linked to the failure of control mechanisms. This means that an effective ICS plays a role in reducing or avoiding operational risk. Conversely, the systems in place for operational risk offer the possibility of gearing the ICS so that it is risk-oriented and consistent with OpRisk management.

OpRisk strategy

COMMERZBANK’s operational risk strategy is approved on an annual basis by the Board of Managing Directors after it has been discussed and voted upon by the Group OpRisk Committee. It describes the risk profile, key elements of the desired risk culture (including risk limits), the management framework and measures to be taken by COMMERZBANK in respect of operational risk. COMMERZBANK’s objectives in implementing the OpRisk strategy on a Group-wide basis are as follows:

- To prevent major OpRisk losses to a large extent before they occur using proactive measures, and therefore protect the Group against material adverse effects;
- To highlight potential problem areas in process organization and hence provide a basis for optimization.

COMMERZBANK’s operational risk organization has a clear allocation of responsibilities and tasks, and creates the basic organizational framework and structures for targeted and effective operational risk management and controlling. As such, OpRisk management and monitoring is based on three consecutive levels (“three lines of defense”) which, when taken together, are crucial for the reaching the established strategic aims:

- The segments and the Group Services, Group Management and Group Risk Management units constitute the “first line of defense”. They assume direct responsibility for identifying and managing operational risk in their areas of responsibility and are responsible for providing effective and prompt segment risk management.
- OpRisk/ICS, as the “second line of defense”, provides the Bank’s units with uniform and binding methods and systems for identifying, evaluating and monitoring operational risk. These are applied throughout the Group, are supplemented by tools and rules and regulations of other monitoring functions, and are used to mitigate operational risk.
- Internal and external control bodies, such as the Internal Audit unit, constitute the “third line of defense”. They are charged with conducting independent audits of OpRisk methodology and implementation at COMMERZBANK.

Chaired by the CRO, the Group OpRisk Committee meets four times a year and deals with the management of operational risk within the Group. The OpRiskCo also acts as the escalation and decision-making committee for key cross-divisional OpRisk issues. The segment OpRisk committees deal with the management of operational risk within the relevant units, the structured analysis of OpRisk matters affecting the units (for example, loss events), and the definition of measures to be taken or recommended courses of action.

Risk quantification

COMMERZBANK generally measures the regulatory and economic capital requirement for operational risk on a Group-wide basis using the advanced measurement approach ("**AMA**") in accordance with Section 278 of the German Solvency Regulation, which is based on quantitative and qualitative methods. Pursuant to the requirements of the German Solvency Regulation, the amount of the capital charge calculated on the basis of quantitative methods is supplemented with qualitative components. The AMA has been applied throughout the Group since its certification by the German bank supervisory authorities in 2012; in the case of those subsidiaries not included in the AMA, the capital requirement is determined using the basic indicator approach (BIA) or external AMA.

Prior to the certification of the integrated AMA model, which was implemented as of the second quarter of 2012, COMMERZBANK had, in the course of the integration of Dresdner Bank, developed a common OpRisk model for calculating its capital requirements, adjusted to the requirements of the new COMMERZBANK. The capital requirement for both banks was calculated separately for regulatory reporting and internal reporting purposes and then reported as an aggregate figure. In coordination with the supervisory authorities, a premium was added to these aggregate figures in order to cover any residual uncertainties stemming from the separate model calculations.

Quantitative components

The quantitative components of the AMA model comprise internal and external OpRisk loss data and mathematical/statistical models.

- The collection of data relating to losses on a Group-wide basis in compliance with Basel II and the German Solvency Regulation, with the aid of a Group-wide loss database, commences above the threshold of €5,000.
- To model the "fat tail" of the distribution of losses, *i.e.*, the financial risk arising out of rare major loss events, external loss data from the Operational Riskdata eXchange Association, Zurich (ORX), a data syndicate of international banks, are used in addition to the loss data collected on an internal basis. These data provide an additional impetus for the management of operational risk.
- For the purposes of the stochastic model, the data is grouped according to combinations of business lines, type of event and region, whereby the frequency of loss is modeled on the basis of the internal loss data and the distribution of the amount of the loss on the basis of the internal and external loss data. Insurance policies and OpRisk transfers of risk are not currently modeled.

Qualitative components

The qualitative methods supplement the information from the quantitative model components and are aimed at enabling the uniform Group-wide assessment of the business environment and internal control factors:

- The risk scenario assessment constitutes an ex-ante consideration of operational risk. The risk scenarios created on the basis of expert opinions are formulated in accordance with the MaRisk requirements in respect of unlikely but plausible potential risk events which could threaten the continued existence, or have a material adverse effect on the results, of the Group, and are taken into account in the model.
- The bonus-malus value (BMV) method gives rise – by way of its effect on the OpRisk capital of the relevant Group units – to management incentives for the reduction of operational risk and the improvement of the risk management system. The business environment and internal control factors are thereby reflected in the OpRisk model. The BMV takes account of the following qualitative OpRisk elements, which are not directly included within the mathematical/statistical model:
    - Business environment assessment (BEA): This BMV element is used for the purposes of identifying quality weaknesses in the business environment and internal control factors and also supervisory failures, on the basis of which causes for OpRisk may be deduced. Since the end of 2012, the BEA also factors in the annual ICS evaluation and the findings of the personnel risk report. Furthermore, information on external events and information technology is collected by means of a standardized questionnaire.
    - OpRisk management evaluation: The active management of OpRisk is evaluated with the aid of a standardized catalog of criteria.
    - Key risk indicators (KRI): KRIs, as a component of the BMV method, are used as part of an early warning system for the identification of threatening trends and developments at an early stage.

- Additional BMV elements: Furthermore, information relating to the elimination of high risk audit issues and the evaluation of the contingency plan are taken into account under the BMV method.
- Top level adjustments: This BMV element is only used in justified exceptional cases in order to create a risk buffer for extraordinary changes in the OpRisk environment and include this rapidly in the determination of the capital requirement for OpRisk.

In addition to the amount of regulatory committed capital, the burden in financial terms on own capital is also calculated. Both figures are the result of essentially identical mathematical models and to a large extent take account of the same data. The main difference between the two calculations lies in the confidence level applied. While a confidence level of 99.9% must be used pursuant to the German Solvency Regulation, COMMERZBANK has based its internal risk assessment on the more conservative figure of 99.91% since the end of 2011.

Risk management

The management and limitation of operational risk differs systematically from limiting credit and market risk, since the relevant management units are not made up of individual customers or positions but of internal processes. For this type of risk, the focus is on anticipatory management by the segments and cross-sectional units based on an overarching risk strategy for operational risk and the specific aspects thereof.

OpRisk ratios at Group level are managed through economic capital (ErC) and regulatory capital (RWAs). Stress tests are also carried out in the form of macroeconomic scenario stress tests for the purposes of the risk-bearing capacity calculation. Stress tests on the basis of historical scenarios and reverse stress tests are also conducted.

COMMERZBANK applies various methods for the management of OpRisk. These include:

- Continuous analysis of OpRisk loss events
- Conducting “lessons learned” activities in respect of loss events ≥ €1 million
- Systematic evaluation of external OpRisk events at competitors
- Annual evaluation of COMMERZBANK’s ICS and carrying out of risk scenario assessments

As a result of structured centralized and decentralized reporting, the management of the Group and of the individual segments and the members of the OpRisk Committee and the supervisory bodies receive regular, timely and comprehensive reports on operational risk. OpRisk reports are prepared on both a monthly and a quarterly basis and are a component of the risk reports submitted to the full Board of Managing Directors. They contain a description of the most recent risk assessments carried out by the segments, a description of the main loss events, current risk analyses, and a description of any changes in capital requirements and the status of measures implemented.

Legal risk is likewise included within the operational risk models. Group Legal manages the COMMERZBANK Group’s legal risk on a worldwide basis. The main function of this unit is to recognize potential losses from legal risk at an early stage, to devise solutions for reducing, limiting or avoiding such risk and to establish the necessary provisions. In the area of legal risk, increasing product complexity has led to an increase in the potential for loss.

Development of operational risk

Risk-weighted assets (RWA) from operational risks based on the internal AMA-model amounted to €21.7 billion as at the end of the first half of 2013 (December 31, 2012: €22.6 billion; December 31, 2011: €26.3 billion), approximately 96% of which was attributable to the Core Bank. The security premium contained in the 2011 year-end figure to cover possible residual uncertainties stemming from the separate model calculation has not been used anymore since the new model was certified in the 2nd quarter of 2012. The use of the integrated AMA-model allows the Bank to manage economic and regulatory capital for operational risk within one model approach. As in previous years, the OpRisk events were dominated by product-related events (liability for advice given).

Business risk

COMMERZBANK defines business risk as the potential loss that results from the divergence of actual income (negative divergence) and actual expense (positive divergence) from the corresponding projected figures. Business risk is modeled on the basis of the empirical divergence of projected from actual income and projected from actual expense. This risk is essentially determined by the business strategy and the Bank’s internal budget planning, as well as by changes in general conditions relating to business volumes, technical processes and competition between the Group and its competitors for customers. The results of the annual validation of the risk-bearing capacity concept were implemented as of the beginning of 2012. This entailed, among other things, the introduction of an enhanced model for the measurement and assessment of business risk in the context of the risk-bearing capacity analysis; methodological adjustments were carried out for the purposes of delineating and increasing the stability of this risk measure. Consequently, business risk is now no longer accounted for in the amount of economically required capital, but rather as an item which is potentially deductible from the risk coverage potential.

Other risks

To meet the requirements of pillar 2 of the Basel II framework, MaRisk requires the adoption of an integrated approach to risk that also includes unquantifiable risk categories. At COMMERZBANK, these are subjected to a qualitative management and control process. The following risks are outside the CRO's responsibility.

Personnel risk

Personnel risk falls within the definition of operational risk contained in Section 269(1) of the German Solvency Regulation. The internal management interpretation of this definition at COMMERZBANK includes the following elements within personnel risk:

- *Adjustment risk:* It is the Group's aim to ensure, by means of selected internal and external training, continuing education and "change" programs, that the level of employee qualifications keeps pace with the current state of developments, that structural changes are supported in an appropriate manner and that its employees are able to fulfill their duties and responsibilities.
- *Motivation risk:* By means of employee surveys, particularly during the integration process, the Group endeavors to respond as quickly as possible to potential changes in its employees' level of corporate loyalty and to initiate adequate management measures.
- *Departure risk:* The Group takes great care to ensure that the absence or departure of employees does not result in long-term disruptions to its operations. Quantitative and qualitative measures of staff turnover are monitored regularly.
- *Supply risk:* The Group's quantitative and qualitative staffing is aimed at facilitating the implementation of COMMERZBANK's internal operating requirements, business activities and strategy.

Employees are a key resource for COMMERZBANK. COMMERZBANK's success is based on the expertise, skills, abilities and motivation of its employees. Personnel risk is systematically managed by Group Human Resources with the aim of identifying risks as early as possible and assessing and managing them by deploying selected personnel-related tools. The full Board of Managing Directors is regularly informed about personnel risk issues.

Business strategy risk

Business strategy risk is defined as the risk in the medium to long term of negative deviations from the strategic targets of COMMERZBANK arising, for example, as a result of changes in market conditions or inadequate implementation of the Group strategy.

Group strategy is developed further within the framework of a structured strategy process. The results of this strategy process are used to set a sustainable business strategy that describes the major business activities and the measures required to attain the defined goals. In order to ensure the proper implementation of Group strategy with a view to achieving its business targets, strategic controls are carried out through regular monitoring of quantitative and qualitative targets within the Group and the segments.

Responsibility for strategic corporate management lies with the full Board of Managing Directors. Certain business policy decisions (acquisitions and disposals of equity stakes amounting to 1% or more of total equity) also require the approval of the Risk Committee of the Supervisory Board. All major investments are subject to careful review by the Investment and Resources Allocation Committee.

Reputational risk

COMMERZBANK defines reputational risk as the risk that stakeholder groups may lose confidence in COMMERZBANK or that its reputation may be damaged as a result of adverse events occurring in the context of its business activities. These stakeholder groups include, in particular, the general public and the media, employees and customers, rating agencies, shareholders and business partners. Reputational risk is thus also linked to communication risk.

The operational divisions, branches and subsidiaries bear direct responsibility, within the scope of their business operations, for reputational risk arising out of their particular activities. Reputational risk may also stem from other types of risk and even amplify such risks. A special department in Group Communications is responsible for the management of reputational risk in an overall Group context. Its tasks include the timely monitoring, identification and handling of internal and external reputational risk (early warning function).

For this reason, relevant measures and activities relating to business policy are subjected to careful scrutiny. In particular, COMMERZBANK endeavors to avoid business policy measures and transactions which entail significant tax or legal risks, and to avoid ethical, environmental or social risks. All relevant credit decisions are voted on individually with regard to any accompanying reputational risk. This voting procedure may result in transactions being declined.

Compliance risk

The confidence of customers, shareholders and business partners in the proper and legitimate conduct of COMMERZBANK's operations underpins its business activities. This confidence is based, in particular, on the Group's compliance with applicable regulations and conformity with customary market standards and codes of conduct (compliance). Non-compliance with legal, regulatory or other provisions which COMMERZBANK must observe in conducting its business operations will give rise to compliance risk.

These include, in particular:

- Regulations for the prevention of money laundering and the financing of terrorism
- Compliance with imposed sanctions
- Codes of conduct for the provision of investment services and ancillary investment services
- The combating of fraud and corruption

See also "*Risk Factors—Market and Company-related risks— 33. The Group is exposed to a large number of operational risks, including the risk that employees will enter into excessive risks on behalf of the Group or violate compliance-relevant regulations in connection with the conduct of business activities and thereby cause considerable losses to appear suddenly, which may also lead indirectly to an increase in regulatory capital requirements*".

To the extent that compliance risk may be quantified, it is covered by operational risk, together with legal, personnel and IT risk. All risk arising in this connection is managed with a view to further strengthening confidence in the Group's integrity. The ever-increasing complexity of national and international laws, regulations and market standards is addressed by means of constant improvements in the management of compliance risk and adjustments to reflect current developments and challenges.

Disclaimer

The methods and models used by COMMERZBANK's internal risk measurement methods and models, which form the basis for the calculation of the figures presented herein, are based on current knowledge and are in line with banking sector practice. The results obtained using the risk models are suitable for the risk management purposes of the Group. The measurement approaches are regularly reviewed by the Risk Control unit, the Internal Audit unit, external auditors and the German supervisory authorities. Nevertheless, despite the careful development of the models and regular controls, models can neither completely capture all of the influencing factors that may arise in reality, nor reflect the complex behavior and interactions of these factors. The limitations of risk models are particularly evident in extreme situations. Supplementary stress tests and scenario analyses can only show examples of the risks to which a portfolio may be exposed in extreme market situations (see "*Risk Factors—Risks arising from bank-specific regulation—48. COMMERZBANK is subject to stress tests, the results of which may have adverse effects on the Group when published*"). Stress testing all conceivable scenarios is, however, unfeasible. The analyses cannot give a definitive indication of the maximum loss which may be incurred in the case of an extreme event. See "*Risk Factors—Market and Company-related risks—44. The Group may be exposed to risks that are either not identified or inadequately assessed by its existing risk management*".

GENERAL INFORMATION ON COMMERZBANK AND THE COMMERZBANK GROUP

Company name, registered office, corporate purpose and financial year

COMMERZBANK was founded in Hamburg as "Commerz- und Disconto-Bank" in 1870. Following a temporary decentralization, COMMERZBANK was re-established on July 1, 1958 after a re-merger of successor institutions created as part of the post-war breakup in 1952. COMMERZBANK's registered office is in Frankfurt am Main. COMMERZBANK is registered in the commercial register of the Local Court of Frankfurt am Main under the number HRB 32000. The Company trades under the name COMMERZBANK Aktiengesellschaft, and was established under German law for an indefinite period. In its business dealings, the Company uses the name COMMERZBANK. The Company's business address is Kaiserstrasse 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany, Tel. +49-69-136-20.

In accordance with Article 2 of the Articles of Association, COMMERZBANK's corporate purpose is to engage in banking transactions and to offer all types of financial services and other related services and transactions, including acquiring, holding and disposing of interests in other entities.

The Company may realize its corporate purpose itself, through affiliated companies and equity participations or through the conclusion of affiliation and cooperation agreements with third parties. It is entitled to have recourse to all transactions and measures which are suitable for promoting its corporate purpose, in particular the establishment of branches in Germany and abroad and the acquisition, management and disposal of interests in other enterprises.

COMMERZBANK's financial year is the calendar year.

History of the Company

COMMERZBANK was founded on February 26, 1870 by merchants and private bankers in Hamburg as "Commerz- und Disconto-Bank in Hamburg", with additional investments by companies from Berlin, Frankfurt am Main and New York. From the outset, the Company focused on lending, particularly to small and medium-sized businesses, foreign trade financing and placements of shares and bonds. In 1873, Commerz- und Disconto-Bank also took a stake of around 50% in the establishment of the London and Hanseatic Bank in London to handle its overseas business.

After setting up branches in Berlin and Frankfurt am Main, COMMERZBANK dropped the suffix "in Hamburg" from its name in 1898. In subsequent years the Company grew to become one of the leading banks in Germany. The focus of the Company's business increasingly shifted from Hamburg to Berlin, although the Hamburg branch remained an important center.

One milestone was the 1920 merger with the Magdeburg-based Mitteldeutsche Privatbank, an important regional bank with numerous branches in Saxony-Anhalt, Saxony and Thuringia. Following the merger, the Company was renamed Commerz- und Privat-Bank in 1920. A further important step in the Company's expansion was the 1929 merger with Mitteldeutsche Creditbank, Frankfurt am Main, which added new branches in Hesse and Thuringia to the Company's branch network. The subsequent 1932 merger with Bank-Verein Hinsberg, Fischer & Co. of Düsseldorf strengthened the Company's business base in the western part of Germany. In 1940, the Company shortened its name to "COMMERZBANK Aktiengesellschaft".

As a result of the partition of Germany at the end of World War II, COMMERZBANK lost around 45% of its branch network. The decentralization of the large banks carried out by the allied military governments in the three western zones led to COMMERZBANK being split up into nine regional branch groups. The 1952 Law on Bank Branch Locations led to the bank being broken up into three successor institutions with their registered offices in Hamburg, Düsseldorf and Frankfurt am Main. After the Law Abolishing the Restrictions on Banks' Branch Networks was enacted in 1956, the successor institutions recombined to form COMMERZBANK Aktiengesellschaft with effect as of July 1, 1958. Berlin remained a special case, however. A subsidiary, Berliner Commerzbank, was founded there in 1949. The reunification of Germany allowed this subsidiary to be merged with its parent company on October 1, 1992.

In the 1950s and 1960s, COMMERZBANK expanded its retail banking business and built up a nationwide branch network. At around the same time, the Company developed into an international business offering a variety of financial services under one roof. The bank set up its first foreign branch in Luxembourg in 1969. The New York branch, which opened in 1971, was the first operating unit of a German bank in the United States.

COMMERZBANK has prepared consolidated financial statements since 1967. Around 1970, COMMERZBANK also began to centralize its headquarters in Frankfurt am Main. COMMERZBANK's registered office, which had been in Düsseldorf since 1958, was relocated to Frankfurt am Main in 1990.

German reunification posed a particular challenge to the banking sector. COMMERZBANK regained its former strong position in Central and Eastern Germany by setting up a branch network of its own. In the 1990s, COMMERZBANK successfully focused its activities on private and business customers, corporate banking, investment banking and commercial real estate. COMMERZBANK is the only major bank in Germany with a distinct operating segment catering solely to small and medium-sized businesses. Furthermore, as of the date of the offering circular, COMMERZBANK holds a majority stake in comdirect bank Aktiengesellschaft ("**comdirect bank**") which the Company believes is one of Germany's leading direct banks.

After the takeover of, and merger with, Dresdner Bank in 2009, COMMERZBANK became, according to its own estimates, the second-largest German bank in terms of total assets. The integration of Dresdner Bank has been largely completed.

The global financial crisis that began in 2008 required support measures in Germany as well as in other countries. At the end of 2008 and in the middle of 2009, the Federal Republic of Germany acquired a shareholding in COMMERZBANK of 25% plus one share and two silent participations in the amount of €16.4 billion (see also "*Description of the COMMERZBANK Group's Business Activities—Material agreements—Utilization of the SoFFin stabilization measures by COMMERZBANK*" for details of this utilization).

COMMERZBANK largely repaid SoFFin's silent participations in 2011. SoFFin's silent participations were further reduced as part of two smaller capital measures implemented in the first six months of 2012. In connection with the capital measures implemented in the second quarter of 2013, COMMERZBANK fully repaid the remaining amount of SoFFin's silent participations on May 31, 2013. As of the date of the offering circular, the Federal Republic of Germany holds a 17.15% shareholding in COMMERZBANK.

COMMERZBANK has an important presence in Poland, its second core market, particularly via its subsidiary BRE Bank. However, COMMERZBANK sold its equity investments in the Russian Promsvyazbank and the Ukranian Bank Forum in 2012.

Auditors

The Company's auditors are PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("**PwC**"), Friedrich-Ebert-Anlage 35-37, 60327 Frankfurt am Main, Germany. PwC has audited the consolidated financial statements for the 2010, 2011 and 2012 financial years, which were prepared in accordance with IFRS and the additional accounting requirements under Section 315a(1) of the German Commercial Code (*HGB*), and has also audited the annual financial statements for the 2012 financial year, which were prepared in accordance with German accounting requirements, issuing an unqualified audit opinion in each case. The condensed IFRS consolidated interim financial statements as of June 30, 2013 have been subject to an auditor review by PwC and provided with an auditor review report. PwC is a member of the German *Wirtschaftsprüferkammer* (auditors' association).

Group structure and corporate investments

The Company holds – directly or indirectly – equity interests in a number of companies.

In addition to COMMERZBANK, the 2012 consolidated financial statements include 247 subsidiaries and companies held directly or indirectly, 46 special-purpose entities, 10 funds, 19 associated companies accounted for at equity and four joint ventures accounted for at equity. For information on the Company's subsidiaries and associated companies held directly at equity as of December 31, 2012, please refer to note 3 of the notes to COMMERZBANK's consolidated financial statements for the 2012 financial year, which are included in the "*Financial Section*" of this offering circular; a complete list of the COMMERZBANK Group's shareholdings can be found in note 102 of the notes to COMMERZBANK's consolidated financial statements for the 2012 financial year.

The following table provides an overview of the main subsidiaries held by the Company, both directly and indirectly, as of the date of this offering circular (details on equity capital and annual profit pursuant to the list of ownership interests 2012):

Company	Registered office	Share of capital held	Voting rights	Currency	Equity	Net profit/loss for the 2012 financial year
		(in%)			(in thousands)	
Atlas-Vermögensverwaltungs-Gesellschaft mit beschränkter Haftung	Frankfurt am Main	100.0	100.0	EUR	243,239	—[1]
comdirect bank Aktiengesellschaft	Quickborn	81.1	81.1	EUR	467,641	71,053
Commerz Real AG	Eschborn	100.0	100.0	EUR	408,394	—[1]
Hypothekenbank Frankfurt AG[2]	Eschborn	100.0	100.0	EUR	5,661,992	—[1]
BRE Bank SA	Warsaw	69.7	69.7	PLN	9,163,858	1,199,485
Commerzbank Holdings (UK) Limited[3]	London	100.0	100.0	GBP	502,383	18,426
Commerz Markets LLC[4]	Wilmington, Delaware	100.0	100.0	USD	429,625	5,518
Commerzbank (Eurasija) SAO	Moscow	100.0	100.0	RUB	12,165,512	1,165,019
Commerz Europe (Ireland)	Dublin	100.0	100.0	EUR	347,903	–9,071
Commerzbank International S.A.	Luxembourg	100.0	100.0	EUR	558,321	96,187
Commerzbank Zrt	Budapest	100.0	100.0	HUF	24,941,022	792,495
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg	100.0	100.0	EUR	445,132	77,900

1) As a result of a profit transfer agreement.
2) Formerly Eurohypo AG.
3) Formerly Dresdner Kleinwort Group Limited.
4) Formerly Dresdner Kleinwort Securities LLC.

Rating

The following table shows COMMERZBANK's long-term and short-term ratings as of the date of the offering circular:

Rating agency	Long-term rating	Short-term rating
Moody's Investors Service, Inc. ("**Moody's**")	Baa1[1]	P-2[2]
Standard & Poor's Financial Services LLC ("**Standard & Poor's**")	A-[3]	A-2[4]
Fitch Ratings, Inc. ("**Fitch**")	A+[5]	F1+[6]

1) According to Moody's classification, "Baa"-rated liabilities are associated with a moderate credit risk and regarded as liabilities of medium quality and, as such, sometimes feature certain speculative elements. Moody's appends one of the numerical modifiers "1", "2" and "3" to each of the general rating classes from "Aa" to "Caa". The modifier "1" here indicates a classification within the upper third of its generic rating class.
2) Issuers (or their supporting third parties) with a "Prime-2" rating are regarded by Moody's as being highly capable of servicing short-term bonds.
3) Issuers with an "A-" rating are considered by Standard & Poor's to have a strong capacity for meeting financial obligations but are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than issuers in higher-rated categories. The modifier "-" indicates relative standing within the major rating category.
4) Issuers with a short-term rating of "A-2" are considered by Standard & Poor's to still have a satisfactory capacity for meeting financial obligations but are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than issuers in higher rating categories.
5) "A" ratings according to Fitch indicate that the expected risk of default is low. A good capacity to meet financial obligations is assumed. However, in contrast to the higher ratings, this capacity may be susceptible to adverse business or economic conditions. The added qualification of "+" or "–" indicates the relative position within the major rating categories.
6) A rating of "F1" according to Fitch stands for the highest level of short-term creditworthiness and represents the strongest intrinsic ability to promptly satisfy financial obligations. An additional qualification of "+" indicates exceptionally high creditworthiness.

The ratings were prepared by subsidiaries of these rating agencies. These subsidiaries, Standard & Poor's Credit Market Services Europe Ltd. (German branch) with its registered office in Frankfurt am Main, Moody's Deutschland GmbH with its registered office in Frankfurt am Main and FitchRatings Ltd. with its registered office in London, United Kingdom, are registered with the European Securities and Markets Authority (ESMA) in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of September 16, 2009 (Source: ESMA, Press Release dated October 31, 2011).

Each rating reflects the opinion of the particular rating agency at the given reported point in time. Investors should consider each rating individually and obtain additional information and a more detailed understanding of the significance of the credit rating provided by the relevant rating agency. Rating agencies may change their ratings at any time if specific circumstances require such a change in their opinion. Investors should not regard the long-term ratings as a recommendation to buy, hold or sell securities.

On April 23, 2013, Moody's downgraded COMMERZBANK's long-term senior debt and deposit rating from "A3" to "Baa1" with a stable outlook and its senior subordinated debt rating from "Ba1" to "Ba2" with a stable outlook. Moody's justified this on the grounds of the continued challenging environment in the German retail banking market and, from Moody's perspective, COMMERZBANK's continued high risks relating to Commercial Real Estate, ship financing and sovereign debt of southern European periphery countries.

On May 28, 2013, Standard & Poor's downgraded COMMERZBANK's long-term senior unsecured debt rating from "A" to "A-" with a negative outlook, its short-term senior unsecured debt rating from "A-1" to "A-2" with a negative outlook and its nondeferrable senior subordinated debt rating from "BBB" to "BB+". As the basis for the downgrade, Standard & Poor's stated that from its perspective, COMMERZBANK will require more time to restructure its business model and that it will take longer than previously anticipated to reduce the considerably high risks associated with its non-core loan portfolio. In addition, Standard & Poor's expects a slowdown in the German economy, which remains central to COMMERZBANK's future strategy.

For further information on the risks associated with COMMERZBANK's rating, see also "*Risk Factors—Market and Company-related risks—32. A downgrade in the rating of COMMERZBANK and its subsidiaries may make refinancing more difficult or more expensive and entitle counterparties to terminate derivative transactions or demand additional collateral*".

DESCRIPTION OF THE COMMERZBANK GROUP'S BUSINESS ACTIVITIES

Introduction

Overview

Based on total assets as of June 30, 2013, the COMMERZBANK Group believes that it is the second-largest bank in Germany. At present it has approximately 1,200 branches, one of the most extensive branch networks of all private German banks, serving customers from every customer group. The focus of its activities is on the provision of a wide range of financial services to private, small and medium-sized corporate and institutional customers in Germany, including account administration, payment transactions, lending, savings and investment products, securities services, and capital market and investment banking products and services. As part of its comprehensive financial services strategy, the Group also offers other financial services in association with cooperation partners, particularly building savings loans, asset management and insurance. The Group is continuing to expand its position as one of the most important German export financiers. Alongside its business in Germany, the Group is also active through its subsidiaries, branches and investments, particularly in Europe. Outside of Germany, the COMMERZBANK Group is also represented through 23 operational foreign branches, 35 representative offices and seven significant subsidiaries in 53 countries as of June 30, 2013. The focus of its international activities lies in Poland and on the goal of providing comprehensive services to German SME customers in Western Europe, Central and Eastern Europe and Asia. Since the completion of the acquisition of Dresdner Bank in 2009, COMMERZBANK has integrated its business divisions with those of Dresdner Bank. The bank-wide integration project has been largely completed. As of June 30, 2013, the COMMERZBANK Group employed a total of 53,543 employees, 41,653 of which are in Germany and 11,890 of which are abroad.

The COMMERZBANK Group is divided into five operating segments – Private Customers, Mittelstandsbank, Central & Eastern Europe, Corporates & Markets and Non-Core Assets (NCA) – and Others and Consolidation. The Private Customers, Mittelstandsbank, Central & Eastern Europe and Corporates & Markets segments form the COMMERZBANK Group's Core Bank, together with Others and Consolidation. The Group divisions contained within the NCA segment are to be completely run down over time.

With total assets of €635.9 billion as of December 31, 2012 (December 31, 2011: €661.8 billion), the COMMERZBANK Group achieved income before provisions of €9.9 billion (2011: €9.9 billion), operating profit of €1,216 million (2011: €507 million) and consolidated profit attributable to COMMERZBANK shareholders of €6 million (2011: €638 million) in the 2012 financial year. In the 2012 financial year, the Core Bank achieved income before provisions of €9.5 billion (2011: €12.6 billion), operating profit of €2.6 billion (2011: €4.7 billion) and a pre-tax profit of €2.3 billion (2011: €4.7 billion). In the NCA segment, income before provisions in the 2012 financial year amounted to €225 million (2011: €–2.7 billion), the operating loss amounted to €–1.5 billion (2011: €–4.0 billion) and the pre-tax loss amounted to €–1.6 billion (2011: €–4.0 billion). In the former Portfolio Restructuring Unit (PRU) segment, which was dissolved as of July 1, 2012, but the results of which for the first half of 2012 were still reported in the 2012 year-end consolidated financial statements, income before provisions amounted to €216 million (2011: €–62 million), operating profit to €184 million (2011: €–130 million) and pre-tax profit to €184 million (2011: €–130 million) in 2012.

In the six-month period ended June 30, 2013, the COMMERZBANK Group achieved a pre-tax profit of €54 million, a decrease of €835 million compared with the same period in 2011, and had total assets of €637.0 billion as of June 30, 2013.

In response to the financial crisis, SoFFin contributed silent participations to COMMERZBANK (initially in the total amount of €16.4 billion) in December 2008 and June 2009, and in May 2009 acquired a stake of 25% plus one share in COMMERZBANK (see "*—Material agreements—Utilization of the SoFFin stabilization measures by COMMERZBANK*"). As result of the capital measures implemented by COMMERZBANK in the second quarter of 2011, in March 2012 and in June 2012, the silent participations had already been largely directly repaid and, to a lesser extent, exchanged for shares in COMMERZBANK. On March 13, 2013, COMMERZBANK announced that it intended to fully repay the silent participations of SoFFin before their due date by means of a capital increase against cash and contributions in kind. On April 19, 2013, COMMERZBANK's Annual General Meeting passed a resolution for a capital increase with subscription rights. The relevant subscription offer lasted from May 15, 2013 to May 28, 2013. Upon completion of the transaction, SoFFin's shareholding in COMMERZBANK fell to 17.15%. On May 31, 2013 COMMERZBANK fully repaid the silent participations of SoFFin and Allianz.

Competitive environment

The COMMERZBANK Group competes in Germany and internationally for customers, investors and employees; and in Europe principally with European universal banks with a leading position in each domestic market. These primarily include ABN Amro, Barclays, BBVA, BNP Paribas, Crédit Agricole, Deutsche Bank (including Postbank), Erste Bank, ING, Intesa Sanpaolo, KBC, Lloyds, Nordea, RBS, Santander, SEB, Société Générale and UniCredit/HVB. In the German private and corporate customer business, COMMERZBANK also faces competition from the savings and cooperative banks as well as their umbrella organizations. The German market is generally characterized by a high degree of fragmentation. COMMERZBANK does not believe that there will be significant changes to this fragmented market structure in the foreseeable future. According to Deutsche Bundesbank's bank statistics (Source: German Bundesbank, Monthly Report February 2013), there were 433 German Landesbanken and savings banks, 1,104 cooperative central banks and credit cooperatives, and 162 regional banks and other private-sector banks operating in the German market in December 2012. Deutsche Bundesbank reports a total of 1,870 banks in Germany (including branches of foreign banks).

The European sovereign debt crisis continues to have a major influence on the business activities of banks. The majority of banks have dramatically reduced their risk positions, while the requirements of the European Banking Authority (EBA) have led to a further acceleration of these activities. Furthermore, capital and liquidity restrictions have resulted in numerous financial institutions announcing their withdrawal from foreign markets and/or certain products, particularly in the capital markets business, and their intention to grow only on a selective basis. In addition, efficiency optimization programs have been initiated or continued in reaction to these challenges. The vast majority of these programs consist of cost reduction programs that entail a notable reduction in employee numbers.

Despite the current tendency of many banks to focus on their domestic markets, it can be expected that COMMERZBANK's competitive environment will not become less challenging in the future. Competition for deposits as a source of refinancing is likely to continue, and the German market remains attractive because it is currently only moderately affected by the European sovereign debt crisis.

COMMERZBANK believes the competitive environment for the Core Bank's individual operating segments to be as follows:

- *Private Customers:* The market environment for the Private Customers segment is characterized by intense competition. Price and margin pressure is generated by national direct providers, discounters and product specialists, which tend to have cost advantages in many areas as a result of a lower cost structure that they pass on to their customers, for example in the form of above-average interest rates on savings and demand deposits. COMMERZBANK's main competitors in the banking branch business include savings and cooperative banks and the Deutsche Bank group. The competitors of comdirect bank include DKB from among the direct banks in the traditional banking business, and Cortal Consors, DAB bank and flatex in the brokerage business. Due to its size, ING-Diba is also a major competitor for both COMMERZBANK and comdirect bank in the private customer business. The European Bank for Financial Services GmbH's ("**ebase**") competitors include Frankfurter Fondsbank, Fondsdepot Bank from among the fund platforms and DAB bank and Augsburger Aktienbank from the B2B direct banks.
- *Mittelstandsbank:* Mittelstandsbank faces stiff competition in Germany, although the competitors vary depending on the Group division concerned (Mittelstand Germany, Corporate Banking & International and Financial Institutions). Savings banks and credit unions focus mainly on the smaller corporate customer sector in Germany, generating competition in terms and conditions on the asset side. In addition, UniCredit/HVB and Deutsche Bank also serve the large SME sector, on which the German Landesbanken and some regional banks also focus. The strongest national competitors in the corporate banking sector in Germany are UniCredit/HVB, Deutsche Bank and the German Landesbanken. Competition for German SME customers in particular has recently become even more intense. For example, in March 2013 Deutsche Bank announced a strategic initiative aimed at expanding its SME business by bundling it into an expanded business division. There are also a number of foreign competitors operating in the market (*e.g.*, HSBC, BNP Paribas and SEB). Moreover, the Company expects that the German market will also become increasingly attractive for foreign investment banks over the medium term. This is based on the fact that the Company anticipates a process of increasing disintermediation in the lending business, *i.e.*, a decline in the importance of lending banks due to companies obtaining financing from the capital markets, one of the causes of which is the Basel III requirements, which increase the capital requirements placed on the traditional lending business. In international terms, Mittelstandsbank competes with all the leading large international banks, particularly with Deutsche Bank and local banks with a leading position in their respective local markets. The Financial Institutions Group division's competitive environment is shaped in the area of payment transactions primarily by banks in the Eurozone, and in the trade services business also by major international banks focused on this sector, such as Citigroup, JPMorgan, Wells Fargo, Barclays, HSBC, Standard Chartered and Bank of New York Mellon.
- *Central & Eastern Europe:* COMMERZBANK considers itself the leading German bank in Poland measured in terms of market share by virtue of its stake in BRE Bank. Measured in terms of its total assets, BRE Bank is the fourth largest bank in Poland (source: The Largest Banks in Poland by Total Assets). The largest local and international competitors of BRE Bank and mBank, its direct banking brand, include PKO Bank Polski SA (Polish state), Bank Pekao SA (UniCredit), Bank Zachodni WBK SA (Banco Santander), ING Bank Slaski SA (ING), Bank Millenium SA (Banco Comercial Português) and Bank Handlowy SA (Citibank).
- *Corporates & Markets:* The competitors of Corporates & Markets are also constantly adapting to a business environment that remains challenging in both a regulatory and a market sense. A primary focus is adapting business

models to the changing regulatory requirements, optimizing efficiency by setting new priorities and in some cases closing individual business units. The principal competitors of Corporates & Markets are global banks and regionally-focused institutions and product specialists. Deutsche Bank is a significant competitor for large German corporations, SMEs, financial institutions and products for private customers. Deutsche Bank competes with Corporates & Markets in all business areas. Foreign banks such as UniCredit, BNP Paribas, Société Générale, Crédit Agricole, RBS, Nordea and Santander have a local presence in Germany and therefore also compete with Corporates & Markets, particularly in the syndicated lending and bond markets, exchange traded funds (ETFs) and other retail products, as well as in the LBO, high yield and M&A business. The German Landesbanken, savings banks and credit unions have significant market shares in the retail and corporate business in Germany, and are increasingly using their access to corporate customers to generate income from investment banking products as well. Global investment banks (*e.g.*, Goldman Sachs, Bank of America Merrill Lynch, Credit Suisse, Barclays and UBS) combine sector teams with a global offering in M&A and equity capital markets (ECM). Other competitors, such as asset managers (*e.g.*, BlackRock) use their ETF products to compete with Corporates & Markets in COMMERZBANK's principal markets.

Economic environment

The global economy is expected to recover further in the second half of 2013 and in 2014, while expanding somewhat faster than in the first half of this year. One risk for this outlook would be a new flare-up of the sovereign debt crisis, which is currently being contained to a large extent by the verbal interventions of the ECB. In addition, growth in China and other Asian countries, e.g. India or Indonesia, could weaken further if the problems in the Chinese financial sector or the current account deficit-related crisis in other emerging markets worsen.

The United States is also expected to contribute to stronger global economic growth in the second half of 2013 because tax increases and spending cuts will act as less of a brake on the economy than they did in the first half of the year. Furthermore, past excesses in the real estate sector and in consumer debt levels have largely been corrected, such that these are no longer hampering the economy as they have done in recent years. In view of the likelihood that the labor market will continue to improve, it may be assumed that the U.S. central bank will begin winding down its bond purchase program during the second half of the year.

The recession in the eurozone ended this spring, although a strong upturn is not expected. COMMERZBANK believes Germany has the best outlook for the next few quarters because its economy can benefit most from the ECB's expansionary monetary policy due to its continuing relatively high level of competitiveness and the absence of earlier excesses. However, before a sustained period of strong growth can set in, the uncertainty about the future fate of the currency union needs to be removed, so that companies become less reluctant to invest and the low interest rates can filter through to the real economy. In the periphery countries, COMMERZBANK expects the economies to stabilize in the third quarter of 2013 because fiscal policy is no longer so restrictive and some of these countries have become considerably more competitive in the past few years. Nevertheless strong growth is not expected for the time being.

However, some "core" eurozone countries are now experiencing similar problems to those observed in recent years in the periphery countries, as their economies have become less competitive. In addition, property prices in most eurozone countries have, after increasing significantly, either started declining or can be expected to do so shortly. Overall the eurozone economy is likely to grow only slowly through the end of 2014, so COMMERZBANK expects the ECB to keep key interest rates at the current low level for some time, as was announced recently.

It is probable that the financial markets will continue to be affected by the debate about the Federal Reserve's gradual withdrawal from its policy of quantitative easing. Against this backdrop, yields on long-dated U.S. Treasuries are likely to increase further, as should those on German Bunds, although to a lesser extent. Additionally, financial markets in the emerging economies are suffering from outflow due to the reduced attractiveness. Since U.S. monetary policy will nevertheless remain accommodative, and the other central banks have not so far made their policies less expansionary, it may be assumed that there will be an increase in riskier types of investment once more. Given the differing approaches to monetary policy on either side of the Atlantic, it is probable that the euro will tend to lose ground against the U.S. dollar.

On the influence of the economic environment on the business development of the COMMERZBANK Group since 2010, see also "*—Recent developments and outlook*" and "*Presentation and Analysis of the Net Assets, Financial Position and Results of Operations—Key factors influencing the net assets, financial position and results of operations—Economic environment*".

Competitive strengths

COMMERZBANK believes the Group has the following competitive strengths:

- *Strong base in the German economy.* COMMERZBANK earned 65.8% of its income before provisions in Germany in the first half of 2013. As the largest economy in Europe and currently one of the most stable countries in the Eurozone, the domestic market in Germany provides a solid foundation for COMMERZBANK's core activities. The

Group's strong base in Germany enables it to share in the expected growth of export-oriented German companies outside of Germany over the long term.

- *Leadership in the SME business.* COMMERZBANK has a strong market position in the German SME business. The acquisition of Dresdner Bank has enabled the Group to strengthen and expand its position in this market segment. The Group benefits in its SME business from its long-standing relationships with many companies as well as the continuity and quality of its personal support to SME customers.
- *Leading bank for private customers.* Following the merger of COMMERZBANK and Dresdner Bank, the Group plays a leading role among German private banks in the private customer business, with some 11 million private and corporate customers and one of the most extensive branch and advisor networks (approximately 1,200 branches). Moreover, the comdirect bank group has a leading position in both direct banking and the online securities business.
- *Proven customer focus in investment banking.* Corporates & Markets is responsible for the range of investment banking services offered to the Group's customers and for providing direct support to sophisticated DAX and MDAX companies who require capital market products as well as international insurers, financial investors, the German Federal Government and the German states. The segment is closely integrated with the other Group segments and is in a position to build on the strong market position and reputation of COMMERZBANK as the principal bank of a number of German and international companies. Due to its widely diversified product and sales portfolio and the closure of dedicated proprietary trading in 2004, COMMERZBANK regards the segment as the forerunner of customer-focused investment banking.
- *Strong position in Poland.* Business in Poland, as the second core market, is another important pillar for the Group in addition to its German business. Through its BRE Bank subsidiary and the latter's mBank direct bank brand, COMMERZBANK has acquired a significant market position in Poland, a market that COMMERZBANK continues to view as attractive and with much greater potential for growth than in Germany. Here the Group utilizes its know-how, particularly in the corporate and private customer business, to systematically generate competitive advantages.
- *Broadly diversified refinancing base.* COMMERZBANK's refinancing can rely upon a diverse range of products, maturities, investor groups, regions and currencies. The Group also benefits from a stable deposit base in its private and corporate customer business.
- *Operating under a well-known brand with a long history and positive image.* The "COMMERZBANK" brand gives the Group a brand with a long history, which enjoys high recognition and a positive image.

Strategy

COMMERZBANK is an international commercial bank for companies, institutional customers, public-sector bodies and private customers focused on the core markets of Germany and Poland.

- As a universal bank, COMMERZBANK offers its customers a comprehensive range of traditional banking products, services and capital markets products. Private customers are also given independent advice on selected products of third-party service providers. COMMERZBANK's own capital markets business enables it to satisfy the needs of private and corporate customers. Moreover, as a universal bank, COMMERZBANK is less susceptible to cyclical fluctuations and uses advantages from the collective refinancing of its segments.
- COMMERZBANK has a clear focus on Germany. COMMERZBANK has another important pillar in Poland in the form of its BRE Bank subsidiary. BRE Bank makes a significant contribution to the results of the Core Bank.
- Worldwide, COMMERZBANK is directly represented in the most important economic and financial centers, thus allowing it to serve its corporate customers not just in Germany but also internationally.

For COMMERZBANK, the priority is providing customers with quality. The focus is therefore on customizing and adapting products and services as far as possible to the needs of customers. COMMERZBANK also strives to provide its services efficiently.

COMMERZBANK plans to further adapt its business model to changing conditions in the financial services industry in the coming years, and is pursuing the following goals as part of its strategic Agenda 2016: By 2016, COMMERZBANK intends to have invested more than €2.0 billion in the profitability of its core business in the Private Customers, Mittelstandsbank, Corporates & Markets and Central & Eastern Europe segments. Moreover, additional efficiency measures are aimed at keeping costs stable and further optimizing capital resources. The intention is thereby to achieve a return on equity (RoE) of more than 10% in the Core Bank and to reduce the cost/income ratio (CIR) to approximately 60% in 2016. COMMERZBANK aims to attain a Common Equity Tier 1 ratio of 9% as early as the end of 2014, under full application of the Basel III regulations, which are not due to come into force until 2019. Lastly, it plans to reduce the portfolios in the NCA segment by more than 40%, largely without divestments and in a value-preserving manner, from exposure at default (EaD) of €151 billion as of December 31, 2012 to below €90 billion EaD by December 31, 2016. For further information on risks relating to COMMERZBANK's strategy through 2016, see "*Risk Factors—Market and Company-related risks—5.*

There is a risk that the Group may not be able to implement its Strategic Agenda or may be able to do so only in part or at a higher cost than planned, and that the implementation of planned measures may not lead to the achievement of the strategic objectives sought to be obtained".

As a consequence of its new strategic alignment and the segregation of the non-core business in the NCA segment, COMMERZBANK believes that it has a good position in the traditional banking business and a viable business model for the future.

The strategic alignment applies to the different segments as follows:

- *Private Customers:* COMMERZBANK intends to realign the private customer business strategically, to which end it plans to invest approximately €1.0 billion by 2016 in its range of products and services, the modernization of its platforms, the advisory process and the qualifications of its employees, as well as in its corporate profile and in marketing. The aim of this strategic realignment is a bank that combines modern technologies with the traditional values of fairness, trust and competence. This translates into building a multi-channel bank with a strong branch network and a high-performance online banking system. As the first step in the strategic realignment, COMMERZBANK has overhauled its sales management. The performance of sales employees is now measured, among other things, on customer satisfaction, which is measured continuously on a national basis by means of customer telephone surveys. COMMERZBANK continues to place great importance on an extensive branch network in its private customer business. At present, it has approximately 1,200 branches, which is the most number of branches under a single brand of any German private bank. The branches are the most important channel through which to provide advisory services and sell complex products with high margins. This dense network of contact points is also an important tool for COMMERZBANK in gaining new customers. Although the importance of online and mobile banking will continue to increase, COMMERZBANK believes that there will continue to be a need for personal advice in a branch in future. The structure and offering of the branches is to change dramatically in the next few years, however. The four following types of branch are currently planned: Flagship branches will be based in major cities in locations with a high volume of walk-in customers, offer the full range of specialist advisory services and serve as a venue for customer events. In the specialist branches, apart from the customer's own personal advisor, there will be specialists who can advise customers directly at these locations. In the traditional branches, the customer's personal advisor will be present in the branch, but specialists will only be available as required. Finally, the focus of city branches will be daily banking transactions and services, such as opening an account. COMMERZBANK seeks to increase the number of customers of this segment by 1 million by 2016 while also raising income per customer by 10%. COMMERZBANK seeks to achieve an average volume of customer business in the Private Customers segment of at least €300 billion by 2016. It also seeks to achieve an operating profit of approximately €500 million in this segment by 2016. The goal is for pre-tax return on equity (RoE) to be above 12% and the cost/income ratio to be below 80% by 2016.
- *Mittelstandsbank:* Mittelstandsbank intends to strengthen its market position further over the medium term. This is to be achieved both through more focused alignment to the needs of the real economy and the financial sector (as its intermediary) and by rooting sustainable business more strongly in the culture of Mittelstandsbank. Mittelstandsbank provides its customers with solutions as a strategic partner in the areas of corporate finance, cash management and payment transactions, international business, and in investment and risk management, and strives to tailor these solutions to customer needs. COMMERZBANK seeks to grow above the market average in the SME sector, first by gaining new customers, particularly among the smaller SMEs. Among larger SMEs, it seeks to achieve growth by displacing competitors and by increasing the relative share of income contributed by existing customers. International activities are to be expanded. The aim is to provide even stronger support in each target market to German customers who wish to develop their activities internationally. COMMERZBANK thus wishes to continue to expand its products and services in the areas of payment transactions, cash pooling and treasury management, and trade finance. COMMMERZBANK seeks to realize a pre-tax return on equity (RoE) of over 20% in this segment by 2016, while keeping the cost/income ratio in the operating business at a level below 45%. COMMERZBANK aims to increase this segment's income by 4% annually through 2016. It seeks to increase international earnings at an even greater rate, by 8% annually. Moreover, COMMERZBANK seeks to increase new customers by more than 15% in the Mittelstandsbank segment by 2016.
- *Central & Eastern Europe:* COMMERZBANK intends to further expand its activities in the universal banking business in Poland through BRE Bank and to further expand its direct banking activities in Poland, the Czech Republic and Slovakia through mBank. In mid-2012, BRE Bank adopted its new medium-term strategy. This is guided by the "One Bank" philosophy, which aims at even closer integration between all areas at the bank and Group level, thus providing customers with broader access to product and advisory offers. The market presence of all BRE Bank activities is to be unified under the "mBank" name in the fourth quarter of 2013. The already strong focus on direct banking services in the private customer business is also to be further expanded and complemented through mobile banking services and more firmly integrated with social media channels. The existing, integrated branch network is expected to be made accessible to all customer groups in the future, thus enhancing the advisory services available to internet customers.

A new interactive business model is being designed for the private customer business as part of the "New mBank" project. This is based on a newly developed online platform targeted at customers' changing needs and geared to their increasing use of new media and technologies. It is also planned to further expand the position of BRE Bank in the business with medium-sized enterprises. In so doing, BRE Bank expects to benefit from the strong cross-selling potential of high-margin products, for example through integrated solutions for funding, advisory services and transaction business. The strategic goal for the Central & Eastern Europe segment is to contribute steadily growing value to the COMMERZBANK Group, achieving a pre-tax return on equity (RoE) of more than 15% and a cost/income ratio in the operating business of less than 55% by 2016. In addition, the loan-to-deposit ratio is targeted to amount to 115% by 2016. COMMERZBANK's goal remains increasing the segment's earnings by 5% annually through 2016.

- *Corporates & Markets:* Corporates & Markets intends to continue to expand its position as a leading international niche provider, taking advantage of the close integration with COMMERZBANK's corporate and private customer business. It is planned to consistently continue the risk-controlled business model introduced in 2004. Corporates & Markets intends to further expand its position in capital market financing and risk hedging in the bond and lending business, and to strengthen its market position in investment products in the equity and commodities business through selected asset management products. Another goal is further intensifying business with institutional clients. Particular focus is also to be placed on increased cost discipline. To this end, COMMERZBANK aims to cut total costs in the Corporates & Markets segment compared to budgeted costs for the 2012 financial year by €150 million by 2016. For its investment banking business, COMMERZBANK seeks to achieve a pre-tax return on equity (RoE) of more than 15% and to reduce its cost/income ratio in the operating business to below 65% by 2016. The aim is also to increase the segment's revenues by 4% annually through 2016. All these targets exclude effects from own credit spread valuation.
- *Non-Core Assets (NCA):* COMMERZBANK intends to continue with the reduction of the NCA portfolio in the coming years. The sovereign debt crisis in Europe and ongoing market volatility, coupled with the considerably stricter regulatory capital and liquidity requirements laid down by the European Banking Authority, have reinforced COMMERZBANK's decision to reduce the non-strategic portfolios bundled in the NCA segment over the next few years. The reduction of the total portfolio is expected to occur largely without disposals and while preserving value. This does not exclude the possibility that sub-portfolios or individual exposures may be sold at a loss as part of the overall reduction strategy if the transaction (despite being reported as a loss in the income statement) will serve to relieve capital or if the risk situation of these sub-portfolios or individual exposures is expected to worsen. For example, in July 2013, a Commercial Real Estate portfolio in the United Kingdom was sold for €5.0 billion, which will negatively affect the consolidated results for 2013. COMMERZBANK aims to reduce the entire NCA portfolio's EaD by more than 40%, from €151 billion as of December 31, 2012 to below €90 billion EaD by the end of 2016. As part of this process of portfolio reduction, COMMERZBANK expects the Non-Core Assets segment to record cumulative operating losses totaling approximately €2.3 billion between 2013 and 2016. In the process, COMMERZBANK aims to reduce risk-weighted assets (RWA) by a total of €30 billion from the end of 2012 to the end of 2016. COMMERZBANK intends to make the capital released through the reduction available to higher-yield, lower-risk business units within the Group, thus opening up new growth prospects. Apart from continuing to run off assets, the focus is on improving the refinancing structure. The emphasis is on secured refinancing instruments such as Pfandbriefe and repo transactions. The need for unsecured funding is expected to continue to decline.

Segments

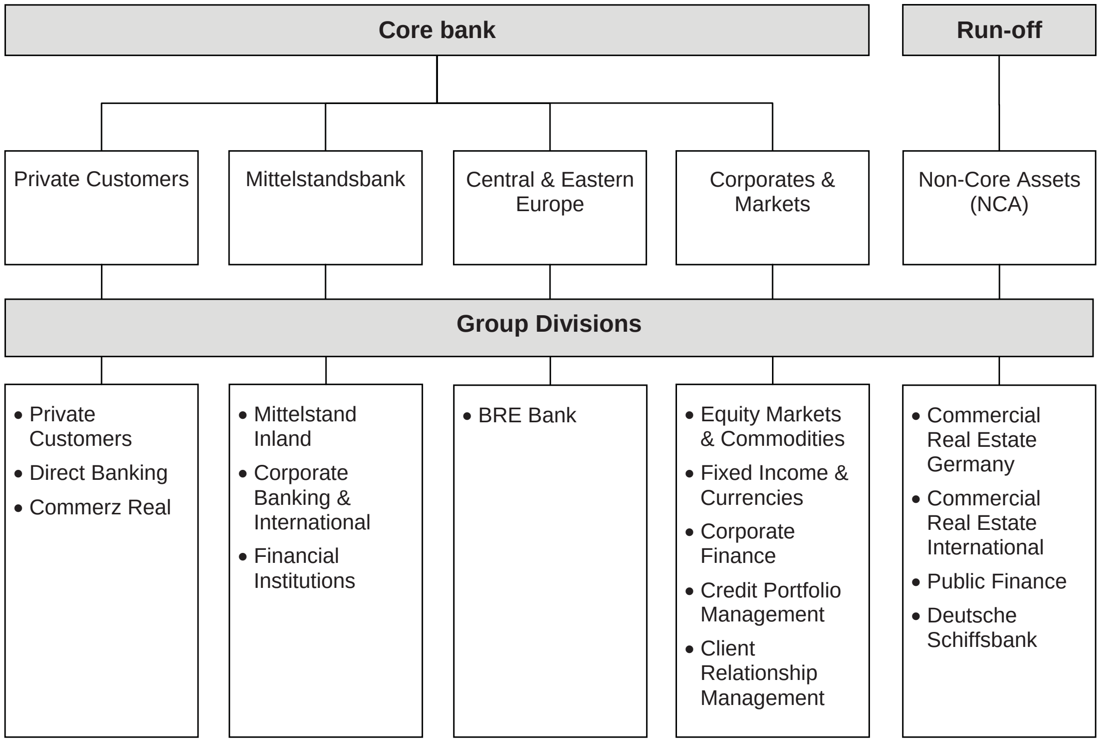
Overview

The COMMERZBANK Group is divided into five operating segments – Private Customers, Mittelstandsbank, Central & Eastern Europe, Corporates & Markets and Non-Core Assets (NCA) – and Others and Consolidation.

The Private Customers, Mittelstandsbank, Central & Eastern Europe and Corporates & Markets segments form the COMMERZBANK Group's Core Bank, together with Others and Consolidation.

The NCA segment is the COMMERZBANK Group's run-off segment, having been established as part of the new segment structure adopted as of July 1, 2012. This segment includes, in particular, the German and international Commercial Real Estate (CRE) portfolio, the Public Finance (PF) portfolio and the entire ship financing portfolio (Deutsche Schiffsbank, DSB). The Group divisions contained within the NCA segment are to be completely run down over time. Another of the changes to the segment structure as of July 1, 2012 was the dissolution of the Portfolio Restructuring Unit (PRU) as an independent segment. For further details on the changes to the segment structure of the COMMERZBANK Group in the 2012 financial year, see "*Presentation and Analysis of the Net Assets, Financial Position and Results of Operations—Segments of the COMMERZBANK Group".*

The COMMERZBANK Group's current segment structure, which is also the basis for the segment reporting as of December 31, 2012 and June 30, 2013 (excluding Others and Consolidation), is as follows:



Private Customers segment

Overview

The Private Customers segment was restructured during the course of the 2012 financial year. It comprises the Private Customers, Direct Banking and Commerz Real (formerly Asset Management and Leasing) Group divisions. The former Credit Group division has been transferred in part to the Private Customers Group division and in part to the Group Services unit in Others and Consolidation. This transfer serves to continue the merger of the back office service units as a separate unit of Group Banking Operations under the Group Services unit. As part of the changes to the segment structure as of July 1, 2012, the Commerz Real Group division was integrated into the Private Customers segment. In addition, the private real estate sub-portfolio from Hypothekenbank Frankfurt AG's (formerly: Eurohypo AG) private customer portfolio is part of the Private Customers Group division.

For the half-year period ended June 30, 2013, the Private Customers segment achieved income before provisions of €1,697 million, operating profit of €123 million and a pre-tax profit of €123 million, employing an average of 16,798 employees during this period. In the 2012 financial year, the segment achieved income before provisions of €3,350 million, operating profit of €245 million and a pre-tax profit also of €245 million, employing an average of 17,597 employees during this period.

Private Customers Group division

The Private Customers Group division comprises the German branch operations of COMMERZBANK for private and business customers as well as Wealth Management.

The Private Customers Group division develops products for private and business customers and is responsible for centrally managing sales. Traditional branch operations with private and business customers are bundled within the Private Customers Group division. The range of products and services offered to customers includes various current account models with a full range of payment services, and a varied range of deposit and credit products. The focus in the investment business is on individual securities advice taking into account risk and return aspects, and on professional wealth management and asset management products. In addition to its approximately 1,200 branches, COMMERZBANK has 43 advisory centers for wealth management customers and 65 advisory centers for business customers. The Private Customers Group division also includes the call center services of Commerz Direktservice GmbH, a wholly-owned subsidiary of COMMERZBANK, for the German branch network. Commerz Direktservice GmbH offers the Group division's customers a range of services covering call center activities, telephone banking, technical hotlines and quality management services. The joint venture Commerz Finanz, which is focused on consumer lending, is also managed centrally by the Private Customers Group division.

COMMERZBANK offers its customers a wide range of banking and financial services in the areas of securities and investment, real estate financing and lending, pensions, liquidity management and deposits, as well as accounts and payment transactions. The open architecture for real estate financing was integrated into the lending business in August 2012, *i.e.*, since then the buildings savings products of approximately 250 other financial services providers can be contracted in COMMERZBANK branches via the "CobaHyp" real estate financing platform (a sales cooperation with the internet mortgage broker Interhyp). Customers are also offered an open architecture in the investment business. In addition, COMMERZBANK offers its customers products of Allianz SE, Allianz Global Investors Kapitalanlagegesellschaft mbH ("**AGI**") and Wüstenrot Bausparkasse. These include funds, insurance and building savings products, which supplement its own product range. The choice of products on offer is completed by products from other strategic partners, particularly funds and certificates.

The changing needs of customers as a result of the continuing uncertainty in the international financial markets and the consequences of the global financial crisis remains one of the main topics in the investment business. COMMERZBANK has met the resulting need for financial advice with a structured advisory process. Since the summer of 2012, advisors have been using the "CustomerCompass", an IT-supported application that ensures a standardized and structured advisory service, in their sessions with customers.

Investment products are subject to a comprehensive centralized research and analysis process. Sales are focused on asset management products, which provide customers with tailored investments through various investment options.

The primary distribution channel is the Group's branch network with approximately 1,200 branches at present. Additional distribution channels are available through COMMERZBANK's internet presence and the various smartphone and tablet applications that enable everyday banking services to be transacted.

Wealth Management serves affluent private customers with liquid assets of over €1 million and/or customers who require special solutions due to the complexity of their assets. These customers are offered specialized advice and a broad portfolio of products and services. The products range from simple securities accounts to the management of complex asset structures. Customers are also offered a wide range of services (including securities, real estate and credit management, asset management, family office solutions, and inheritance and trust management) as well as innovative products tailored to their individual financial circumstances. As a result of cooperation with the Mittelstandsbank segment, COMMERZBANK is able to offer customized wealth solutions to entrepreneurs that give equal weight to personal and business investment issues. At the Company's competence centers, customers have access to specialists in securities, real estate and loans, in addition to a relationship manager who functions as the customer's permanent personal contact. In addition, COMMERZBANK has specialists based at the head office who can advise customers on asset management, inheritance and trust management. The main focus outside of Germany is on Commerzbank International S.A. in Luxembourg, which acts as the hub for the international wealth management business.

Direct Banking Group division

The Direct Banking Group division bundles the activities of the comdirect group, which comprises comdirect bank and ebase.

With approximately 2.8 million customers, 1.7 million securities accounts and 18 million securities transactions carried out in 2012, COMMERZBANK considers the comdirect group the market leader in the online securities business and one of the leading direct banks in Germany. comdirect bank is a full-service bank with three areas of expertise: brokerage, banking and advisory. It offers its customers low-cost securities trading as well as products suited to short-, medium- and long-term investments. The banking products of comdirect bank enable daily cash transactions to be carried out quickly and easily.

In the banking area of expertise, comdirect bank focuses on advisory models compatible with direct banking in the form of the "Anlageberatung PLUS" and "Baufinanzierung PLUS" products. As a direct bank, comdirect bank offers its products and services primarily via the internet as well as by telephone.

COMMERZBANK believes that ebase has emerged as one of the leading B2B direct banks. Financial services distributors, insurers, banks, asset managers and companies use ebase's multi-client solutions (*i.e.*, IT systems that provide services to several customers without any of them being able to gain access to the data of the others) for managing investment accounts on behalf of their customers as well as the range of products in wealth creation, pensions and investment. The subsidiary of comdirect bank AG is a full-service bank.

Commerz Real Group division

One of the main areas of focus of the Commerz Real Group division is on the offering of investment products to private investors, in particular the open-ended real estate fund hausInvest. The portfolio's assets have a widely dispersed geographic spread. The focus of investments is on the office, retail and logistics sectors.

The Commerz Real Group division, via Commerz Real AG and its subsidiary Commerz Real Mobilienleasing GmbH, is also the competence center for the equipment leasing business within the COMMERZBANK Group, offering an alternative to traditional financing, particularly to SMEs.

The Structured Investments unit of the Group division combines the activities of real estate leasing, large-scale plant and equipment leasing (such as industrial plants, power plants and transmission networks) and structured finance.

The Commerz Real Group division makes use of various distribution methods depending on the sector. Distribution takes place first and foremost via COMMERZBANK and its Private Customers and Mittelstandsbank segments, but also via third-party channels for fund products whose target groups are private customers.

Mittelstandsbank segment

Overview

This segment comprises the three Group divisions of Mittelstand Germany, Corporate Banking & International and Financial Institutions.

For the half-year period ending June 30, 2013, the Mittelstandsbank segment achieved income before provisions of €1,423 million, operating profit of €542 million and a pre-tax profit of €542 million, employing an average of 5,425 employees during this period. In the 2012 financial year, the segment achieved income before provisions of €3,016 million, operating profit of €1,649 million and a pre-tax result also of €1,649 million, employing an average of 5,836 employees during this period.

Mittelstand Germany and Corporate Banking & International Group divisions

The Mittelstand Germany Group division bundles the business with SME customers, the public sector and institutional customers in Germany.

The Corporate Banking & International Group division focuses on providing services to corporate customer groups with sales revenues of over €500 million, unless they are managed as multinational corporates under the auspices of Client Relationship Management in the Corporates & Markets segment. Smaller firms active in the capital markets and those with significant international activities are also advised here. Moreover, the Renewable Energies Center of Competence is located in the Corporate Banking & International Group division. Through its foreign branches, the Corporate Banking & International Group division aims to operate as a strategic partner – both for the international activities of German and Polish corporate customers and for international companies with subsidiaries in the German and Polish markets.

SME customers on the one hand (Mittelstand Germany Group division) and corporate customers on the other (Corporate Banking & International Group division) are classified and separated from one another by COMMERZBANK according to sales and customer needs as follows:

- *Small SMEs:* Companies registered in the commercial register with annual sales of between €2.5 million and €12.5 million.
- *Large SMEs:* Companies registered in the commercial register with annual sales of between €12.5 million and €250 million and companies with annual sales of between €250 million and €500 million that are not active in the capital markets (companies with annual sales over €250 million that are active in the capital markets or engage in significant international activities are advised by the Corporate Banking & International Group division).
- *Large corporates*: Companies registered in the commercial register with annual sales of €500 million or more (unless managed as multinational corporates under the auspices of Client Relationship Management in the Corporates & Markets segment) and companies with annual sales of €250 million or more provided that they use capital market products or pursue significant international activities.

Public sector customers include municipalities, municipally-owned corporations and public sector bodies. The most important institutional customers are social security funds, pension plans and pension funds, occupational pension schemes, churches, foundations and business federations.

The product ranges of the Mittelstand Germany and Corporate Banking & International Group divisions comprise risk management, investment advice, financing, transaction management, assistance with foreign trade transactions and investment banking activities for large corporates. In the area of risk management, the Group divisions offer hedging transactions for commodity price, interest rate and currency fluctuations. In the field of investment advice, the services offered include money market, mutual and special funds, money and capital market products such as variable and fixed deposits, shares, bonds, structured products and securities lending and advice on occupational pensions and working time accounts. In the field of financing, COMMERZBANK aims to make available the required funds after an assessment of the customer's overall situation as well as its plans and requirements. In addition, CommerzFactoring GmbH, a joint venture with GE Capital Bank AG, offers an extensive range of receivables financing services integrated into the banking business. Support services in the area of transaction management include the provision of appropriate cash levels and the updating of account information several times a day through to automatic cash management systems for companies with numerous branches or establishments requiring their own accounts locally. To support foreign trade, customers are offered processing services for their payment transactions with foreign countries and export financing products combined with comprehensive advice. Customers are advised on expanding their market position and developing new markets, and are offered support in assessing new developments abroad. The product portfolio for large corporates is rounded off with a comprehensive range of investment banking advisory services.

The services available to public sector customers include a broad range of financing services, ranging from loans to municipalities, corporate finance and revenue forfaiting through to project finance, as well as investments and derivatives, debt management and payment transaction solutions.

As of January 1, 2012, Commerzbank (Eurasija) SAO in Russia, Commerzbank Zrt. in Hungary and the COMMERZBANK branches in the Czech Republic and Slovakia within the COMMERZBANK Group were transferred from the Central & Eastern Europe segment to the Mittelstandsbank segment. The aim of this measure was to position these locations in such a way that they could gain even more strongly from the growing business potential of German and Polish companies in cross-border business and the business model of Mittelstandsbank in international business.

Mittelstandsbank aims to have a distribution model tailored to the needs of its customers. Client advisors are specialized in the Group division's core customer segments. If necessary, client advisors can call on additional product specialists from the Corporates & Markets segment for corporate and investment banking products.

Financial Institutions Group division

The Financial Institutions Group division is responsible for the Group's relationships with foreign and domestic banks, and with central banks. The Group division offers these customers comprehensive advice and support, with a strategic focus on facilitating foreign trade. The Group division also uses a worldwide network of correspondent banks together with business relationships in emerging markets to promote the Group's foreign trade activities throughout the world. It also assists other Group divisions with their international activities.

The Group division works on the basis of a global service approach, in which customer advisors based centrally at COMMERZBANK's head office work together with a worldwide network of representative offices and local Financial Institution units.

Central & Eastern Europe segment

Overview

Following the disposal by COMMERZBANK of its stake in the Russian Promsvyazbank to the latter's majority shareholder, Promsvyaz Capital B.V., in June 2012 and the subsequent completion of the sale of the Ukrainian Bank Forum to the Ukrainian Smart Group in October 2012, the Central & Eastern Europe segment primarily consists of BRE Bank, a COMMERZBANK subsidiary with its registered office in Poland. The geographical focus of business activities is therefore centered on Poland, the Czech Republic and Slovakia.

For the half-year period ending June 30, 2013, the Central & Eastern Europe segment achieved income before provisions of €379 million, operating profit of €127 million and a pre-tax profit of €127 million, employing an average of 7,706 employees during this period. In the 2012 financial year, the segment achieved income before provisions of €818 million, operating profit of €240 million and a pre-tax loss of €–28 million, primarily due to a one-off effect from the disposal of the Ukrainian Bank Forum. The segment employed on average 8,444 employees during this period.

The customers of the Central & Eastern Europe segment are private and corporate customers of BRE Bank in Poland. In addition, direct banking customers of BRE Bank in the Czech Republic and Slovakia are managed under the mBank brand.

As a universal bank, the aim of BRE Bank is to be able to offer its customers tailored products and services. In the corporate customer business, this is focused on SMEs and large corporate customers. BRE Bank also focuses on the individual needs of entrepreneurs and small companies. It also has an extensive range of products and services for private customers operating under its mBank and MultiBank brands. While MultiBank concentrates primarily on private customers seeking advisory services, mBank is focused mainly on active users of internet banking in Poland, the Czech Republic and Slovakia, via its direct banking platform.

Distribution within the Central & Eastern Europe segment is mainly via the internet as well as the branches of BRE Bank. In the corporate customer business, BRE Bank is represented in a total of 47 locations in Poland's major economic regions. In the private customer business, BRE Bank offers its products under the mBank brand, mainly via the internet as well as through a total of 90 locations throughout Poland and 35 locations in the Czech Republic and Slovakia. Distribution via the MultiBank brand takes place principally via 133 financial service centers and partner outlets in Poland (status as of June 30, 2013 in each case).

Corporates & Markets segment

Overview

The Corporates & Markets segment includes the COMMERZBANK Group's investment banking activities and services to customers who require capital market products. The segment comprises the Equity Markets & Commodities, Fixed Income & Currencies, Corporate Finance, Credit Portfolio Management and Client Relationship Management Group divisions. Research activities and the New York and London branches also belong to this segment. Through its trading centers in Frankfurt, London, New York, Hong Kong and Singapore, Corporates & Markets is available to its customers around the clock for hedging and investment transactions in all asset classes. Significant portions of the remaining portfolio from the former Portfolio Restructuring Unit (PRU) segment, which has been dissolved as an independent segment, were reclassified in a separate business unit within the Credit Portfolio Management Group division – Structured Credit Legacy – as of July 1, 2012. In 2009, the structured credit portfolios were transferred to the former PRU segment in order to be gradually reduced. Risks from non-structured credit portfolios continued to be managed by the Corporates & Markets segment. For further information on the former PRU portfolio, see *"Presentation and Analysis of the Net Assets, Financial Position and Results of Operations—Structured credit legacy and PFI Portfolios (former PRU portfolios)".*

The investment banking activities of the COMMERZBANK Group use a wide range of distribution channels both inside and outside the Group in all customer segments. Support is provided to large corporate customers through the Group's own branch network in Germany and abroad, sales specialists for major customers branch-wide and at head office, as well as the staff of the Client Relationship Management Group division. Institutional customers are primarily served by sales teams in Frankfurt and London, as well as, to a lesser extent, in New York, Singapore and Hong Kong. Private customers are served by the Group's own branch network in Germany. Other significant distribution channels for this segment include a broad network of international private banks, the distribution networks of universal banks (financial intermediaries), German and European stock exchanges (public distribution), and electronic trading platforms.

For the half-year period ending June 30, 2013, the Corporates & Markets segment achieved revenues before loan loss provisions of €1,152 million and a pre-tax profit of €524 million, employing an average of 1,870 employees during this period. In the 2012 financial year, the segment achieved income before provisions of €1,596 million, operating profit of €197 million and a pre-tax profit of €197 million, employing an average of 2,017 employees during this period.

Equity Markets & Commodities Group division

The Equity Markets & Commodities Group division offers a widely diversified product range in shares and commodities as well as derivative products linked to shares and commodities in the form of risk management solutions and as investment products for institutional clients and the Group's corporate and private customers.

Fixed Income & Currencies Group division

The Fixed Income & Currencies Group division provides solutions for corporate customers, but also institutional investors and private customers, in the interest rate, currencies and credit asset classes. The product offering is comprehensive and ranges from standard transactions through to tailored structured solutions. In currency and bond trading, customers can conduct all conventional currency and currency option transactions via an electronic platform. Group-wide distribution channels also make the products available to clients in the Mittelstandsbank and Private Customers segments.

Corporate Finance Group division

The Corporate Finance Group division offers corporate customers a comprehensive range of financing solutions and advisory services for equity and debt instruments. The main products are syndicated corporate bonds and loans, bond and covered bond issues, equity issues, leveraged buy-outs and project finance. In addition, the division advises on mergers and acquisitions.

Credit Portfolio Management Group division

The Credit Portfolio Management Group division was separated from the Corporate Finance Group division as of April 1, 2012 and established as an independent Group division. Its main activities are managing the Corporates & Markets credit portfolio, together with its risks, integrating and further expanding counterparty risk management, managing selected concentration risks of Mittelstandsbank and continuing with the reduction of the remaining portfolios of the former Portfolio Restructuring Unit, which were integrated into this division as of July 1, 2012.

Client Relationship Management Group division

The Client Relationship Management Group division focuses on serving German multinational DAX and MDAX companies, selected German family businesses in all key industrial sectors, German and international insurance companies, leading private equity investors, and sovereign wealth funds and the public sector. The product range comprises all of the Group's commercial and investment banking products. In order to offer customers customized solutions, the Group division works closely with the relevant product specialists, for example from the Corporate Finance, Fixed Income & Currencies and Equity Markets & Commodities Group divisions.

Non-Core Assets (NCA) segment

Overview

The NCA segment was created as of July 1, 2012, replacing the former Asset Based Finance segment. The NCA segment bundles the portfolios of Commercial Real Estate (CRE), Public Finance and Deutsche Schiffsbank (DSB), which comprises the entire ship financing portfolio, as separate Group divisions. The non-core sections of the retail banking business from Hypothekenbank Frankfurt as well as assets and participations without current placement options belonging to Commerz Real are also incorporated in the NCA segment, together with other infrastructure portfolios from COMMERZBANK's former Portfolio Restructuring Unit (PRU) segment.

The task of the NCA segment is to run down the individual segment portfolios systematically and in a way that preserves value and minimizes risk, and to optimize the associated refinancing. COMMERZBANK intends to make the capital released through the reduction available to higher-yield, lower-risk business units within the Group, thus opening up new prospects for growth.

The individual Group divisions of the NCA segment do not engage in new business, with the exception of prolongations (*i.e.*, adjusting the terms and conditions of loans, particularly interest terms and conditions).

In the first half of 2013 the Non-Core Assets' (NCA) income before loan loss provisions was €227 million, compared with €57 million in the same period of 2012. The segment reported a negative operating result of €–473 million. The operating loss was €135 million lower than in the same period of 2012. In the first half of 2013, the NCA segment reported an overall pre-tax loss of €473 million (prior-year period: €651 million).

During the first half of 2013 the earnings situation of the NCA segment was substantially influenced by active measures to accelerate the portfolio reduction program and improve the risk profile, especially in the area of commercial real estate loans.

Average capital employed stood at €9.9 billion.

Exposure at default for the segment in the performing loan book totaled €124 billion as of June 30, 2013, €15 billion less than the end of 2012.

Commercial Real Estate (CRE) Group division

The CRE portfolio is being continued primarily through Hypothekenbank Frankfurt AG. The balance sheet value of the CRE portfolio amounted to €55.7 billion as of December 31, 2012 (December 31, 2011: €67.6 billion). In the 2012 financial year, German and international holdings of commercial real estate financing were reduced from an EaD (including Default Portfolio) of €68 billion to an EaD of €55 billion. Of the €13 billion reduction in volume, around half related to Germany and the rest to the international business. The reduction in the portfolio has been achieved primarily through restrictive prolongation management and proactive refinancing support for customers. The portfolio composition is differentiated by type of use. The main components of the exposure are the office, retail and residential real estate sub-portfolios. In Germany, the portfolio has been reduced largely without losses, not least thanks to the positive economic environment, whereas in some international markets the reduction continued to take place against a backdrop of difficult macroeconomic conditions.

Public Finance

COMMERZBANK's NCA segment comprises government financing plus, in particular, secured and unsecured bond issues/loans from banks held available as substitute cover for Pfandbrief issues. The Public Finance portfolio contains receivables and securities largely held in our subsidiaries Hypothekenbank Frankfurt and Erste Europäische Pfandbrief- und Kommunalkreditbank (EEPK).

The Private Finance Initiative (PFI) portfolio was transferred to the NCA segment from the Portfolio Restructuring Unit (PRU) in the third quarter of 2012. It comprises the long-term financing of public sector facilities and services, such as hospitals and water utilities in the United Kingdom. Most of the PFI portfolio is secured, and in accordance with NCA strategy is set to be wound down over time in a value-preserving manner.

The borrowers in Public Finance in NCA (€47 billion EaD as of June 30, 2013) are sovereigns, federal states, regions, cities and local authorities as well as supranational institutions. The main exposure is in Germany and Western Europe. The remaining Public Finance portfolio in NCA is accounted for by banks (€22 billion EaD as of as of June 30, 2013), where the focus is again on Germany and Western Europe (approximately 93%). Most of the bank portfolio comprises securities/loans which to a large extent are covered by guarantee/maintenance obligations or other public guarantees, or were issued in the form of covered bonds.The Public Finance EaD, cut by €52 billion to €77 billion in the period from 2010 to 2012, largely by using maturities but also through active portfolio reduction, was further reduced to €71 billion as of June 30, 2013. It is planned to reduce the portfolio to around €55 billion by the end of 2016.

As in the first half of 2012, loan loss provisions in Public Finance were driven almost solely by portfolio loan loss provisions in the first half of 2013. With net reversals of €5 million in the first half of 2013, loan loss provisions were €12 million lower than the respective previous year's figure. Write-downs on securities are not considered as risk provisions but as income from financial assets.

Deutsche Schiffsbank

Deutsche Schiffsbank AG, a wholly-owned subsidiary of COMMERZBANK AG since November 2011, was merged into COMMERZBANK AG in May 2012. The previous Ship Finance business area was renamed Deutsche Schiffsbank during this process. Exposure to Ship Finance in the Performing Portfolio fell from €14 billion as of December 31, 2012 to €12 billion as of June 30, 2013.

The exposure is mainly divided into three standard types of ship, i.e. containers (€4 billion as of June 30, 2013), tankers (€3 billion as of June 30, 2013) and bulkers (€3 billion as of June 30, 2013). The rest of the portfolio consists of various special tonnages which are well diversified across the various ship segments.

In the first half of 2013 market trends in the container, tanker and bulker segment were still dominated by excess capacity, putting pressure on and causing declines in charter rates.

The continued systematic reduction in risk in the existing portfolio is once again the focus of COMMERZBANK's activities in 2013, in line with the defined strategy of value-preserving reduction. A recovery of the shipping markets for the year 2013 is not foreseeable.

Loan loss provisions at Deutsche Schiffsbank stood at €248 million in the first half of 2013 (first half of 2012: €284 million). Hence loan loss provisions in the shipping portfolio remain at a high level. Given the ongoing difficult market conditions, further defaults and associated loan loss provisions are expected in subsequent quarters.

The Default Portfolio, at €4,570 billion as of June 30, 2013, remained almost stable compared to December 31, 2012 (€4,482 billion).

Others and Consolidation

Revenues and expenses of the COMMERZBANK Group not falling within the areas of responsibility of the operating segments are attributed to the Others and Consolidation division.

For the half-year period ending June 30, 2013, Others and Consolidation achieved a loss before provisions of €–104 million, an operating loss of €–296 million and a pre-tax loss of €–789 million, employing an average of 17,956 employees during this period. In the 2012 financial year, the division achieved income before provisions of €680 million, operating profit of €226 million and a pre-tax profit of €226 million, employing an average of 19,119 employees during this period.

"Other" comprises those holdings not assigned to the operating segments. The costs of all support functions (*i.e.*, Information Technology, Organization, Banking Operations, Markets Operations, Security as well as Support and Group Services Commerzbank Excellence) are also reported here. The support functions are combined in the Group Services unit. With the exception of integration and restructuring costs, the costs of the Group Services units are charged in full to the operating segments. With the exception of integration and restructuring costs, which remain under Others, the allocation of the Group Services units' costs occurs through the cost allocation process.

"Consolidation" primarily includes expenses and income that represent the reconciliation of internal management reporting figures shown in segment reporting with the consolidated financial statements in accordance with IFRS. The costs of all staff and management functions are also included here (*i.e.*, Development & Strategy, Communications, Legal, Finance, Investor Relations, Finance Architecture, Compliance, Audit, Human Resources, Integration and Group Management Excellence as well as Group Risk Management). The staff and management functions are combined in the Group management unit. With the exception of integration and restructuring costs, which are presented under Others, the costs of the Group management units are also charged in full to the operating segments.

Furthermore, the Others and Consolidation division also includes the integration and restructuring costs of the business support service units.

Group Treasury, which is affiliated to the Group management unit, is responsible for liquidity, interest rate and capital management, and for managing the Group's balance sheet structure (for information, see "*Risk Management—Liquidity risk—Liquidity risk strategy and organization"*). This unit is represented in all of the Group's main locations in Germany and abroad.

Investments

The following table shows the Group's investments for the 2010, 2011 and 2012 financial years:

Type of investment[1]	Financial year ended December 31, 2010[2]	2011[3]	2012[4]
		(audited) (€ m)	
Fixed assets	195	154	274
Intangible assets	276	199	221
Equity investments	39	163	23
Holdings in companies accounted for using the equity method	425	125	69
Total	**935**	**641**	**587**

1) The investments reflect the additions to the balance sheet items in the corresponding financial year.
2) Taken from the consolidated financial statements of COMMERZBANK as of December 31, 2010.
3) Taken from the consolidated financial statements of COMMERZBANK as of December 31, 2011.
4) Taken from the consolidated financial statements of COMMERZBANK as of December 31, 2012.

Investments by the Group in fixed assets, intangible assets, equity investments and holdings in companies accounted for using the equity method amounted to €935 million in the 2010 financial year, €641 million in the 2011 financial year and €587 million in the 2012 financial year.

Investments in fixed assets relate primarily to office furniture and equipment and amounted to €170 million in the 2010 financial year, €125 million in the 2011 financial year and €118 million in the 2012 financial year. There were also purchases of real estate in the 2012 financial year, with investments in real estate and buildings amounting to €156 million.

In the 2011 financial year, around half of investments in fixed assets related to the renovation of the "Silberturm" skyscraper, which, together with the headquarters of the former Dresdner Bank, was sold to an investor consortium. Since the completion of the agreement was not planned for the 2011 financial year, but the 2012 financial year, the investment was reported under the balance sheet item "Assets held for sale and disposal groups".

Intangible assets include goodwill and acquired software and software developed in-house as well as brand names and customer relationships. In the 2010, 2011 and 2012 financial years, there was no investment in goodwill or brand names and customer relationships.

In the 2011 financial year, an approximately 8% minority interest in Deutsche Schiffsbank AG was acquired from UniCredit Bank AG. In the 2012 financial year, Deutsche Schiffsbank AG was merged into COMMERZBANK. Since this was a fully consolidated subsidiary as of the end of the 2011 financial year, the additional shares acquired in Deutsche Schiffsbank AG were not reported under additions. The assets and liabilities of Deutsche Schiffsbank AG were instead already fully reported in the consolidated balance sheet prior to the acquisition of the minority interest.

Investments in acquired software and software developed in-house totaled €276 million in the 2010 financial year, €199 million in the 2011 financial year and €221 million in the 2012 financial year. The increase in the 2010 financial year was related to the integration of Dresdner Bank and was primarily attributable to the migration of IT infrastructure, customer systems in the branch operations and the improvement of the distribution structure, as well as the implementation of a single brand identity. In the 2010, 2011 and 2012 financial years, there was also investment in the Group Finance Architecture (GFA) program for redesigning the process and system architecture of the finance function in the COMMERZBANK Group and the flat-rate withholding tax project for implementing new regulations under the German Corporation Tax Act. The 2012 financial year also saw investment in Deutsche Schiffsbank, which was aimed at bundling COMMERZBANK's ship finance activities as part of the integration of Deutsche Schiffsbank, as well as investment in COMMERZBANK's personnel and network systems.

Investment in equity participations totaled €39 million in the 2010 financial year, €163 million in the 2011 financial year and €23 million in the 2012 financial year. The investments in the 2011 financial year related primarily to Commerz Real's purchase of shares in the transmission system operator Amprion from RWE. The shares were passed on to a number of investors.

Investments in holdings in companies accounted for using the equity method totaled €425 million in the 2010 financial year, €125 million in the 2011 financial year and €69 million in the 2012 financial year. Investments in the 2010 financial year related primarily to the conversion of debt in connection with the restructuring of the Inmobiliaria Colonial S.A., Barcelona loan exposure. In this context, COMMERZBANK received shares in the borrower. Investments in the 2011 and 2012 financial years related primarily to financing growth at Commerz Finanz GmbH and Kaiserkarrée S.a.r.l. In addition the acquisition of DTE Energy Center LLC occurred in 2011.

During the course of the 2013 financial year to date investments have related primarily to office furniture and equipment, acquired software and software developed in-house, and properties acquired as a result of the realization of collateral (rescue purchases) in the balance sheet item Investment properties.

COMMERZBANK's major current and binding future investment include the Group Finance Architecture (GFA) program and the customer taxes, CORE and SEPA projects. In order to redesign the process and system architecture of the COMMERZBANK Group's finance function, approximately €53 million is to be invested in the GFA project in 2013, according to current plans. In addition, continuation of the customer taxes project to implement new tax regulations – such as the letter from the German Federal Ministry of Finance on Tax Assessment, the Recovery Directive Implementation Act (*Beitreibungsrichtlinien-Umsetzungsgesetz*) and the new electronic reporting procedure for the tax authorities – is expected to require the investment of approximately €21 million in the 2013 financial year based on current planning. Investments of approximately €22 million are earmarked for the CORE project, which concerns the redesign of personnel and network systems to meet regulatory requirements. The SEPA project deals with implementing the regulatory requirements of the EU Migration Regulation, which entails adapting the payment transaction systems of customers and banks. According to current planning, approximately €33 million is to be invested in this project in the 2013 financial year.

Furthermore, COMMERZBANK plans to invest approximately €53 million in the Lateral Towers property in Frankfurt between 2013 and 2015.

The majority of COMMERZBANK's significant current and binding future investments are in Germany.

Significant current and binding future investments are funded mainly from COMMERZBANK's freely available cash flows.

Fixed assets and real estate

As of December 31, 2012, COMMERZBANK had approximately 1,200 branches in the private customer business in Germany and operated internationally through seven significant subsidiaries, 23 operating foreign branches and 35 representative offices in 53 countries. A large number of COMMERZBANK's offices and branches are leased on long-term contracts.

Below is a list of the most important real estate used by COMMERZBANK as of the date of the offering circular:

Address	Size (m^2)	Nature of use	Ownership
Lange Str. 31-35a, Berlin	51,609	Offices	Owned
Neue Börsenstrasse 1, Frankfurt	46,139	Offices	Owned
Gallusanlage 7, Frankfurt	37,652	Offices	Owned
Helfmann Park 4, Eschborn	35,612	Offices	Owned
Ness 7-9, Hamburg	23,134	Offices/branch	Owned
Dittrich Ring 5-9, Leipzig	20,730	Offices	Owned
Mainzer Landstrasse 155, Frankfurt	17,579	Offices	Owned
Rue Eduard Steichen 26, Luxembourg	15,259	Offices/branch	Owned
Krolewska 14, Warsaw	14,509	Offices/branch	Owned
Mainzer Landstrasse 151-153, Frankfurt	83,251	Offices/ trading room	Rented
Kaiserstrasse 16, Frankfurt	78,109	Offices/branch	Rented
Theodor-Heuss-Allee 44 and 50, Frankfurt	62,606	Offices	Rented
Königsallee 37, Düsseldorf	35,114	Offices/branch	Rented
30 Gresham Street, London	33,324	Offices/ trading room	Rented
Senatorska 18/18a, Warsaw	27,769	Offices/branch	Rented
Platz der Einheit 1, Frankfurt	21,867	Offices	Rented
225 Liberty Street, New York	14,476	Offices/ trading room	Rented

As of June 30, 2013, the total balance sheet value of COMMERZBANK's fixed assets amounted to €1,700 million. This amount includes real estate used by COMMERZBANK with a balance sheet value of €1,116 million.

Trademark rights

COMMERZBANK holds various German trademarks, Community trademarks and international registrations. The "COMMERZBANK" trademark in particular is protected in Germany and several other countries for financial services and associated goods and services, among other things.

COMMERZBANK has had the internet domains that it regards as important for its business activities in Germany and abroad registered on its behalf. In particular, the domains "commerzbank.de" and "commerzbank.com" are protected.

Employees

The following table shows the number of employees at the Group (full-time and part-time, including trainees and apprentices, but excluding employees on maternity leave) as of December 31, 2010, 2011 and 2012 and June 30, 2013, broken down geographically.

	As of December 31,			As of June 30, 2013
	2010	2011	2012	
Germany	45,301	44,474	42,857	41,653
Outside Germany	13,800	13,686	10,744	11,890
Total	**59,101**	**58,160**	**53,601**	**53,543**

The following table shows the average number of employees at the Group (full-time and part-time, including trainees but excluding employees on maternity leave and apprentices) for the 2010, 2011 and 2012 financial years and for the first half of the 2013 financial year, broken down by segment.

	Financial year ended December 31,			Half year ended June 30, 2013[2]
	2010[1]	2011[1]	2012[1]	
Private Customers	20,007	18,957	17,597	17,153
Mittelstandsbank	5,367	5,498	5,836	5,720
Central & Eastern Europe	9,733	9,608	8,444	7,724
Corporates & Markets	1,991	1,989	2,017	2,001
Non-Core Assets (NCA)[3]	—	—	760	660
Asset Based Finance[3]	1,875	1,717	—	—
Portfolio Restructuring Unit[3]	52	32	25	—
Others and Consolidation	18,651	18,116	19,119	18,443
Total	**57,676**	**55,917**	**53,798**	**51,701**

1) The average number of employees for the 2010 and 2011 financial years was taken from the Company's consolidated financial statements for the 2011 financial year, and for the 2012 financial year from the Company's consolidated financial statements for the 2012 financial year.

2) Figures for the average number of employees for the first half of 2013 differ from those in the interim consolidated financial statements as of June 30, 2013 because the interim consolidated financial statements, as distinct from this table, show only the full- and part-time permanent staff.

3) Due to the changed segment structure as of July 1, 2012 (see "*Presentation and Analysis of the Net Assets, Financial Position and Results of Operations—Segments of the COMMERZBANK Group*" in the Offering Circular), no figures are shown for the 2012 financial year and the first half of 2013 for the former Asset Based Finance and Portfolio Restructuring Unit segments and no figures are shown for the new Non-Core Assets (NCA) segment for the 2010 and 2011 financial years.

In connection with the implementation of its strategic Agenda 2016 (on the strategic and financial goals of COMMERZBANK through 2016 published in November 2012, see "*—Strategy*"), the Board of Managing Directors of COMMERZBANK adopted and published a policy statement on the planned staff reduction program in February 2013. Under the plan, 1,800 full-time jobs are to be cut in COMMERZBANK's branch operations by the end of 2015. COMMERZBANK had announced in January 2013 that it would cut a total of between 4,000 and 6,000 full-time jobs in the Group by the end of 2015. The Bank currently expects staff reductions in the Group amounting to approximately 5,200 full-time equivalent positions by 2016. A final agreement with the workers' council has been reached in this regard. The aim is to avoid redundancies for operational reasons to the largest extent possible, mainly by offering voluntary severance agreements or early retirement agreements. The COMMERZBANK management intends to meet with employee representatives at the end of 2014 regarding any further measures that may be necessary in light of the strategic growth targets that have been met by that date.

As of June 30, 2013, the Group had 53,543 employees. The number of staff employed by the Group has not changed significantly between June 30, 2013 and the date of this offering circular.

Remuneration

The Group operates a variable, performance-related remuneration system. The total remuneration of employees consists of a fixed salary and a variable component calculated based on the achievement of individual targets, the results of the different segments, staff groups and service areas as well as the success of the Group as a whole. The total remuneration – fixed salary and variable component – is aligned with market salaries, which are surveyed in a Group-wide process through participation in benchmark studies.

The share of variable remuneration varies according to region/country and the nature of an employee's responsibilities. The following table provides an overview of the remuneration paid to employees in 2010, 2011, 2012 and the first half of 2013.

	Financial year ended December 31,			First half ended June 30,
	2010	2011	2012	2013
	(audited) (in € million)			
Wages and salaries[1]	4,101	3,797	3,729	1,874
Expenses for pensions and similar employee benefits	317	381	227	117
Total	**4,418**	**4,178**	**3,956**	**1,991**

1) Including variable remuneration.

In the 2011 financial year, COMMERZBANK further revised the models introduced in 2010 on the basis of the German Ordinance on Remuneration Systems of Financial Institutions (*Instituts-Vergütungsverordnung*). The new remuneration system incorporates long-term, variable components combining three main goals: an appropriate level of risk-taking, sustainability and transparency. It also gives greater consideration to the goals of performance orientation and differentiation. To strengthen regulatory capital, variable remuneration for non-pay-scale employees for the 2011 financial year was partly paid in COMMERZBANK shares in July 2012.

At the core of the new remuneration system are three models tailored to different groups of employees: the management model, the non-pay-scale (NPS) model and the investment banking (IB) model.

The management model applies to the first and second management levels of COMMERZBANK (excluding Corporates & Markets and Group Treasury). The volume of the variable remuneration component depends on Group performance and is paid to employees based on individual performance.

The NPS model applies to all other employees of COMMERZBANK (excluding Corporates & Markets and Group Treasury) who are not covered by a collective bargaining agreement. The amount of variable remuneration depends on both individual performance (60%) and Group performance (40%). The variable remuneration of NPS employees comprises an individual performance-based payment and a Group bonus. The performance-based Group bonus depends on Group results.

The Investment Banking model applies to all NPS employees, including all management levels, in the Corporates & Markets segment and Group Treasury. The volume of the variable remuneration is determined based on both positive and negative performance by the Group and the segment and paid to employees based on individual performance.

As an additional sustainability component, a part of the remuneration for employees with a major impact on COMMERZBANK's risk profile (risk takers) and employees with variable remuneration of more than €100,000 is converted into COMMERZBANK shares to be paid after three years.

The Group previously put in place long-term performance plans ("**LTPs**") for managers and other selected employees on an annual basis. These plans are no longer offered and have been discontinued. In order to participate in the LTPs, those eligible had to invest in COMMERZBANK shares. The extent of the personal investment of employees below the level of the Board of Managing Directors depended on their function (the possible amount ranges from 100 to 1,200 shares). Specified conditions had to be met in order for payments to be made under an LTP. Eligible participants received a maximum of €100 per share, paid out in cash. Payments under an LTP were dependent upon COMMERZBANK paying a dividend in the same financial year as the payment. No payouts were made under LTPs in the 2010, 2011 and 2012 financial years. The final assessment of the performance criteria for the 2008 LTP plan (maximum term five years, depending on profit levels being attained) determined that the conditions for payment were not met in the first quarter of 2013. The 2008 LTP plan has thus not been paid out and has therefore been dissolved.

In addition, selected employees at two other consolidated subsidiaries were given the chance to participate in the changes in the value of the respective company through private equity models.

comdirect bank: Until 2010, comdirect bank had a share-based remuneration plan for members of its Board of Managing Directors and selected employees (generally those reporting to the Board of Managing Directors of comdirect bank). Through this remuneration plan, the eligible participants could participate in the changes in the value of comdirect shares. The program ran for a three-year term in each case. No new plan has been issued for subsequent years.

BRE Bank: In March 2008, BRE Bank created a share-based remuneration plan for members of its Board of Managing Directors and selected employees (up to a maximum of 6% of employees). Through this remuneration plan, the eligible participants could participate in changes in the value of BRE Bank shares. This incentive program was implemented for the first time in 2010. The program runs for a three-year term. This plan was not continued in 2011. Following the review of the remuneration models, the decision was made to stop the renewal of the incentive program in 2012; the remaining tranches will expire as planned. In 2013, the annual general meeting of BRE Bank resolved to amend the program in accordance with the remuneration regulations in Poland so that it can be used as part of the risk-taker remuneration.

The existing Dresdner Bank share-based plans were affected by the change-of-control clauses that came into effect after the announcement of the takeover by COMMERZBANK. All of the Restricted Stock Units ("**RSUs**") were exercised in full on the takeover date (January 12, 2009). With the exception of a few special cases, the majority of the Stock Appreciation Rights ("**SARs**") lapsed in accordance with the conditions for these programs, as the conditions for exercising them were not met. The remaining 73,015 SARs (total number of remaining SARs for share-based plans for 2007–2008, each with a 7-year term) can be exercised in accordance with their particular expiry dates, the latest of these being the first quarter of 2015 for the 2008 plan, provided that the exercise conditions are met.

As part of the implementation of the German Ordinance on Remuneration Systems of Financial Institutions, COMMERZBANK has also adjusted its own compensation governance structure. To meet the regulatory requirements of Section 6 of the Ordinance, the responsibilities of the existing Compensation Committee were modified. The Compensation Committee is an advisory body that monitors the appropriateness of COMMERZBANK's remuneration systems. The Compensation Committee is composed, *inter alia*, of the Divisional Board members from Human Resources, Finance, Market Risk, Compliance, Internal Audit and Risk as well as from the relevant market departments. The Performance Evaluation Committee ("**PEC**") has also been set up. Its main task is to prepare the remuneration decisions of the Board of Managing Directors. The permanent members of the PEC are the Chairman of the Board of Managing Directors, the Board Member for Human Resources, the Chief Financial Officer and the Board Member for Risk, together with the Divisional Board member from Human Resources.

Company pension scheme

Company pensions for the members of boards and employees of the Group are organized as follows:

Subject to certain conditions, the Group grants members of the Board of Managing Directors and former board members or their surviving dependents a Company pension (for further details see "*Details of COMMERZBANK's Corporate Bodies—Board of Managing Directors—Remuneration of the Members of the Board of Managing Directors—Pensions*").

The Company pension scheme for current and former employees of COMMERZBANK and some of its German subsidiaries, as well as their surviving dependents, is based on various pension systems (defined contribution and defined benefit plans).

Under one system, employees acquire a pension entitlement based on an indirect contribution-related commitment (defined contribution plan). To finance this, the Group, together with its current employees, pays a fixed amount to external pension providers such as Versicherungsverein des Bankgewerbes a.G. (BVV), Berlin and Versorgungskasse des Bankgewerbes e.V., Berlin. The amount of the current and future pension benefits is determined by the level of contributions paid and the return earned on the assets.

The Group also operates defined benefit plans based on a direct pension commitment by COMMERZBANK, where the level of the pension entitlement is fixed and dependent on factors such as age, salary and length of service. For employees entitled to pension benefits who joined COMMERZBANK prior to December 31, 2004, the direct pension entitlements are based on the rules of the COMMERZBANK modular plan for pension benefits (the "**CBA**"). The amount of the benefits under the CBA consists of an initial module for the period up to December 31, 2004, plus a benefit module – possibly augmented by a dynamic module – for each qualifying calendar year from 2005 onwards. Employees that joined COMMERZBANK after January 1, 2005 receive a pension under the COMMERZBANK capital plan for Company pension benefits (the "**CKA**"). The CKA guarantees a minimum benefit on the modular basis, but also offers additional opportunities for higher pension benefits through investing assets in investment funds. Furthermore, some foreign subsidiaries and branches, primarily in the U.K. and the U.S.A., also have defined benefit and defined contribution plans. Since January 1, 2010 the direct pension arrangements for staff formerly employed by Dresdner Bank Aktiengesellschaft have also been based on the company pension modules of the CBA. In order to meet the direct pension liabilities in Germany, cover assets were transferred to a legally independent trustee, COMMERZBANK Pension Trust e. V. (CPT).

Employees of COMMERZBANK also have the opportunity of participating in a salary conversion model, part of which is operated by external pension plans and service providers such as BVV and Allianz Lebensversicherungs-AG.

As of June 30, 2013, the COMMERZBANK Group had pension obligations of €6,951 million (December 31, 2012: €7,273 million; December 31, 2011: €6,242 million; December 31, 2010: €6,073 million). The pension obligations are backed by plan assets (liquid assets, shares, fixed income securities, fund units and other assets) with a fair value of €6,369 million as of June 30, 2013. The corresponding value amounted to €6,489 million as of December 31, 2012, €5,730 million as of December 31, 2011 and €5,194 million as of December 31, 2010. Provisions for pensions and similar obligations amounted to €831 million as of June 30, 2013 (December 31, 2012: €210 million; December 31, 2011: €437 million; December 31, 2010: €539 million).

Material agreements

The following presentation of material agreements is not ordered according to materiality, but rather according to the groups, (i) agreements with Allianz, (ii) utilization of the SoFFin stabilization measures by COMMERZBANK and (iii) other material agreements.

Agreements with Allianz

Establishment of a silent partnership between Allianz and COMMERZBANK on June 4, 2009

On June 4, 2009 COMMERZBANK and AZ-Arges Vermögensverwaltungsgesellschaft mbH ("**AZ-Arges**"), an Allianz company, entered into an agreement on the creation of a silent partnership in the amount of €750 million (the "**Allianz Participation Agreement**"). The Allianz Participation Agreement was concluded as part of the SoFFin stabilization measures described under "*—Utilization of the SoFFin stabilization measures by COMMERZBANK*". With the exception of a conversion right granted to SoFFin, it was agreed that Allianz would be treated equally to SoFFin in respect of its silent participations (specifically in respect of regular payments from the profit participation and any repayments of silent participations). In particular, as consideration for the contribution of the silent participation, it was agreed that Allianz would be granted a profit participation consisting of a fixed interest payment of 9% p.a. on the nominal value of the participation plus an additional dividend-linked sum of 0.01% p.a. for each full €5,906,764 cash dividend paid.

Repayment and termination agreement of the silent partnership between Allianz and COMMERZBANK

On March 12, 2013, AZ-Arges and COMMERZBANK entered into an agreement on the full termination of the silent partnership with COMMERZBANK and the mutual cancellation of the Allianz Participation Agreement of June 4, 2009 in connection with the full repayment of Allianz's silent participation (see "*—Recent developments and outlook—Recent developments*"). Under this agreement, the Company agreed to repay Allianz's silent participation from the proceeds of the capital increase implemented in the second quarter of 2013. In addition, Allianz received a one-time payment of approximately €28 million from the Company in connection with the repayment of the silent participation.

Framework agreement on the cooperation between Allianz Beratungs- und Vertriebs-AG, COMMERZBANK and Dresdner Bank of August 31, 2008

On August 31, 2008 Allianz Beratungs- und Vertriebs-AG ("**Allianz BVAG**"), COMMERZBANK and Dresdner Bank concluded a framework agreement on cooperation in the distribution of insurance, investment and banking products, and building savings and loan products (the "**Distribution Framework Agreement**") in implementation of the transaction agreement in bancassurance and assurbanking.

The agreement provides that (1) COMMERZBANK and Dresdner Bank will sell insurance exclusively on behalf of Allianz BVAG as secondary agents under Section 92b of the German Commercial Code; (2) the exclusive agents chosen by Allianz BVAG will, within the framework of the assurbanking distribution agreement, sell financial instruments as defined by Section 2(10) of the German Banking Act solely on behalf and at the risk of Dresdner Bank and (3) Allianz and its exclusive agents will sell the building savings and loan contracts provided by Allianz Dresdner Bauspar AG solely on behalf of the COMMERZBANK Group.

COMMERZBANK and Dresdner Bank will be paid commission and bonus payments for their activities as sales agents upon achieving their defined targets. Allianz BVAG will also be paid commission and incentive fees for its activity as a sales agent and the provision of agency capacities upon achieving its defined targets.

The Distribution Framework Agreement and the distribution agreements concluded based on it have been concluded for an indefinite term and can be terminated independently of one another by giving twelve months' notice prior to the end of a calendar year, for the first time on December 31, 2023.

The agreement of August 31, 2008 between Allianz BVAG and Dresdner Bank regarding the distribution of certain financial instruments and banking products ended upon the transfer of the Allianz Banking division from Dresdner Bank AG to Oldenburgische Landesbank AG on May 31, 2009. The Distribution Framework Agreement was partially amended in connection with this. The cooperation relating to the distribution of building savings and loan products, which was initially continued under the Distribution Framework Agreement, ended on July 9, 2010 upon completion of the sale of Allianz Dresdner Bauspar AG. The Distribution Framework Agreement was amended to take account of the termination of cooperation in this area.

Agreement between Allianz BVAG, COMMERZBANK, Dresdner Bank and Reuschel & Co. Kommanditgesellschaft regarding the sale of insurance products of August 31, 2008

On August 31, 2008 Allianz BVAG, COMMERZBANK, Dresdner Bank and Reuschel & Co. Kommanditgesellschaft ("**Reuschel**"), at that time a subsidiary of COMMERZBANK, entered into an agreement regarding the sale of insurance products in implementation of the Distribution Framework Agreement with respect to the sale of property, life, pension and health insurance as well as credit insurance and fidelity bonds (bancassurance) on behalf of Allianz BVAG in Germany. Due to the completion of the sale of Reuschel, a first supplement to the agreement dated October 30, 2009 provided that Reuschel would withdraw as a party and that the agreement would end with regard to Reuschel.

COMMERZBANK sells liability and accident insurance, including credit, life and health insurance as a secondary agent as defined by Section 92b of the German Commercial Code exclusively on behalf of Allianz BVAG and distributes these insurance policies through bank employees in all its domestic branches, teams and other sales units in the private and corporate customer business.

COMMERZBANK is paid a fixed contractual amount for the sale of the insurance contracts, consisting of commissions, trailer fees, management fees and bonus payments.

Distribution agreement between Allianz Global Investors Kapitalanlagegesellschaft mbH, COMMERZBANK and Dresdner Bank of August 31, 2008

On August 31, 2008 Allianz Global Investors Kapitalanlagegesellschaft mbH ("**AGI**"), COMMERZBANK and Dresdner Company entered into a distribution agreement for the distribution of AGI investment products and those of its affiliated investment management companies.

Under this agreement, COMMERZBANK also distributes shares in AGI funds via its foreign and domestic subsidiaries involved in the distribution of financial instruments. In addition to the products under this distribution agreement, COMMERZBANK may also distribute the products of other asset management companies in parallel with this distribution agreement.

AGI pays a proportion of the fixed management fee actually collected as sales commission on holdings of AGI funds held at the distribution companies.

COMMERZBANK and AGI have agreed a preferred partnership for the distribution of mutual and special funds and for asset management solutions in the private and corporate customer business via COMMERZBANK's branch network in Germany and in the private customer business in Luxembourg.

Utilization of the SoFFin stabilization measures by COMMERZBANK

On November 2, 2008 and January 7, 2009 the Bank applied to SoFFin to use the stabilization measures under the German Financial Market Stabilization Fund Act. The terms and conditions of these measures were set out in detail in the framework agreement of December 19, 2008 and the supplementary agreement of May 14, 2009 between the Company and SoFFin.

On May 7, 2009 the European Commission declared the stabilization measures used by the Company to be compatible in principle with the state aid regulations of the EC treaty. For reasons of competition law, the Federal Republic of Germany committed itself to ensuring that COMMERZBANK complies with a number of requirements. These originally included, in particular:

- reducing the Group's total assets to €900 billion by December 31, 2012, and – after the sale of Eurohypo Aktiengesellschaft (now: Hypothekenbank Frankfurt) – to approximately €600 billion (including separate requirements to reduce total assets in Investment Banking); reducing the number of branches in the Private & Business Customers Group division; reducing the risk-weighted assets in the Western European business in the Mittelstandsbank segment by 25% by December 31, 2012; reducing the market presence in Investment Banking; reducing the portfolio volume in the Commercial Real Estate Group division to €60 billion by December 31, 2012; and reducing selected country portfolios in the Central and Eastern Europe segment;
- a reduction in the total assets of Public Finance by €60 billion to €100 billion by December 31, 2012 (with new business limited to the amount required for the cover funds for covered bonds);
- stabilizing the business model by comprehensive de-risking combined with a focus on the customer business and by de-leveraging, in particular by reducing the volume of the Commercial Real Estate portfolio and the committed capital in the Corporates & Markets segment (excluding Public Finance) by one fifth compared with the aggregated value of the COMMERZBANK Group and Dresdner Bank Group as of June 30, 2008;
- the sale of Eurohypo Aktiengesellschaft (now Hypothekenbank Frankfurt) by 2014 and of Kleinwort Benson Channel Islands Holdings Ltd, Kleinwort Benson Private Bank Ltd, Dresdner Van Moer Courtens S.A., Dresdner VPV NV, Privatinvest Bank AG, Reuschel & Co. Kommanditgesellschaft and Allianz Dresdner Bauspar AG by 2011;
- no payment of dividends for the 2008 and 2009 financial years and payment of coupons on equity instruments for the 2009 and 2010 financial years only if there is mandatory legal obligation to do so, and a ban on releasing reserves to make such payments possible;

- a ban up to and including April 2012 on acquiring financial companies or other companies that are potential competitors of COMMERZBANK; and
- an obligation on COMMERZBANK applicable until December 31, 2012 at the latest not to offer its products and services (specifically in the private and corporate customer business) at more favorable prices than the three competitors offering the most favorable prices unless COMMERZBANK has an insignificant market position by market share (less than 5%) in the relevant product market.

The requirements were incorporated in detail in the Framework Agreement on the Granting of Stabilization Measures between SoFFin and COMMERZBANK as obligations of COMMERZBANK (see the description in the following section) and have been already met in part by COMMERZBANK and in some cases modified through a further agreement. The shares in Reuschel were sold to Conrad Hinrich Donner Bank AG in November 2009. The shares in Kleinwort Benson Channel Islands Holdings Ltd and Kleinwort Benson Private Bank Ltd were sold to RHJ International SA in July 2010. The shares in Privatinvest Bank AG were sold to Zürcher Kantonalbank and Dresdner VPV in February 2010 pursuant to a management buyout. The shares in Dresdner Van Moer Courtens S.A. were sold in March 2010 pursuant to a management buyout. The shares in Allianz Dresdner Bauspar were sold to Wüstenrot Bauspar AG in July 2010.

In respect of the condition requiring the sale of Eurohypo Aktiengesellschaft (now: Hypothekenbank Frankfurt) by December 31, 2014, the federal government and COMMERZBANK mutually agreed that a sale to a private investor or via the stock exchange by the end of 2014 did not seem realistic given the market environment and the structural changes in the refinancing markets and banking regulation. In light of this, the Federal Republic of Germany applied to the European Commission at COMMERZBANK's request to amend the condition requiring the sale of Eurohypo Aktiengesellschaft (now: Hypothekenbank Frankfurt) in return for substitute conditions. The European Commission granted this request in its decision of March 30, 2012. The substitute requirements include, in particular:

- extension until March 31, 2014 of the ban, originally in place until April 2012, on acquiring financial companies or other companies that are potential competitors of COMMERZBANK, as well as its extension to all companies regardless of the sector in which they operate (with the exception of companies in which COMMERZBANK already holds more than a 50% stake and except debt-to-equity swaps);
- organizational and transparent segregation of core activities and non-core activities within Eurohypo Aktiengesellschaft (now: Hypothekenbank Frankfurt). The non-core activities relate to Public Finance and all real estate financing departments of Eurohypo Aktiengesellschaft (now: Hypothekenbank Frankfurt) which do not form part of the core activities. The core activities are defined by target markets, target customers and target properties;
- maintenance of the agreed reduction of the Group's total assets to approximately €600 billion by the end of 2014, whereby the portfolios which rank among the non-core activities described above are not included in the calculation of the total assets;
- reduction of the Group-wide Commercial Real Estate portfolio with defined clients and products in the Germany, United Kingdom, France and Poland target markets (core activities) to a total of €25 billion by the end of 2013 and limitation of this Commercial Real Estate core portfolio including net new business to this portfolio volume by the end of 2015;
- limitation of the Group-wide net new business volume in the Commercial Real Estate division to a maximum of €5 billion a year by the end of 2015;
- continuation of the reduction strategy in the Public Finance portfolio and dismantling of the non-core activities portion of the Commercial Real Estate business; and
- discontinuation of the "Eurohypo" brand.

The remaining business-related requirements not affected by these substitute requirements remain in place.

Framework agreement between SoFFin and COMMERZBANK on the granting of stabilization measures of December 19, 2008 together with the supplementary agreement of May 14, 2009

In implementation of the outline agreement of November 3, 2008, SoFFin, represented by the German Financial Market Stabilization Authority, and COMMERZBANK signed a framework agreement on December 19, 2008 on the granting of stabilization measures, which was amended and restated by a supplementary agreement of May 14, 2009 for the purpose of granting further capital assistance (the "**Framework Agreement**"). In this Framework Agreement the parties agreed on the general conditions for the stabilization measures granted by SoFFin to the Company and the conditions and requirements for their utilization.

Specifically, SoFFin granted the following stabilization measures to the Company under Participation Agreement 1, Participation Agreement 2, the Guarantee Agreement and the Share Acquisition Agreement (each as defined below):

- first SoFFin silent participation in the initial amount of €8.2 billion;

- second SoFFin silent participation in the initial amount of €8.2 billion;
- guarantee credit facility worth €15 billion; and
- SoFFin stake of 25% plus one share in the Company's share capital (which originally corresponded to 295,338,233 new ordinary shares from the capital increase resolved by the Annual General Meeting on May 16, 2009 which were issued against a cash contribution at an issue price of €6.00 per share based on the participation agreement of June 3, 2009).

In return, the Bank undertook to ensure that it is adequately capitalized and to conduct its business on a cautious, sound and sustainable basis through de-risking (reducing risk positions), de-leveraging (reducing the use of debt capital in comparison with equity by reducing balance sheet assets) and reducing its commercial real estate portfolio. In particular, COMMERZBANK undertook (whereby a number of the following points were modified due to the substitute requirements described above) to reduce the Group's total assets to €900 billion by December 31, 2012 and after the sale of Eurohypo Aktiengesellschaft (now: Hypothekenbank Frankfurt) to approximately €600 billion (according to the substitute requirements the total assets , with the exception of non-core activities, may not exceed the amount of €600 billion from the end of 2012 to the end of 2014); to reduce total assets in Investment Banking by €200 billion and in the Public Finance portfolio by €60 billion by December 31, 2012 (according to the substitute requirements, as a non-core activity, the Public Finance portfolio must be entirely run down); to reduce the number of branches in the Private & Business Customers Group division , the risk-weighted assets in the Western Europe business by 25% by December 31, 2012, the market presence in the Investment Banking Group division, the portfolio volume in the Commercial Real Estate Group division to €60 billion by December 31, 2012 (according to the substitute requirements, certain non-core activities of the Commercial Real Estate business must be entirely run down and the portfolio volume, including new business limited to a maximum of €5 billion by December 13, 2013, must be reduced to a maximum of €25 billion and this amount must not be exceeded before December 31, 2015) and selected country portfolios in the Central & Eastern Europe segment.

Furthermore, the stabilization measures are subject to particular conditions that require the Company to

- provide German SMEs with loans on standard market terms corresponding to a volume of a minimum of €40 billion RWA, to the extent that there is a demand for loans and to the extent that the application of the Company's credit-rating criteria and its level of liable equity capital allow it to do so;
- establish a special (loan) fund (special loan program) for German SMEs with a new lending volume of €2.5 billion;
- align its remuneration systems for management and members of its boards to the sustainable long-term performance and profitability of the Group;
- ensure that the monetary remuneration of the members of its boards does not exceed a gross amount of €500,000 per member for each of the 2008 and 2009 financial years in respect of the duties they carry out for the Group;
- adjust and restructure its remuneration systems for the members of its boards to eliminate any compensation in case of premature termination of service contracts existing at the time the Framework Agreement was concluded and, provided that this is not prohibited contractually or by law and/or for service contracts concluded after the execution of the Framework Agreement, to refrain from including such compensation arrangements in the event of premature termination or change of control;
- not pay a dividend in either of the 2009 and 2010 financial years for the respective previous financial year;
- not reduce its capital except for restructuring purposes and not buy back any shares or other components of the Company's liable equity capital;
- only pay interest and profit participations on profit-linked equity instruments such as silent participations, hybrid capital and profit participation certificates in the 2009 and 2010 financial years if it is obliged to do so without releasing any reserves or special reserves in accordance with Section 340g of the German Commercial Code; the same generally applies to the Company's subsidiaries; where necessary and legally permitted under Section 150 of the German Stock Corporation Act, the Company will release reserves in the 2009 and 2010 financial years to avoid the book value of its equity instruments from being reduced, the same applies to special reserves under Section 340g of the German Commercial Code;
- refrain from repayments or redemptions of other equity instruments not required by law until the silent participations are fully repaid and/or the book value of the silent participations and other equity instruments has been reduced and/or cumulative profit distributions or interest on such instruments has been fully paid; however, it is permissible to terminate or repay other equity instruments due to the fact that the relevant instrument as a component of COMMERZBANK equity for which it was created is no longer recognized, as is the replacement of another existing equity instrument by a new instrument with at least the same equity category, amount and maturity;

- take all actions necessary within the scope of what is legally possible to ensure that two of the persons nominated by the German Financial Market Stabilization Authority are appointed members of the Company's Supervisory Board and that at least one of the Supervisory Board members proposed by the German Financial Market Stabilization Authority is represented on the Presiding, Audit and Nomination Committees of the Supervisory Board (and on any other committees set up); and
- comply with agreed auditing, reporting and disclosure obligations vis-à-vis SoFFin.

In the event of a breach of these obligations and conditions, the Company will be subject to a contractual penalty.

SoFFin is entitled to terminate the Framework Agreement prospectively, *i.e.*, without affecting capital already provided or guarantees already granted, (1) at any time with a reasonable period of notice if the European Commission revokes its state aid authorization for the stabilization measures provided for in the German Financial Market Stabilization Fund Act or amends the authorization in such a way as to prevent the German Federal Government from continuing to provide the stabilization measures under this Framework Agreement and, (2) at any time without notice if the Company breaches any of the provisions of the Framework Agreement or for cause.

Compliance with the provisions of the Framework Agreement is audited every six months, most recently as of December 31, 2012, by an audit firm in accordance with the contractual provisions. The report by the auditors found that the conditions of the framework agreement were complied with in 2012 against the background of the measures planned and initiated by the Company.

Termination agreement of May 31, 2013 relating to the agreement between SoFFin and COMMERZBANK on the establishment of a silent partnership dated December 19, 2008 / June 3, 2009, as amended

On December 19, 2008, SoFFin and COMMERZBANK entered into an agreement on the establishment of a silent partnership for an amount of €8.2 billion ("**Participation Agreement 1**"). The agreement was amended several times. On March 12, 2013, SoFFin and COMMERZBANK entered into an agreement under which SoFFin, among other things, permitted COMMERZBANK to repay the outstanding amount of the silent participation amounting to €1.63 billion out of the proceeds of the capital increase implemented in the second quarter of 2013 and agreed to terminate the silent participation upon repayment of the outstanding amount by COMMERZBANK. For further details, see *"—Material Agreements—Utilization of the SoFFin stabilization measures by COMMERZBANK—Special approval of March 12, 2013*" below. In connection with the capital increase in May 2013, the silent participation was repaid in full. Pursuant to a repayment and termination agreement dated May 31, 2013, the Participation Agreement 1 was then terminated.

Termination agreement of June 5, 2011 relating to the agreement between SoFFin and COMMERZBANK on the establishment of a silent partnership dated June 3, 2009

As part of COMMERZBANK's measures implemented in the second quarter of 2011 for the partial repayment of the silent participations, the silent participation that originally amounted to €8.2 billion based on the agreement between SoFFin and COMMERZBANK of June 3, 2009 ("**Participation Agreement 2**") was repaid in full. By termination agreement of June 5, 2011, Participation Agreement 2 was then terminated.

Agreement between SoFFin and COMMERZBANK on the provision of guarantees dated December 30, 2008

On December 30, 2008, SoFFin as guarantor and COMMERZBANK as guarantee holder entered into an agreement on the provision of a €15 billion guarantee credit facility (the "**Guarantee Agreement**") in respect of certain bearer bonds.

The guarantee credit facility in the amount of €10 billion was returned to SoFFin unused in two tranches of €5 billion each on August 13, 2009 and September 17, 2009. A note guaranteed by SoFFin dated January 8, 2009 was repaid on time in January 2012. The guarantee credit facility can no longer newly be drawn upon because it has expired.

Special approval of April 6, 2011 and implementation agreements

On April 6, 2011 SoFFin and COMMERZBANK concluded an "Agreement on the Waiver of Compliance with Certain Provisions of the Framework Agreement with Respect to the Granting of Stabilization Measures" (the "**Special Approval**") in connection with the implementation of COMMERZBANK's measures to partially repay the silent participations in the second quarter of 2011. Pursuant to the Special Approval, SoFFin waived, under various conditions, individual provisions of the Framework Agreement including the ban on COMMERZBANK performing capital reductions for reasons other than restructuring purposes. Moreover, SoFFin and COMMERZBANK undertook to enter into various agreements for the purpose of technically implementing the partial conversion of the silent participations and ensuring that SoFFin's stake of 25% plus one share in the share capital of COMMERZBANK would be maintained even after the implementation of the overall capital increase transaction. In addition to the measures taken as part of the overall capital increase transaction (partial conversion into shares and repayment from the proceeds), COMMERZBANK agreed to employ an amount of €3.27 billion out of free regulatory capital toward the repayment of the silent participations. Pursuant to the contractual provisions, the silent participations that were repaid early had no further claims to be serviced in 2011. Against this background, the Company and SoFFin agreed upon a one-time compensation payment of €1.03 billion in connection with the overall capital increase transaction, which was paid to SoFFin at the beginning of June 2011. Due to the transaction-related partial conversion of the silent participations into shares and the partial repayment of the silent participations from the proceeds of that transaction and free regulatory capital in the amount of €3.27 billion, a mutual full premature termination of Participation Agreement 2 was agreed on June 5, 2011 and a partial premature termination of Participation Agreement 1 on June 9, 2011.

Special approval of March 12, 2013

On March 12, 2013, SoFFin and COMMERZBANK concluded an Agreement on the Waiver of Compliance with Certain Provisions of the Framework Agreement with Respect to the Granting of Stabilization Measures (the "**Special Approval**") in connection with the full repayment of SoFFin's silent participation (see "*—Recent developments and outlook—Recent developments*"). SoFFin waived, under various conditions, individual provisions of the Framework Agreement including the ban on COMMERZBANK performing capital reductions for reasons other than restructuring purposes. However, the other regulations of the Framework Agreement remain unaffected by the Special Approval. For example COMMERZBANK must continue to ensure as far as is legally possible that two individuals named by the German Financial Market Stabilization Authority are appointed as members of the Company's Supervisory Board. In addition, SoFFin agreed to fully exercise its subscription rights and to contribute to the Company, part of its silent participation in the amount of €625 million as part of a contribution in kind in accordance with a transfer agreement dated as of May 14, 2013. In the Special Approval, the Company undertook to SoFFin to repay the remaining amount of the silent participation from the proceeds of the capital increase implemented in the second quarter of 2013 pursuant to a repayment and termination agreement dated as of May 31, 2013. In connection with the repayment of the silent participation, the Company also made a one-time payment of approximately €61 million to SoFFin from the proceeds.

Other material agreements

Cooperation agreement between COMMERZBANK, Wüstenrot Bausparkasse AG and Allianz Dresdner Bauspar AG of April 21, 2010

On April 21, 2010, COMMERZBANK, Wüstenrot Bausparkasse AG and Allianz Dresdner Bauspar AG entered into a cooperation agreement regarding the sale by COMMERZBANK of savings and loan and construction financing products. The agreement provides for COMMERZBANK, as a secondary agent within the meaning of Sections 84 and 92 of the German Commercial Code, to offer and sell exclusively the products of Wüstenrot Bausparkasse AG and Allianz Dresdner Bauspar AG to its customers in the Federal Republic of Germany.

COMMERZBANK receives commissions on reaching goals for selling building savings and loan and construction financing products together with other fees.

The cooperation agreement was concluded for an indefinite term and can be terminated by giving 12-months' notice, on December 31, 2020 at the earliest and subsequently at the end of each successive three-year period.

Silent participation by HT1 Funding GmbH

Effective with the merger of Dresdner Bank and COMMERZBANK the silent participation in Dresdner Bank of originally €1 billion held by HT1 Funding GmbH since July 20, 2006 was transferred to COMMERZBANK. For financial years ending on or before December 31, 2016, COMMERZBANK is obliged to pay HT1 Funding GmbH a share of COMMERZBANK's net income as reported in its annual financial statements in accordance with the German Commercial Code of 6.932% p.a. of the capital loaned; for all financial years ending after December 31, 2016, COMMERZBANK is obliged to pay HT1 Funding GmbH an amount on the capital loaned at a rate equal to the 12-month EURIBOR plus 2.580%. The payment obligation is subordinated to the claims of all present and future creditors of COMMERZBANK, other funds in the supplementary capital and other subordinated liabilities. No profit participation is permitted (1) if and to the extent that there is not enough distributable profit to make such payment in the financial year concerned, (2) if there has been a reduction and the silent participation has not yet been fully credited written up, (3) if an application has been made to initiate insolvency proceedings with respect to the assets of COMMERZBANK or BaFin has exercised its authority under Sections 45, 46, 46a or 47 of the German Banking Act or (4) if COMMERZBANK's total capital ratio at the company or Group level is less than 9% and payment would result in a net loss for the year.

The silent participation is granted for an indefinite period and cannot be terminated by HT1 Funding GmbH. COMMERZBANK may terminate the underlying participation agreement under certain conditions by giving notice of ordinary termination of two years, but not prior to December 31, 2016. Under an amendment agreement dated April 15, 2009, COMMERZBANK is further entitled on payment of compensation to reduce the nominal amount of the participation by transferring certain securities with a total nominal value of €1 billion to HT1 Funding GmbH which the latter had issued in 2006 to refinance the participation. In this event HT1 Funding GmbH is obliged under the amendment agreement to redeem these securities.

Using this option, COMMERZBANK transferred a total of 584,115 securities, each with a nominal value of €1,000.00 to HT1 Funding GmbH in the second quarter of 2012 on the basis of an Agreement on the Partial Unwinding of Tier 1 Funding Structure concluded between COMMERZBANK and HT1 Funding GmbH on February 22, 2012. COMMERZBANK had acquired these securities as part of a measure to strengthen the regulatory capital implemented in the first quarter of 2012. As a result of the transfer, the nominal value of the silent participation now amounts to €415,885,000.00.

Merger of Deutsche Schiffsbank with COMMERZBANK

In an agreement dated April 5, 2012 (the "**Merger Agreement**"), COMMERZBANK and Deutsche Schiffsbank Aktiengesellschaft ("**Deutsche Schiffsbank**") agreed to transfer the assets of Deutsche Schiffsbank as a whole to COMMERZBANK (merger by acquisition). Pursuant to the Merger Agreement, the acquisition of the assets of Deutsche Schiffsbank took effect retroactively as of January 1, 2012. No payment was agreed. The merger became effective by registration in COMMERZBANK's commercial register on May 22, 2012. Under the Merger Agreement, COMMERZBANK agreed, in particular, to grant holders of profit participation certificates in Deutsche Schiffsbank profit participation rights in COMMERZBANK of the same value on the transfer of the participation rights at the time the merger became effective. Moreover, COMMERZBANK agreed to grant silent partners of Deutsche Schiffsbank a silent participation in COMMERZBANK of the same value with a corresponding payment obligation on the transfer of the silent participation at the time the merger became effective.

Insurance

The Group has taken out a range of property insurance policies, including IT, property (buildings and contents) and fire insurance as well as commercial liability insurance. The Group also holds accident insurance, legal insurance and insurance against certain financial losses.

The Group has D&O insurance policies for the members of the Board of Managing Directors and the Supervisory Board, for which COMMERZBANK pays the premiums. In accordance with Section 93(2) sentence 2 of the German Stock Corporation Act and in line with the recommendations of the German Corporate Governance Code (the "**Corporate Governance Code**"), a deductible rule was agreed with effect as of January 1, 2010. Under this rule, provided that the German Stock Corporation Act applies to the Group company in question, the members of the Board of Managing Directors are subject to a deductible of 10% of the losses from all insurance claims made in any given year (up to a maximum of one and a half times the fixed annual base salary). D&O insurance policies have a similar rule for members of the Supervisory Board to the extent that the Corporate Governance Code applies to the Group company in question. In line with the previous Corporate Governance Code provisions, for breaches of duty prior to January 1, 2010, a deductible of 25% of the fixed annual salary was agreed for members of COMMERZBANK's Board of Managing Directors, and a deductible of 100% of the fixed annual salary was agreed for the members of COMMERZBANK's Supervisory Board.

It is the Group's practice to review the cover provided by all insurance policies on a regular basis. The Company believes that the Group currently has sufficient insurance cover and pays appropriate premiums for this cover. Nevertheless, it cannot be ruled out that one of the companies in the Group may incur losses not covered by insurance or which exceed the coverage level stipulated in the insurance policy.

Legal proceedings

The companies in the Group are involved as defendant, plaintiff or in another capacity in court, arbitration and regulatory proceedings in both Germany and other countries (including the United States). There are also other legal disputes in which the Company or its subsidiaries are not directly involved, but which could have an impact on the Group due to their fundamental importance for the banking industry. The Group recognizes provisions for potential losses from contingent liabilities in accordance with the relevant accounting rules if the potential loss is probable and can be estimated. Provisions for court, arbitration and regulatory proceedings are generally recognized at a flat rate of 50% of the amount at issue where this is less than €0.5 million, and on a case-by-case basis where the amount at issue exceeds €0.5 million, based on the estimate of the probable loss taking into account the course of the proceedings, the Group's experience and third-party experience in comparable cases, lawyers' opinions and other factors. In addition, provisions are recognized for all foreseeable litigation costs for proceedings in Germany. In foreign proceedings, provisions are recognized only for the Group's own foreseeable litigation costs and the costs eligible for reimbursement in the relevant jurisdiction. However, the Group's actual final liability may differ from the recognized provisions, since assessing the probability and valuing the contingent liabilities from such legal proceedings requires extensive valuation and estimation which may prove to be incorrect in the further course of the proceedings in question.

Apart from proceedings described below, the Company is not currently aware of any government interventions or investigations, or lawsuits, or arbitration, administrative or other proceedings which have arisen or been concluded in the past twelve months (including proceedings which to the Company's knowledge are pending or could be initiated) in which the Company or one of its subsidiaries is involved as defendant or in any other capacity and which are currently having or have recently had a material impact on the financial position or profitability of the Company and/or the Group or which in the Company's current estimation could have such effect in the future. With regard to each one of the proceedings described below, some of which cover several disputes, the probable losses in excess of the provisions are in the Group's opinion either insignificant or cannot be estimated.

Flawed investment advice

COMMERZBANK and its subsidiaries are involved, particularly in the Private Customers segment, in giving investment advice on financial instruments (securities, investment funds, derivatives and company shareholdings). The requirements imposed by lawmakers and the judiciary with respect to suitable product and investor advice have been made considerably more stringent, including retroactively, in recent years. COMMERZBANK and its subsidiaries therefore have been and are involved in a number of disputes, some of them in court, in which investors are claiming allegedly flawed investment advice and are demanding damages. In the more recent past, this has already led to material adverse effects on the Group's net assets, financial position and results of operations. Corresponding effects may also result from such claims in the future.

Furthermore, the German Federal Court of Justice (*Bundesgerichtshof*) found in 2006 and 2009 that banks, and therefore also COMMERZBANK, must disclose to their customers the sales commissions that they receive for the sale of participations in closed-end funds and investment funds. In the absence of such information, even where the advice was otherwise proper, the customer is entitled to demand that the investment be unwound at the original price and to transfer the investment, e.g., the shareholding, to the Bank. The customer is also entitled to claim damages for any additional financial or tax losses. In a case ruled upon by the German Federal Court of Justice in July 2011, COMMERZBANK was obligated to pay damages for failing to give such disclosure. The term "sales commissions" was very broadly defined by the German Federal Court of Justice. The German Federal Court of Justice's ruling is significant for a number of other cases, some of which are already pending, in addition to the proceedings in question. This includes both proceedings relating to closed-end funds like those that were the subject of the legal dispute before the German Federal Court of Justice and proceedings that concern numerous other capital investments, in particular closed-end funds arranged by COMMERZBANK or its legal predecessors. In addition to the already existing provisions, a provision taking into account the new situation was recognized in the 2011 financial year for the funds that were the subject of the dispute before the German Federal Court of Justice. Provisions have also been and continue to be recognized for claims brought as part of lawsuits.

The number of cases and the extent of damages claims brought against the Group change depending firstly on the presentation of new claims and also on the conclusion of those already filed.

If the COMMERZBANK Group is required to pay damages for a significant portion of the financial instruments sold by it or to unwind these transactions at the original price, there is the risk of a material adverse effect on the Group's net assets, financial position and results of operations.

Lehman investors' complaint

Following the bankruptcy of Lehman Brothers, a large number of the Group's customers claimed damages in relation to the sale by Dresdner Bank of certificates issued by Lehman Brothers. These customers based their claims in particular on the allegation of flawed investment advice. Court decisions in these proceedings have in some cases been in favor of the Group, while others have been against it. In its judgments of September 27, 2011, the German Federal Court of Justice for the first time ruled on the Lehman cases of another bank. The German Federal Court of Justice requires in this regard a general explanation of the so-called general issuer risk, i.e., the general dependence of the repayment of the invested amount on the credit rating of the issuer or guarantor. In its judgments of June 26, 2012 and thereafter, the German Federal Court of Justice ruled in favor of COMMERZBANK on a number of appeals brought by COMMERZBANK against Lehman decisions, thereby either overruling the judgments of the lower courts that had found in favor of the plaintiffs, or confirming the judgments of the lower courts that had ruled against the plaintiffs. The substance of these judgments does not differ from the principles of the judgments of September 2011. The chances of success of individual claims against the Group thus essentially depend on whether in an individual case an explanation that conforms to the requirements laid out by the German Federal Court of Justice has been provided and whether this can be proven. Given that in most cases the limitation period has already expired, COMMERZBANK believes that commencement of further substantial numbers of legal actions is unlikely. At the same time, the number of legal actions filed may still increase slightly, as the plaintiffs have conducted proceedings that toll the applicable statute of limitations.

Only one of the various foreign legal proceedings against a subsidiary of COMMERZBANK that acted as an underwriter for Lehman Brothers debt is still pending. The class actions that were pending in this dispute have been concluded by means of settlement confirmed by the courts. Other complaints brought by plaintiffs who did not participate in the settlement have been dismissed. In respect of the remaining proceeding, the parties are in settlement discussions. The risk arising for COMMERZBANK is likely to be between $1 million and $2 million.

Claims for payment and restoration of value in connection with issued profit participation certificates and trust preferred securities

COMMERZBANK and its subsidiaries (particularly Hypothekenbank Frankfurt and its legal predecessors) and Dresdner Bank and its subsidiaries have issued profit participation certificates and other hybrid financial instruments, including trust preferred securities in particular. These instruments are generally structured so that they are recognized for regulatory purposes as equity. In some cases, there is an obligation to pay interest only where distributable profit has been realized or only insofar as the payment of interest does not lead to a net loss, and some types of instruments are structured so that in the case of losses, the redemption amount of the instruments can be reduced.

Due to losses incurred in the 2009, 2010, 2011 and 2012 financial years, no interest was paid for those financial years on profit participation certificates and trust preferred securities issued by Hypothekenbank Frankfurt, its legal predecessors and its subsidiaries and no interest has been or is expected to be paid on the trust preferred securities for 2012 financial year. In addition, the losses had reduced the principal amount payable on redemption of the profit participation certificates due to their participation in losses. Various investors have filed suit (or announced their intention to do so) in Germany in respect of the reduction of the principal amount payable on a redemption and the non-servicing of the profit participation certificates. Investors in the trust preferred securities issued by Eurohypo Capital Funding Trust I and Eurohypo Capital Funding Trust II have filed suit in Germany in respect of the non-servicing of the trust preferred securities. On September 3, 2013, an investor in these trust preferred securities filed suit in the Delaware Court of Chancery in respect of the non-servicing of the trust preferred securities. In the meantime, a separate lawsuit previously filed against Hypothekenbank Frankfurt in the United States of America in respect of the non-servicing of the trust preferred securities has been withdrawn. It cannot be ruled out that more claims will be made or lawsuits filed.

In Germany, courts of first instance have in the past handed down non-binding decisions relating to the non-servicing of the profit participation certificates issued by Hypothekenbank Frankfurt and the reduction of the principal amount payable on redemption thereof. These decisions differ in their results. Two appellate decisions, in favor of the claimants, were rendered on December 31, 2011 and February 7, 2012. In connection with the latter, Hypothekenbank Frankfurt in each case appealed (*Revision*) against these decisions to the German Federal Court of Justice. On May 28, 2013 the German Federal Court of Justice decided adversely to COMMERZBANK in both cases, holding that, because the forecast in respect of the earnings development of Hypothekenbank Frankfurt was positive at the time the control and profit transfer agreement was entered into, the distributions provided for under the profit participation certificates are to be made in full and the principal amount payable on redemption may not be reduced, irrespective of the financial condition of the issuer, Hypothekenbank Frankfurt. On July 1, 2013, Hypothekenbank Frankfurt effected the decision of the German Federal Court of Justice through a reversal of the reduction and payments of interest to the holders of the profit participation certificates.

No interest was paid for the 2009, 2010 and 2011 financial years on some trust preferred securities issued by a number of COMMERZBANK subsidiaries, due to the economic situation in these financial years. The terms and conditions of these trust preferred securities contain parity treatment clauses under which there is an obligation to pay interest on these trust preferred securities in the event that interest is paid on other comparable instruments. On the basis of these parity treatment clauses, investors have also asserted claims for the non-payment of interest, including in some cases in U.S. courts, and have demanded that these trust preferred securities be restructured as subordinated instruments in the event of an insolvency. In one of the two cases pending in Delaware, the Delaware Supreme Court issued an opinion, under which the previous judgment of the Court of Chancery in favor of the Bank was vacated, and the case remanded with instructions to the Court of Chancery to enter final judgment in favor of the claimants. The Supreme Court also stipulated that the Court of Chancery should make its decision consistent with the holdings of the opinion. In summary, the Supreme Court took the following position: Interest payments that had not been made must be made because payments on other comparable instruments were made in the relevant years; moreover, there is an obligation to restructure those trust preferred securities that are the subject of the litigation into subordinated instruments in the event of an insolvency. The final judgment taking into account the Supreme Court's opinion was released on July 16, 2013. The other court case pending in Delaware in respect of the failure to make payments on trust preferred securities issued by another subsidiary of COMMERZBANK is currently still suspended. At the end of July 2013, COMMERZBANK effected the final judgment through payments of interest to the holders of the COMMERZBANK trust preferred securities.

It cannot be ruled out that further similar claims will be made or lawsuits filed. Any court ruling in favor of the claimants would only have a binding effect for the successful claimants. However, COMMERZBANK does not rule out that in such event it would satisfy or be required to satisfy similar justified claims arising out of the trust preferred securities, which could result in a total charge at Group level in respect of the trust preferred securities of Hypothekenbank Frankfurt and COMMERZBANK of approximately €60 million (as of June 30, 2013) for the 2009 to 2012 financial years and the first half of 2013.

Furthermore, payments on or servicing hybrid financial instruments, such as the early repayment of silent participations or related servicing or repurchases of hybrid financial instruments, may result in investors who have invested in other profit participation certificates or other hybrid financial instruments bringing claims for the payment of interest that has not been made or for the write-up of the principal amount payable on redemption. If claims are made in such cases and payments become necessary even if COMMERZBANK considers them to be without merit, corresponding charges at Group level would be incurred.

Variable remuneration 2008

Some employees of the former Dresdner Bank group have filed suit against Group companies in Germany and various locations abroad for non-payment of variable remuneration or for paying less than the allegedly promised amount for the 2008 financial year.

In Germany, the German Federal Labor Court has rejected claims by non-pay-scale employees and by employees from the DKIB investment banking division of the former Dresdner Bank. Claims brought by pay-scale employees, however, were successful. Consequently, in July 2012 COMMERZBANK paid compensation for the variable remuneration for the 2008 financial year to pay-scale employees who were employed at Dresdner Bank in Germany as of December 31, 2008 and still employed by the COMMERZBANK Group in July 2012. On the grounds of equal treatment, compensation was also paid to pay-scale employees employed at COMMERZBANK AG in the 2008 financial year and still employed by the COMMERZBANK Group in July 2012. The resulting expense was fully accounted for in the financial statements as of December 31, 2011. Any claims not yet brought by pay-scale employees will have become time-barred at the end of 2012, with the result that such claims will no longer be satisfied.

On May 1, 2012, a court of first instance in London ordered COMMERZBANK to pay bonus claims asserted. On appeal, the High Court confirmed the decision of the court of first instance on April 26, 2013. The claims based on this judgment amount to approximately GBP 72 million. Additionally, claims by additional claimants in the amount of GBP 7 million are possible. Provisions have already been recognized to cover the claims from the judgment. In addition, there are a number of other proceedings brought by employees pending worldwide, whose claims currently amount to a total of approximately €7.5 million.

The likely outcome of the proceedings varies and depends on the individual circumstances. The possibility that more claims will be filed also cannot be ruled out.

Claims against a subsidiary of COMMERZBANK, inter alia, in connection with former holdings in South American banks

A subsidiary of COMMERZBANK had holdings in two South American banks which have since gone into bankruptcy. In various lawsuits in Uruguay and Argentina, a number of investors and creditors of these banks have brought actions against the subsidiary and, in some cases, also COMMERZBANK for alleged shareholder liability and for alleged breaches of duty by individuals appointed by the subsidiary to the supervisory board of the banks. In addition, the subsidiary participated in two funds that acquired monies and allowed them to be managed by Bernhard L. Madoff. In a court proceeding in the United States, the liquidators of these funds are seeking the return of payments received by the subsidiary from the funds.

Lawsuit in connection with the insolvency of the Australian Bell Group

As legal successor to the former Dresdner Bank AG, COMMERZBANK, together with 18 other banks, is being sued for damages by the insolvency administrator of the Australian Bell Group on the grounds of allegedly unlawful demand and liquidation of collateral and payment of default interest since 1990. The plaintiff claims that the defendant banks should have identified the impending insolvency of the Bell Group and that the insolvency estate was deprived of significant assets as a result of the liquidation of collateral. In 2008, the court of first instance ordered the defendant banks to pay to the insolvency administrator the sums demanded as part of the collateral liquidation process. The court of first instance also ruled that interest of 1% below the Westpac indicator for lending transactions was payable on these sums from 1990 onwards. Based on COMMERZBANK's 4.15% share in the banking consortium, this judgment means a charge to COMMERZBANK of approximately €62 million. Both the plaintiff and the defendant banks (following a majority decision taken by the banking consortium) have appealed the first instance decision. In August 2012, the appeal court confirmed the judgment of the first instance court in the main proceedings and also ruled that interest of 1% above the Westpac indicator for lending transactions was payable by the defendant banks. As a result of the increase in the interest rate by 2 percentage points since 1990, there is an additional financial charge to COMMERZBANK of approximately €30 million. In October 2012, the banks applied to the Australian High Court for the admission of a further appeal against certain aspects of the appeal decision. In March 2013, the court granted this application, and a hearing before the Australian High Court is scheduled for September 11, 2013. As regards those aspects of the appeal decision that were not included in the application for admission of a further appeal, COMMERZBANK paid a sum equivalent to approximately €24 million to the plaintiff in December 2012. On June 25, 2013 a non-binding agreement was reached to settle the litigation, with the banks agreeing to pay €1.2 billion. COMMERZBANK's 4.15% share amounts to a payment of €48 million. A binding settlement agreement is currently being negotiated among the parties.

Prospectus liability suit

An investor is claiming damages from COMMERZBANK and other defendants because of an alleged defective prospectus in connection with an IPO by a company. The company's insolvency administrator is also filing recourse claims against the Company arising out of joint and several liability and other legal grounds. In the first instance, the Regional Court of Hamburg (*Landgericht*) dismissed the action against COMMERZBANK to the full extent. The plaintiffs have appealed against this decision. If, contrary to the expectations of COMMERZBANK, the plaintiffs should succeed in the second instance with their claim for relief, COMMERZBANK believes that it has recourse claims against other members of the underwriting syndicate and against third parties based on contractual agreements.

U.S. Department of Justice

In 2006 and 2007, the Group was served with subpoenas in the United States asking it to supply certain documents and information to the U.S. Department of Justice relating to customers who were active in the field of online gambling. The reason for this was that Dresdner Kleinwort Benson – the investment bank of Dresdner Bank – was accused of providing advisory services in connection with the financing of companies that had made it possible for U.S. citizens, in violation of the laws of the United States, to participate in online gambling. In the course of the proceedings, the U.S. Department of Justice proposed that COMMERZBANK enter into a non-prosecution agreement, which provides for payment of a fine in exchange for the termination of the proceedings. A draft of this non-prosecution agreement was prepared by the U.S. Department of Justice in December 2009 and comments thereon were exchanged. The outcome of the proceedings is not yet foreseeable. There is a possibility that they could be settled by a sum in the lower tens of millions; a corresponding provision has been recognized for this purpose. The U.S. Department of Justice has not contacted COMMERZBANK further in this regard since May 2010.

Alleged violations of sanctions

At the beginning of March 2010, COMMERZBANK's Board of Managing Directors was requested by the New York County District Attorney to carry out an internal investigation into alleged violations of U.S. sanctions by the Group and to cooperate closely with the U.S. authorities in this regard. The New York County District Attorney, the U.S. Department of Justice and a number of other agencies are currently conducting a thorough investigation into whether the Group violated U.S. sanctions, particularly against Iran, Sudan, North Korea, Myanmar and Cuba. COMMERZBANK's New York branch has also received subpoenas from these U.S. authorities in this connection, in response to which it has made available extensive documentation and the results of internal investigations. The outcome of these matters is not currently foreseeable. The U.S. authorities may impose civil and criminal penalties on COMMERZBANK, including substantial fines. In similar matters involving other banks, settlements were reached, some involving the imposition of substantial civil and criminal penalties. In light of these matters, it cannot be excluded that COMMERZBANK will be required to settle these matters for a not inconsiderable amount.

In addition, the Group has voluntarily disclosed to the U.S. Office of Foreign Assets Control certain incoming payments to and outgoing payments from customers of COMMERZBANK and subsidiaries of COMMERZBANK, including payments made through the Company's New York branch, in relation to transactions that may have involved payors or payees located in a number of U.S.-sanctioned countries. The outcome of these matters is not yet foreseeable.

Settlement discussions with Internal Revenue Service

In 2011, COMMERZBANK agreed with the Internal Revenue Service (the "**IRS**") to settle a tax liability relating to an audit, mainly in respect of withholding taxes on securities borrowing and lending transactions. The outstanding liability was paid in the third quarter of 2011.

The IRS reopened the audit after COMMERZBANK hired, as head of its Tax Department, a former IRS employee who was involved in the audit. The employee was subsequently accused by the U.S. government of certain violations of law relating to his conduct as an IRS employee, his subsequent contacts with the IRS and certain related disclosures. COMMERZBANK was not accused of wrongdoing in connection therewith.

Since the audit was reopened, COMMERZBANK has undertaken additional remedial measures. As a result of these actions and on the basis of its discussions with the IRS, the Bank believes that the IRS is now in the process of finalizing the audit and that a general understanding of the settlement amount at which this matter could be closed has been reached. The Bank has therefore established a corresponding reserve at the end of the second quarter of 2013.

Shareholder challenge of Annual General Meeting resolutions regarding capital measures to largely repay the SoFFin's silent participations

A shareholder of COMMERZBANK has filed a rescission and annulment action against the resolutions of COMMERZBANK's Annual General Meeting of May 6, 2011 regarding capital measures to largely repay SoFFin's silent participations and the resolution of the same Annual General Meeting to formally approve (*entlasten*) the actions of the members of the Board of Managing Directors. The plaintiff has also filed an interlocutory petition for an order that the resolutions of the Board of Managing Directors and the Supervisory Board of April 6, 2011 approving the issue of Conditional Mandatory Exchangeable Notes be declared invalid because approval had not been obtained from the Annual General Meeting. The Regional Court (*Landgericht*) of Frankfurt dismissed the action in full in the first instance. The plaintiff lodged an appeal against this decision with the Higher Regional Court (*Oberlandesgericht*) of Frankfurt. The appeal was rejected. The Higher Regional Court has denied permission to appeal on a point of law (*Revision*). The plaintiff has filed a complaint against denial of leave to appeal with the German Federal Court of Justice.

If, contrary to the expectations of COMMERZBANK, the complaint against denial of leave to appeal and the shareholder rescission and annulment action should succeed, this would not have any effect on the validity of the capital measures registered in the Commercial Register. However, shareholders could then file damages claims against COMMERZBANK pursuant to Sections 7c sentence 4 of the Financial-Market Stabilization Acceleration Act (*FMStBG*) and 246a(4) of the German Stock Corporation Act. The plaintiff would bear the burden of proving the existence and amount of any losses. The success of the interlocutory petition would also have no effect on the validity of the capital measures adopted by COMMERZBANK's Annual General Meeting of May 6, 2011. However, it cannot be ruled out that a positive ruling might form the basis for damages claims against COMMERZBANK. Here, too, the plaintiff would bear the burden of proving the existence and amount of any losses.

Antitrust investigation by the European Commission

In 2011, the European Commission launched an antitrust investigation into 17 companies in the financial sector, including COMMERZBANK, pursuant to which it is investigating their actions in passing on trading data regarding CDS transactions to financial information providers. The Commission is examining whether the supply of this data resulted in restrictions on competition within the meaning of Articles 101 and 102 of the Treaty on the Functioning of the European Union ("**TFEU**"). On February 21, 2013, COMMERZBANK took part in a state-of-play discussion with the European Commission. During this discussion, the European Commission informed COMMERZBANK that it would no longer be investigating COMMERZBANK until further notice. However, if COMMERZBANK is negatively implicated in the course of the European Commission's investigations of other companies within the financial sector, the investigation of COMMERZBANK may be resumed. At the beginning of July 2013, the EU Commission initiated an official proceeding against 13 investment banks, a derivatives association and a provider of financial information. COMMERZBANK was not among those subject to the proceeding.

Divestment of Bank Forum

In connection with the divestment of its stake in the Ukrainian Bank Forum completed in 2012, COMMERZBANK received notices from the acquirers stating that the acquirers are making a claim under the sale and purchase agreement and challenging the share and purchase agreement as such on grounds of bad faith. COMMERZBANK is currently investigating and assessing the notices submitted by the acquirers whether the accusation made is warranted. To date there is no evidence that the challenge is merited.

Shareholder challenge of Annual General Meeting resolution regarding capital increase to repay the silent participations of SoFFin and Allianz in full

A shareholder of COMMERZBANK has filed a rescission and annulment action with the Regional Court (*Landgericht*) of Frankfurt against the resolution of COMMERZBANK's Annual General Meeting of April 19, 2013 regarding the capital increase to repay the silent participations of SoFFin and Allianz in full and the resolutions of the same Annual General Meeting to formally approve (*entlasten*) the actions of the members of the Board of Managing Directors and the Supervisory Board. If, contrary to the expectations of COMMERZBANK, the shareholder rescission and annulment action should succeed, this would not have any effect on the validity of the capital measures adopted by COMMERZBANK's Annual General Meeting of April 19, 2013 and registered in the Commercial Register. However, shareholders could then file damages claims against COMMERZBANK pursuant to Sections 7c sentence 4 of the Financial-Market Stabilization Acceleration Act (*FMStBG*) and 246a(4) of the German Stock Corporation Act. The plaintiff would bear the burden of proving the existence and amount of any losses.

Recent developments and outlook

Recent developments

The world economy has continued to recover in the 2013 financial year to date; however, as before, no general and strong upturn is discernible. Emerging markets continue to post the strongest growth rates, but growth rates still remain below those reached one or two years ago. This applies to China, and to the other "BRIC" countries (Brazil, Russia, India and China). The U.S. economy continued to gather pace despite the tax increases that came into effect at the beginning of the year. COMMERZBANK believes that there is an economic divide becoming increasingly apparent in that country. While it can be seen that the excesses of the past have now largely been corrected in sectors with a U.S. focus, there has recently been only a small increase in production for industries that are more integrated with the global economy.

In the Eurozone economy the recession appears to be gradually coming to an end. However, there were considerable differences among the individual countries. The German economy, for example, grew noticeably. There were also green shoots in a number of periphery countries, where the economy is thought to have stabilized slightly in the second quarter, according to current information. On the other hand, in some core countries the effects of previous excesses are increasingly making themselves felt, thus hampering economic recovery and in some cases leading to a further decline in GDP.

The COMMERZBANK Group's operating profit amounted to €547 million in the first half of the 2013 financial year, compared to €1,018 million in the first half of 2012, a decrease of €471 million. In the first half of the 2013 financial year, restructuring expenses amounting to €493 million were reported for the COMMERZBANK Group. These expenses are principally intended for scheduled personnel measures in connection with the strategic Agenda 2016 and will be incurred mainly by the Private Customers segment and the Service and Group management units. There have not been any material changes to the financial or trading position of the COMMERZBANK Group since June 30, 2013.

COMMERZBANK has made initial progress in respect of the goals communicated as part of its strategic Agenda 2016.

On March 13, 2013 the Company announced a capital increase with subscription rights in the amount of €2.5 billion in order to repay in full the silent participations of SoFFin and Allianz. The Company's Annual General Meeting resolved the announced capital increase on April 19, 2013. In accordance with a resolution by the Company's Board of Managing Directors of May 14, 2013 with the consent of its Supervisory Board of the same date, the new shares were offered to shareholders of the Company for subscription from May 15, 2013 through May 28, 2013. SoFFin supported the capital increase insofar as it exercised its subscription rights in full and contributed part of its silent participation in the Company, in the amount of approximately €625 million, by way of a contribution in kind. At the beginning of the subscription period for the offer, Company shares from SoFFin's holdings were placed with investors as part of a private placement (the "**SoFFin Placement**"). SoFFin's proceeds from the SoFFin Placement corresponded to the volume of the SoFFin silent participation used for the exercise of the subscription rights. In effect, SoFFin participated in the capital increase without investing new cash funds. On May 31, 2013 the Company fully repaid the remaining amount of the silent participations of SoFFin and Allianz from the proceeds of the capital increase.

As a result of the transaction, the COMMERZBANK Group's Common Equity Tier 1 ratio – assuming full application of Basel III – increased from 7.5% as of March 31, 2013 to 8.4% as of June 30, 2013.

On July 15, 2013 COMMERZBANK's subsidiary Hypothekenbank Frankfurt signed an agreement on the sale to a consortium of its commercial real estate financing portfolio in the United Kingdom. The transaction encompasses commercial real estate loans totalling €5.0 billion including the relevant interest-rate and currency hedging derivatives, as well as the entire operational business of Hypothekenbank Frankfurt in the United Kingdom. The employees are being transferred in the framework of their existing employment contracts to the purchasers. As this transaction is a complete risk transfer to the buyers, COMMERZBANK expects to attain its original reduction target of a remaining portfolio size of €93 billion in the Non-Core Assets (NCA) segment more quickly than planned. The Bank now assumes that the exposure at default (EaD, including non-performing loans) will be significantly less than €90 billion at the end of 2016. The Bank further expects that the overall result in 2013 will include charges of €179 million as a consequence of the transaction (€134 million in the second quarter of 2013; approximately €45 million in the second half of 2013). However, these charges will be largely compensated for by a positive equity capital effect totalling €133 million in the third quarter of 2013. Risk-weighted assets (RWA) were reduced by €1.5 billion as a result of the transaction.

At the end of July 2013, COMMERZBANK reached an agreement with BNP Paribas regarding the sale of COMMERZBANK's "Depotbank" business, which offers services for investment companies and institutional investors, such as settlement of securities transactions, the administration and safekeeping of assets and fund administration. The transaction is subject to the approval of the relevant supervisory authorities. The custody business for customers of COMMERZBANK, which provides a comprehensive custody service for the Bank's private, business and corporate customers as well as for institutional investors, and forms part of COMMERZBANK's core business, is not affected by the agreed disposition.

At its meeting on August 7, 2013, the Supervisory Board of COMMERZBANK resolved to reduce the size of the Board of Managing Directors from nine members to seven at an as-yet undetermined date in the foreseeable future. The reduction in the size of the Board of Managing Directors is a consequence of the Group strategy adopted by the Board of Managing Directors in November 2012. Part of this strategy is a further significant reduction in costs, and accordingly headcount reductions at all levels.

Outlook

COMMERZBANK expects the global economy to recover further in the second half of 2013, while expanding somewhat faster than in the first half of this year. One risk for this outlook would be a new flare-up of the sovereign debt crisis, which appears to be contained at present by the verbal interventions of the ECB. The economy in the emerging markets should pick up speed and once again demonstrate significantly stronger growth than in the industrialized countries. COMMERZBANK also expects the United States to contribute to stronger global economic growth in the second half of 2013.The recession in the eurozone ended this spring, although a strong upturn does not appear to be likely. COMMERZBANK believes Germany to have the best outlook for the next few quarters. In the periphery countries, economies may stabilize, as fiscal policy is no longer so restrictive and some of these countries have become considerably more competitive in the past few years. Nevertheless strong growth appears unlikely for the time being.

For the rest of 2013, COMMERZBANK expects that the economic and capital market environment will remain challenging. COMMERZBANK believes that the factors adversely affecting its results of operations, particularly the low interest rate environment and the muted demand in the loan business, will for some time overshadow the successes of the strategic realignment started in the past year and the further development of the Group’s business model. Accordingly, COMMERZBANK expects that the ongoing asset reduction and the low interest rates will keep pressure on revenues. COMMERZBANK expects higher loan loss provisions in the Group in 2013 as compared with 2012, because of the accelerated portfolio reduction in the NCA segment and the normalization of loan loss provisions in the Core Bank. Reversals of loan loss provisions in the Core Bank will not match last year’s high levels, and the economic recovery is still hesitant. COMMERZBANK is confident that operating costs will not exceed €7 billion in the year as a whole. Overall, COMMERZBANK believes that the continued pressure on earnings, rising loan loss provisions and investment-related cost increase will have an impact on the 2013 operating profit compared to the prior year. The Group’s pre-tax result for the 2013 financial year will be negatively impacted by the restructuring costs reported in the first quarter of 2013 in connection with the agreed efficiency optimization measures.

COMMERZBANK expects income in the Private Customers segment in the second half of the year to reach a similar level as in the first half, as the active countermeasures designed to offset the negative effects of the generally muted demand for credit and the low interest rate environment begin to bear fruit. This can be seen in the increase in residential mortgage loans. COMMERZBANK is also seeing an increase in customer activity in the securities business. COMMERZBANK expects lower reversals of valuation allowances and muted demand for loans from the corporate sector in 2013. It does not expect the Mittelstandsbank segment’s operating profit for 2013 to reach the level of the prior year. For the Central & Eastern Europe segment, COMMERZBANK expects the results in the 2013 financial year to be slightly below the level achieved in 2012. Assuming that markets stabilize further and customer activity on primary and secondary markets increases – and if at the same time costs fall and loan loss provisions remain stable – COMMERZBANK expects a further improvement in the Corporates & Markets segment’s operating profit in light of the moderate increase in income expected in this financial year. In the NCA segment, COMMERZBANK expects that the difference between the funds released by the run-down on the one hand, and the capital consumption resulting from the expected loss on the other, will be negative in the 2013 financial year. Furthermore, COMMERZBANK expects the burden arising from loan loss provisions to remain higher in the NCA segment due to the continuing crisis in the shipping market.

As part of its process of portfolio reduction, COMMERZBANK expects the Non-Core Assets segment to record cumulative operating losses totaling approximately €2.3 billion between 2013 and 2016. In the process, COMMERZBANK aims to reduce risk-weighted assets (RWA) by a total of €30 billion from the end of 2012 to the end of 2016. COMMERZBANK intends to make the capital released through the reduction available to higher-yield, lower-risk business units within the Group, thus opening up new growth prospects. Apart from continuing to run off assets, the focus is on improving the refinancing structure. The emphasis is on secured refinancing instruments such as Pfandbriefe and repo transactions. The need for unsecured funding is expected to continue to decline.

THE NEW YORK BRANCH

The Bank operates the Branch pursuant to a license issued by the Superintendent. The Branch conducts an extensive banking business serving U.S. customers and the Bank's German clients and their U.S. subsidiaries. The Branch is located at 2 World Financial Center, New York, New York 10281, and its telephone number is 212-266-7000.

SUPERVISION AND REGULATION OF THE BANK IN GERMANY

Introduction

The German Banking Act (*Kreditwesengesetz – KWG*), the German Payment Services Oversight Act (*Zahlungsdiensteaufsichtsgesetz – ZAG*), the German Securities Trading Act (*Wertpapierhandelsgesetz – WpHG*), the German Covered Bond Act (*Pfandbriefgesetz – PfandBG*), the German Capital Investment Act (*Kapitalanlagegesetzbuch – KAGB*) and regulations issued on the basis of these Acts serve as the legal basis for the governmental supervision of the business activities of the COMMERZBANK Group and its associated financial institutions and asset management companies in Germany. The German Banking Act contains the basic framework for the general supervision of banks and financial services institutions (together, "**Financial Institutions**") in Germany. Among other things, the German Banking Act and its associated regulations, guidelines, circulars and announcements transposes certain European directives applicable to banks into national law. The German Banking Act and the German Payment Services Oversight Act impose a licensing requirement on the operation of a banking business and the provision of financial services and payment services and set out the regulatory requirements banks, financial services institutions and payment service providers must comply with in order to operate these businesses. They also govern the supervision of holders of significant equity participations in Financial Institutions domiciled in Germany. In addition to the provisions of the German Banking Act, the German Covered Bond Act applies to the covered bond ("**Pfandbrief**") business, and sets forth particular regulatory requirements for the Pfandbrief business. The German Capital Investment Act also contains regulatory and private-law provisions with respect to asset management companies that engage in investment business. The following sections describe selected regulatory aspects addressed by the German Banking Act, the German Covered Bond Act and the German Capital Investment Act.

License to conduct banking business

COMMERZBANK and its German-domiciled subsidiaries comdirect bank, Hypothekenbank Frankfurt and ebase hold a license to conduct banking business and to provide financial services under the German Banking Act and a license to provide payment services under the German Payment Services Oversight Act. In addition, Hypothekenbank Frankfurt is licensed to issue Pfandbriefe under the German Covered Bond Act. COMMERZBANK is licensed to issue public-sector and ship Pfandbriefe pursuant to the German Covered Bond Act.

The following German-domiciled subsidiaries of COMMERZBANK hold licenses to provide financial services under the German Banking Act: Commerz Real, Commerz Real Asset Verwaltungsgesellschaft mbH, Commerz Real Mobilienleasing GmbH, Commerz Real IT-Leasing GmbH, Commerz Real Leasingservice GmbH & Co. KGand CommerzFactoring GmbH*.*

In addition, the two asset management companies Commerz Real Investmentgesellschaft mbH and Commerz Real Spezialfondsgesellschaft mbH hold a license to conduct investment business under the German Capital Investment Act.

Banking supervision in Germany

Overview

The Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) ("**BaFin**") is the main supervisory authority for the COMMERZBANK Group, both on an unconsolidated basis (i.e., supervision of the individual Financial Institutions and asset management companies of the COMMERZBANK Group) and on a consolidated basis. BaFin is an institution under public law vested with legal capacity (*rechtsfähige Anstalt des öffentlichen Rechts*) under the legal and technical supervision of the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) ("**BMF**"). It is authorized to issue regulations and administrative orders to Financial Institutions operating in Germany.

BaFin exercises its supervisory authority in close cooperation with the German Central Bank ("**Deutsche Bundesbank**"). One of the Deutsche Bundesbank's most important responsibilities is the ongoing monitoring of Financial Institutions in Germany. This monitoring involves, in particular, gathering and analyzing statistics and other reports from Financial Institutions operating in Germany, as well as performing and analyzing examinations with respect to regulatory capital and risk management.

As part of their supervision, BaFin and the Deutsche Bundesbank require Financial Institutions in Germany to provide comprehensive data in order to monitor their compliance with applicable legal provisions.

Ownership control procedures

The German Banking Act requires any person who intends to acquire, either alone or in concert with other individuals or companies, a significant participation in any Financial Institution (interested acquirer) to promptly notify BaFin and the Deutsche Bundesbank of this intention in writing. A participation is deemed significant if at least 10% of the capital or voting rights in a company is held, directly or indirectly through one or more subsidiaries, by means of a similar relationship or in concert with other individuals or companies, for one's own account or the account of a third party or if a significant influence can be exercised over the management of another company. Moreover, a person with a significant participation must notify BaFin and the Deutsche Bundesbank if it intends, alone or in concert with other individuals or companies, to increase the amount of its participation to a level equal to or more than the thresholds of 20%, 30% or 50% of the voting rights or capital, or to gain control of the Financial Institution. There is also a notification obligation in the opposite case, i.e., when the holder of a significant participation intends to dispose of its significant participation in a Financial Institution or to reduce the amount of its participation to a level below the aforementioned thresholds.

In the notification, the interested acquirer must provide the material facts and documentation regarding the level of its participation, establishing its significant influence and enabling an assessment of its reliability and its required financial stability, and must specify the individuals or companies from which the relevant shares are to be acquired. In addition to the provisions contained in the German Banking Act, detailed provisions regarding the content of the notification, such as information regarding the origin of the funds used to finance the acquisition of the participation and, in the case of an acquisition of control, the aims and intentions pursued by means of the participation, as well as regarding the notification procedure, are contained in the Ownership Control Regulation (*Inhaberkontrollverordnung*). BaFin must evaluate the notification submitted by the interested acquirer within 60 business days following the date of the letter confirming receipt of a complete notification (evaluation period). Additional information may be requested by BaFin only within strict time limits and only with respect to certain subject matter. The evaluation period can be suspended if, for example, BaFin requests further information. In the event of a suspension, the evaluation period can be extended to a maximum of 90 business days.

During the evaluation period, BaFin may prohibit the intended acquisition of, or increase in, a significant participation. Such prohibition may, however, be based only on the exhaustive list of reasons set out in the German Banking Act. Furthermore, BaFin is not permitted to stipulate preconditions as to the amount of the participation to be acquired or the intended increase in the participation, nor base its evaluation on the economic needs of the market. Possible reasons for a prohibition include, in particular, insufficient reliability on the part of the notifying party or its management or the failure to safeguard sound and prudent management of the Financial Institution for other reasons, non-compliance with regulatory requirements under EU law applying to the Financial Institution, the failure to safeguard effective supervision of the Financial Institution in connection with the intended acquisition, insufficient financial stability on the part of the notifying party (based on the regulatory requirements applicable to Financial Institutions regarding regulatory capital and liquidity), the unreliability or insufficient professional suitability of the future directors of the Financial Institution, and the incompleteness of the required information and supporting evidence.

Regulatory capital adequacy requirements

Regulatory significance of the level of regulatory capital

From a bank regulatory perspective, a bank's regulatory capital forms the basis for calculations regarding a range of restrictions. Under the German Banking Act, Financial Institutions, Financial Institution groups and financial holding groups domiciled in Germany are required to maintain an adequate level of regulatory capital for their ongoing business operations in order to meet their obligations to their creditors, and, in particular, to safeguard the assets entrusted to them. Regulatory capital serves as a provision against credit risks (particularly the insolvency of debtors), operational risk and market risks (comprising, in particular, foreign exchange risks, commodity risks and position risks in the trading book). There are also numerous other regulatory provisions – such as the conditions for revoking a banking license, limitations on large exposures, and emergency measures – that relate to the level of regulatory capital.

Capital adequacy

Capital adequacy is calculated on the basis of the provisions of the German Banking Act, which, together with the regulations adopted thereunder, implements a number of European Directives. These include, in particular, Directives 2006/48/EC and 2006/49/EC (Capital Requirements Directives – "**CRD**"), Directives 2009/111/EC, 2009/83/EC and 2009/27/EC (together, "**CRD II**") and Directive 2010/76/EU ("**CRD III**"). Among other things, these Directives reflect a number of regulations promulgated by the Basel Committee for Baking Supervision, such as the "Basel II" regulations of 2006 and 2007, and the subsequently published regulations referred to as "Basel II.5". For information regarding the implementation of the "Basel III" regulations through the CRD IV package, which will considerably change the applicable capital adequacy requirements from January 1, 2014 onwards, see "—*Current reform efforts—Basel III and CRD IV*".

Overview

Under the German Solvency Regulation (*Solvabilitätsverordnung – SolvV*), a Financial Institution or Financial Institution group has adequate regulatory capital if, at the close of business of each day, the Financial Institution or Financial Institution group fulfills both its own capital requirements for credit risk and operational risk and the regulatory capital requirements for market risk. Within the meaning of the German Solvency Regulation, Financial Institutions include banks, such as COMMERZBANK, and certain financial services institutions.

The capital requirements for credit risk and operational risk are met if the total amount to be charged for credit risk and the amount to be charged for operational risk together do not exceed the modified available capital. The regulatory capital requirements for market risks are met if, at the close of business of each day, the sum of the amounts to be charged for market risk positions (and, where applicable, the amounts to be charged for the Financial Institution's option transactions) does not exceed the sum of the Financial Institution's or Financial Institution group's modified available capital (less the capital required for credit risk and operational risk) and available Tier 3 capital.

In certain circumstances, BaFin may order a Financial Institution or Financial Institution group to comply with regulatory capital requirements that go beyond the general requirements of the German Banking Act and the German Solvency Regulation. Such an order may be issued, in particular, (i) to take into account risks that are outside the scope of the German Solvency Regulation, (ii) in the event that risk-bearing capacity cannot be guaranteed, (iii) to ensure the creation of an additional regulatory capital buffer for periods of economic downturn, (iv) to take into account special operational circumstances at the Financial Institution or Financial Institution group, such as the commencement of business operations, or (v) if an increase in capital is necessary to counteract an imminent disruption to the functioning of the financial markets or a threat to the stability of the financial markets and to avoid material adverse effects on other financial sector enterprises as well as on the general confidence of depositors and other market participants in a functioning financial system.

Components of regulatory capital

Regulatory capital consists of liable equity capital and Tier 3 capital. Liable equity capital is the sum of Tier 1 capital (core capital) and Tier 2 capital (supplementary capital), after deducting certain items. When calculating liable equity capital, Tier 2 capital may be taken into account only up to the amount of Tier 1 capital. To calculate the adequacy of regulatory capital under the German Solvency Regulation, liable equity capital and Tier 3 capital are determined after deducting certain other items ("modified available capital" and "available Tier 3 capital").

For a bank incorporated as a German stock corporation, regulatory capital mainly consists of the following items:

Tier 1 capital

- *Paid-up share capital* excluding the shares that are entitled to a cumulative preferential profit distribution (cumulative preferred shares).
- *Capital reserve*.
- *Retained earnings and distributable profit where its allocation to reserves has been resolved*.
- *Special reserve "Fund for general banking risks (Section 340g of the German Commercial Code)"*. Banks are entitled to form this special reserve on the liabilities side of their balance sheet to reflect the special risks inherent in the banking business. The allocation must be determined by the bank using reasonable business judgment.
- Other permanent capital that is granted in perpetuity, is classified as equity, does not rank prior to the voting share capital in the event of insolvency proceedings with respect to the Financial Institution's assets or a liquidation of the Financial Institution and otherwise participates *pari passu* in losses with the voting share capital.
- Other forms of capital are eligible for Tier 1 capital treatment if they meet certain criteria. The main criteria are that the capital participates in losses, has a subordinate ranking in the event of the insolvency or liquidation of the Financial Institution, has an indefinite term or a term of at least 30 years and may only be terminated with the consent of BaFin.

The CRD II regulations on the supervisory recognition of hybrid capital were implemented in the German Banking Act by the insertion of the last two aforementioned capital components. Depending on the way in which hybrid capital is structured, its eligibility for capital treatment is limited to a maximum of 50%, 35% or 15% of Tier 1 capital. There are special transitional and grandfathering provisions that apply to hybrid capital components issued prior to the implementation of CRD II.

When calculating Tier 1 capital, the following items, in particular, are deducted: net losses as set forth in the financial statements, certain intangible assets, certain loans to shareholders not made on arm's length terms, certain equity participations that exceed the prescribed limits as well as large exposures and loans to officers. In addition, BaFin may require that other items be deducted from the bank's Tier 1 capital, in particular with respect to any unrealized losses ("**Adjustment Items**").

Based on the "Basel III" regulations published in December 2010 and their implementation through the CRD IV package at the European level and in Germany as of January 1, 2014, certain instruments will no longer be eligible for Tier 1 capital treatment, particularly for Common Equity Tier 1 capital (core tier 1 capital) treatment. See "*—Current reform efforts—Basel III and CRD IV*".

Tier 2 capital (limited to the amount of Tier 1 capital)

- *Uncommitted contingency reserves for general banking risks (Section 340f of the German Commercial Code)*. A bank may carry certain assets on its balance sheet at a lower value than is permitted for undertakings outside the banking sector in order to protect itself against the particular risks inherent in the banking business. The contingency reserves for general banking risks may not exceed 4% of the book value of the respective reported liabilities and securities.
- *Cumulative preferred shares.* Shares that are entitled to cumulative preferential profit distributions are considered Tier 2 capital.
- *Reserves that reduce profit for income tax purposes (Section 6b of the German Income Tax Act* (*Einkommensteuergesetz*) ("**EStG**")). 45% of reserves according to Section 6b of the German Income Tax Act to the extent such reserves arose from the transfer of profits from the sale of real property, rights equivalent to real property and buildings.
- *Capital within the meaning of Section 10(5) of the German Banking Act*. This includes profit participation certificates in particular. Their qualification as Tier 2 capital is subject to certain requirements, such as, for example, a minimum term of five years, participation in the bank's losses up to the full amount, the ability to postpone interest payments and subordination to the claims of all unsubordinated creditors in the event of the bank's insolvency or liquidation.
- *Subordinated long-term liabilities (Section 10(5a) of the German Banking Act; limited to 50% of Tier 1 capital)*. These liabilities must satisfy certain criteria, such as a minimum term of five years and subordination to the claims of all unsubordinated creditors in the event of the bank's insolvency or liquidation.
- *Certain unrealized reserves (Section 10(4a) to (4c) of the German Banking Act)*. Such revaluation reserves, which qualify as Tier 2 capital under certain conditions and up to certain specific upper thresholds, result from the difference between the book value of an asset and its current market value.
- A value adjustment surplus that results from the difference between value adjustments and provisions in respect of certain IRBA positions on the one hand and the expected loss amounts for these IRBA positions on the other may qualify as Tier 2 capital up to certain specific upper thresholds.

BaFin may also stipulate deductions from a bank's Tier 2 capital. As in the case of Tier 1 capital, such deductions can in particular be made with respect to the unrealized losses of a bank. In addition, there are other deductible items, half of which will relate to Tier 1 capital and half to Tier 2 capital. Following the CRD IV package coming into force on January 1, 2014, certain instruments will no longer be eligible for Tier 2 capital treatment.

Tier 3 capital

Tier 3 capital primarily consists of the following items:

- *Net profit*. Net profit is the profit of an institution that would result from the closure of all trading book positions, less all foreseeable expenses and disbursements and less the losses that can be expected to arise from the banking book in the event of a liquidation of the bank, unless such latter losses are deducted from Tier 1 capital due to a corresponding BaFin stipulation.
- *Subordinated short-term liabilities (Section 10(7) of the German Banking Act)*. These liabilities must satisfy certain requirements, such as, for example, a minimum term of two years, subordination to the claims of all unsubordinated creditors in the event of an insolvency or liquidation of the Financial Institution, as well as the suspension of payments of interest and principal if such payments would result in the Financial Institution's regulatory capital no longer satisfying the legal requirements.
- *Capped Tier 2 capital*. Items that cannot be included as Tier 2 capital solely because of the limitation of Tier 2 capital to the amount of Tier 1 capital or the limitation of subordinated long-term liabilities to 50% of Tier 1 capital.

The sum of Tier 3 capital and Tier 2 capital not needed to cover default risk and operational risk (free Tier 2 capital) may only be included up to a threshold of 250% of Tier 1 capital not needed to cover default risk and operational risk (free Tier 1 capital). Following the CRD IV package coming into force on January 1, 2014, Tier 3 capital will no longer be eligible for capital treatment.

Credit risk and operational risk

Under the terms of the German Solvency Regulation, the total amount to be charged for credit risk is largely determined by taking the aggregate amount of default risk positions that are accounted for either according to the standardized approach to credit risk ("**SACR**") or the internal ratings-based approach ("**IRBA**").

As a general rule, the SACR uses external ratings of rating agencies recognized by the supervisory authorities as its point of reference. However, a fixed uniform risk weighting is ascribed to unrated positions (i.e., those positions that have not been rated separately) and certain other positions.

The IRBA offers banks a more risk-sensitive approach for determining the regulatory capital necessary to cover credit risk that is based on the bank's own rating methods, and the credit ratings used in this approach are determined using risk parameters calculated for individual debtors. Banks may choose between the basic approach and an advanced approach. The use of an IRBA must be approved by BaFin. In addition to an advanced IRBA, the COMMERZBANK Group currently uses the SACR for certain types of risk positions (such as, for example, participations, portfolios indefinitely exempt from the application of IRBA in accordance with Section 70 sentence 1 nos. 1 and 4 of the German Solvency Regulation based on the application of permanent "partial use", and portfolios of non-certified subsidiaries).

The total amount to be charged for credit risks is 0.08 times the sum of all risk-weighted SACR, IRBA and securitization position values, each of these positions having been determined using the chosen approach, increased by the amount to be charged for settlement risk.

Operational risk is the risk of losses incurred as a result of the inadequacy or failure of internal procedures and systems, human error or external events. This includes legal risks. In determining the amount to be charged for operational risk, a Financial Institution may use a basic indicator approach, a standardized approach or an advanced measurement approach. The same basic principles apply with respect to Financial Institution groups and financial holding groups. The approach chosen to determine the amount charged for operational risk should be appropriate for the scope and complexity of business operations.

Market risks

Market risk positions include, among others, foreign exchange risk positions, commodity risk positions and trading book risk positions. Trading book risk positions derive particularly from financial instruments held by the Financial Institution for the purpose of short-term treasury resales. The amount to be charged for market risk positions and certain option transactions is determined in accordance with the rules set forth in the German Solvency Regulation. These allow banks to choose between standardized methods and, provided that BaFin's consent has been given, their own risk models.

Consolidated regulation and supervision of regulatory capital requirements

Financial Institution groups must also meet regulatory capital requirements on a consolidated basis. Financial Institution groups comprise a bank or financial services institution, with its registered office in Germany, as the parent company and all of its subsidiaries, which are themselves banks, financial services institutions, e-money institutions, payment institutions, asset management companies, financial enterprises, or providers of bank-related ancillary services. Subordinate Financial Institutions with their registered offices in Germany and which are the parent companies of at least one Financial Institution, asset management company or financial enterprise with a registered office outside of the European Economic Area, are, moreover, required to sub-consolidate their subsidiaries. In the COMMERZBANK Group, this affects Hypothekenbank Frankfurt and its subsidiaries.

COMMERZBANK calculates the consolidated risk positions and regulatory capital for its Financial Institution group based on its IFRS consolidated balance sheet. The requirements of the German Banking Act regarding the definition of regulatory capital also apply to its calculation based on the IFRS consolidated balance sheet. Items reported as equity in the IFRS consolidated balance sheet but which are not components of Tier 1 capital as conceived by the German Banking Act must therefore be neutralized or reclassified as Tier 2 capital. Conversely, items reported in the IFRS consolidated balance sheet as liabilities but which meet the regulatory conditions for components of regulatory capital are reported as regulatory capital. Further differences from the IFRS consolidated balance sheet result from the regulatory scope of consolidation and adjustments ("prudential filters") prescribed by the German Regulation Relating to the Calculation of Own Funds by Using Consolidated Accounts (*Konzernabschlussüberleitungsverordnung*).

Exemption from requirements at the institutional level

COMMERZBANK, Hypothekenbank Frankfurt and comdirect bank belong to a Financial Institution group and exercise the waiver option provided for under Section 2a of the German Banking Act. This allows an exemption from Sections 10, 13 and 13a of the German Banking Act (Minimum capital requirements and limits on large loan exposures) as well as from Section 25a(1) sentence 3 no. 1 of the German Banking Act (Risk management and risk-bearing capacity requirements) on a single-entity level. COMMERZBANK must therefore comply with the relevant requirements at a consolidated level for the Financial Institution group, and Hypothekenbank Frankfurt for its sub-consolidated entities.

Liquidity requirements

The German Banking Act also requires that German Financial Institutions invest their funds in such a way as to guarantee an adequate ability to pay at all times (liquidity). Liquidity requirements are specified in further detail in the German Regulation on the Liquidity of Banks ("**German Liquidity Regulation**") and in principle only apply on an unconsolidated basis.

Under the German Liquidity Regulation, a bank's liquidity is deemed adequate if the liquidity ratio does not fall below the value of 1. The liquidity ratio is the ratio of funds available in maturity band 1 to the payment obligations falling due within that same period. In each case, cash funds and payment obligations are assigned to one of the following maturity bands: due and payable daily or within up to one month (maturity band 1), between one month and up to three months (maturity band 2), between three months and up to six months (maturity band 3), and between six months and up to twelve months (maturity band 4). The bank must calculate figures from observed data that show the ratio of the respective funds to payment obligations in maturity bands 2 to 4. The observed ratios are calculated in the same way as the liquidity ratio. If the funds available in a maturity band exceed the payment obligations falling due in that period, the excess amount is taken into account as additional cash funds when determining the observation ratio in the next-higher maturity band. The liquidity ratio and the observation ratios determined at the month-end reporting date must generally be submitted to the Deutsche Bundesbank by the 15th business day of the month following the reporting date. The Deutsche Bundesbank forwards the reports to BaFin. COMMERZBANK reports its liquidity position in accordance with the procedure described above.

In evaluating whether liquidity is adequate, the bank may, with the consent of BaFin, opt to permanently apply its own liquidity risk assessment and management procedure instead of the procedure outlined in the preceding paragraph, provided that various requirements are met and BaFin has, at the bank's request, confirmed in writing the suitability of the procedure for the purposes of the German Liquidity Regulation.

Based on the "Basel III" regulations published in December 2010 and their planned implementation at the European level and in Germany as of January 1, 2014, future changes in supervisory liquidity requirements are likely. See "*—Current reform efforts—Basel III and CRD IV*" for more information.

Limits on large loan exposures – million loans

The German Banking Act and the German Regulation on Large Loan Exposures and Million Loans (*Großkredit- und Millionenkreditverordnung*) restrict the concentration of a bank's credit risk on an unconsolidated and consolidated basis by establishing limits for granting large loans.

Banking Book Large Loan Exposures are loans that belong to the banking book and relate to an individual customer (and companies affiliated with such customer – borrower-related total position) and which are equal to or greater than 10% of the liable equity capital of a bank or the group. Individual Banking Book Large Loan Exposures may not exceed 25% of the liable equity capital of the bank or group.

Loans qualify as an Aggregate-Book Large Loan Exposure if the sum of the loans (banking book and trading book) within a borrower-related total position equals or exceeds 10% of the regulatory capital of the bank or the group. Individual Aggregate-Book Large Loan Exposures may not exceed 25% of the regulatory capital of a bank or group.

A bank or group may only exceed these limits with the prior consent of BaFin. In such case, the bank or group must cover the amount of the large loans exceeding the upper limit in full with liable equity capital (if the upper limit is calculated with respect to the liable equity capital) or with regulatory capital (if the upper limit is calculated with respect to regulatory capital).

Moreover, the borrower-related Total Trading Book Position may not exceed five times such regulatory capital of the bank or group as is not required to cover the banking book and credit risks of the trading book and operational risk. An aggregate position of trading book loans to an individual customer (and companies affiliated with it) in excess of the aforesaid limits must be backed up with regulatory capital.

Furthermore, all borrower-related aggregate positions that exceed the upper limit of 25% of regulatory capital for a period of more than 10 days may not, after deducting the amounts that do not exceed that upper limit, together exceed six times such regulatory capital as is not required to cover banking book risks and credit risks of the trading book and operational risk.

Loans in excess of €1.5 million (million loans) must be reported to the Deutsche Bundesbank on a quarterly basis. This regulation is intended to monitor whether a borrower is incurring a sizable volume of debt without being a major borrower with any single bank.

Limitation on qualified participating interests

As a general rule, a deposit-taking bank may not hold a qualified participating interest in an enterprise that is neither a Financial Institution, an asset management company, a financial enterprise, a direct insurer or reinsurance company nor a provider of ancillary banking services where the share in the nominal capital of the qualifying participating interest exceeds 15% of the liable equity capital of such deposit-taking bank, and it may not hold qualified participating interests in such enterprises if the share of such interests in the nominal capital in the aggregate exceeds 60% of the liable equity capital of the deposit-taking bank. A qualified participating interest within the meaning of this law means that a person or an enterprise holds, directly or indirectly through one or more subsidiaries or a similar relationship, at least 10% of the capital or voting rights in another enterprise or is able to exercise significant influence over the management of the other enterprise. This rule also applies at the consolidated level.

Risk management requirements

Under Section 25a of the German Banking Act, banks and Financial Institution groups must have an adequate and effective system of risk management; this includes establishing strategies, processes, procedures, functions and concepts with respect to business and risk strategy, risk-bearing capacity, internal controls and internal audit, personnel and organizational features and emergency concepts and tests. BaFin has issued minimum requirements of risk management ("**MaRisk**"), which set out more precisely the stipulations of Section 25a of the German Banking Act. In that respect, the principal aim of MaRisk is to establish adequate internal administration, management and control processes within banks. In particular, every bank doing business in Germany must have an efficient internal audit division.

For investment companies, BaFin has also issued minimum requirements for risk management ("**InvMaRisk**") on the basis of Section 9a of the former German Investment Act (which has now been replaced by the German Capital Investment Act). The InvMaRisk specifies the requirements for risk management of investment companies and special funds and sets out more stringent requirements regarding the organizational and processing structure. A distinction is made in that respect between risks of the company, risks of the invested assets and the overall risk profile of the company and the invested assets.

Enforcement of regulatory provisions; information and audits

Information and audits

BaFin conducts audits of Financial Institutions in the form of spot checks, or if particular circumstances so require. It may demand that a Financial Institution furnish information or documents for the purposes of ensuring compliance with the German Banking Act and with regulations adopted on the basis of the German Banking Act. On a case-by-case basis, moreover, BaFin may commission the Deutsche Bundesbank to perform audits.

Audits may also be conducted at a foreign subsidiary that is part of the Financial Institution group or financial holding group if this is necessary for regulatory purposes. However, audits of foreign subsidiaries may only be performed in accordance with locally applicable laws.

BaFin may also attend meetings of the supervisory board and general shareholders' meetings of banks. Moreover, it may demand that sessions or meetings of those bodies be convened. BaFin representatives regularly attend the supervisory board meetings of COMMERZBANK, just as they do at all other major German banks.

Measures in special cases

BaFin has a broad range of measures at its disposal if it identifies irregularities. It may dismiss directors under certain circumstances or bar them from further performing their functions. If a bank holds inadequate regulatory capital or if liquidity requirements are not met and the bank does not remedy the shortcomings within a cure period set by BaFin, BaFin may prohibit or restrict the distribution of profits or the granting of loans. Furthermore, BaFin may order the bank to take action to reduce risks. These orders may also be applied specifically to the parent company of a Financial Institution group if the consolidated regulatory capital of the companies belonging to the group does not meet statutory requirements. Furthermore, BaFin may – instead of prohibiting or restricting lending – lower the large loan exposure limits applicable to the group.

BaFin may take immediate action to avert the threat of a bank becoming unable to satisfy its obligations towards its creditors, especially if the safety of the assets entrusted to it is under threat, or if there is good reason to suspect that effective supervision of the institution is not possible. This primarily includes the following:

- instructions to the management of the Financial Institution;
- prohibition of the acceptance of deposits, money or securities from customers and the granting of loans;
- prohibition or restriction of the performance of functions of the directors or owners of the Financial Institution; and
- appointment of special representatives.

In order to prevent the insolvency of a bank, BaFin may prohibit asset disposals and payments, close the bank for business with customers, and bar the acceptance of all payments unless intended to settle debts owed to the bank. Only BaFin may apply for the opening of bankruptcy proceedings over the assets of a bank.

If these measures are insufficient, BaFin may revoke the bank's license to engage in banking business and to provide financial services and, if necessary, order the institution to be closed.

Furthermore, the German Federal Government may issue ordinances ordering a deferral of the fulfillment of liabilities by one or more banks or the closure of such banks if there are concerns that banks are facing financial difficulties that could have grave consequences for the overall economy, especially for the orderly functioning of payment transactions in general.

In the case of banks whose continued existence is at risk and which, as a consequence, pose a threat to the stability of the financial system (systemic threat), BaFin is empowered to transfer the Financial Institution's assets and liabilities, in whole or in part, to another entity. The transfer order cannot be issued if the systemic threat can be securely removed by other means (for more information on the transfer order, see "*—Recovery and reorganization proceedings and transfer order*").

Penalties or fines may be imposed in the event of infringements of specific provisions of the German Banking Act.

Deposit protection

As deposit-taking banks, COMMERZBANK, comdirect bank, Hypothekenbank Frankfurt and ebase are subject to statutory regulations on deposit protection. They are members of the state deposit protection scheme for private sector banks (*Entschädigungseinrichtung deutscher Banken GmbH*). In the event that a default occurs, creditors have a direct claim against the scheme, albeit limited to, (i) the equivalent of €100,000 of deposits, and (ii) 90% of the liabilities from securities transactions and the equivalent of €20,000.

COMMERZBANK, comdirect bank, Hypothekenbank Frankfurt and ebase are also members of the deposit protection fund of the Association of German Banks (*Bundesverband deutscher Banken e.V.*), a voluntary scheme established by the participating banks themselves to supplement the state deposit protection scheme. The deposit protection fund safeguards all the liabilities of a member Financial Institution with respect to non-banks (particularly private individuals, economic enterprises and public bodies), which must be reported on the balance sheet under "Liabilities to customers", up to a maximum amount of 30% of the bank's relevant liable equity capital for deposit protection purposes. The maximum amount will be reduced to 20% as of January 1, 2015, to 15% as of January 1, 2020 and to 8.75% as of January 1, 2025.

The deposit protection fund is funded by an annual contribution from each of the participating banks. The contribution can be increased or reduced depending on the classification of the participating Financial Institution. If the funds in the deposit protection fund are not sufficient, or if it is for other reasons required to perform the tasks of the deposit protection fund, the Board of Directors of the Association of German Banks is entitled to resolve to increase the annual contribution or to levy a special contribution in the amount of up to half of the annual contribution for each financial year.

A bank that holds a majority interest in or gains control over another bank which is a member of the deposit protection fund is, in accordance with the bylaws of the deposit protection fund, obliged to immediately undertake to indemnify the deposit protection fund from any losses it might suffer from assistance provided to such bank. COMMERZBANK has furnished a declaration of indemnification regarding comdirect bank, Hypothekenbank Frankfurt and ebase.

On July 12, 2010, the European Commission published a legislative proposal for a revision of the directive on deposit guarantee schemes which is intended to achieve, in particular, the harmonization of upper guarantee limits, faster and less bureaucratic payout procedures and sound financing of deposit guarantee schemes. The competent EU institutions are currently in the process of considering changes to the proposed revision of the directive on deposit guarantee schemes. This may involve the establishment of an EU-wide deposit guarantee scheme.

Supervision under the Covered Bond Act

The German Covered Bond Act (*Pfandbriefgesetz*), among other matters, governs the regulatory requirements for conducting covered bond business by banks whose business operations include the covered bond business. These banks are known as covered bond banks. Selected provisions of the German Covered Bond Act are described in the following discussion.

Covered bond business

The covered bond business consists primarily of granting loans secured by liens on property ("**mortgage loans**"), which are refinanced by issuing mortgage covered bonds, and granting loans to certain public sector entities or against the assumption of a full guarantee by such entities ("**public-sector loans**"), which are refinanced by issuing public-sector covered bonds which may also be called *Kommunalschuldverschreibungen* or *Kommunalobligationen*. The German Covered Bond Act specifies geographic limitations on the real property that may serve as collateral assets and on the public sector agencies that are eligible. Only real property located in member states of the EU, other signatories to the Agreement on the European Economic Area ("**EEA States**"), the United States of America, Canada, Japan, and Switzerland may be used as collateral under the German Covered Bond Act; and eligible public sector entities are limited to such entities in member states of the EU, other EEA states and, under certain circumstances, the United States of America, Canada, Japan and Switzerland.

The mortgage and public-sector covered bonds issued by covered bond banks to refinance mortgage and public-sector loans are bonds of high creditworthiness that are safeguarded by the German Covered Bond Act in two ways: (a) through provisions governing the covering of such bonds through particular assets and their valuation, and (b) through the special treatment afforded to creditors of a covered bond in the event of the insolvency of a covered bond bank.

Regulatory requirements for conducting covered bond business

The covered bond business may be conducted by banks that intend to conduct this business on a regular and sustained basis and that meet certain other minimum statutory requirements, including a Tier 1 capital of at least €25 million, an adequate risk management system and receipt of the requisite license from BaFin.

Covered bond cover assets

Mortgage covered bonds and public-sector covered bonds are covered by certain assets (the "**Cover Pool**"), with the Cover Pools for mortgage covered bonds and public-sector covered bonds being separated from each other. The respective assets are entered in separate registers and are thereby reserved for the respective covered bond creditors and protected from other creditors of the covered bond bank in the event of a foreclosure or an insolvency. The nominal aggregate value of outstanding mortgage covered bonds and public-sector covered bonds must at all times be backed by assets of at least the same value. In addition, there must at all times be sufficient cover for the covered bonds on a net present value basis (taking into account interest and repayment obligations), where the net present value of the registered cover assets must exceed the net present value of the total liabilities to be covered by at least 2%.

The cover assets for mortgage covered bonds must largely consist of first-ranking mortgage liens on property that secure loans not exceeding 60% of the value of such property. The property value is determined by the covered bond bank on the basis of a valuation conducted in accordance with the provisions of the German Covered Bond Act. The total volume of mortgage lending in states that do not belong to the EU and in which it is not certain that the covered bond creditors will have preferential rights over the assets of the covered bond bank arising from these loans in the event of insolvency of the covered bond bank (i.e., the assets entered in the cover register would not be part of the insolvency estate of the covered bond bank) may not exceed 10% of the total volume of loans with respect to which this preferential right is safeguarded.

The cover for mortgage covered bonds may – within certain limits – also consist of certain other assets, i.e., up to 10% of the total volume of outstanding mortgage covered bonds may be covered by deposits with certain banks and in certain government securities.

Corresponding provisions exist for cover assets of public-sector covered bonds. The cover assets backing public-sector covered bonds largely consist of certain loans to public-sector bodies. The total volume of covering claims of the covered bond bank against debtors in states that do not belong to the EU and in which it is not certain that the covered bond creditors will have a preferential right over other creditors in the event of an insolvency of the covered bond bank may not exceed 10% of the total volume of claims serving as cover for public-sector covered bonds for which this preferential right is secured. The cover assets with respect to public-sector covered bonds may – within certain limits – also be provided in the form of certain other assets, i.e., up to 10% of the total volume of outstanding public-sector covered bonds may be covered by deposits with certain banks.

BaFin appoints a trustee with respect to each covered bond bank. The trustee's tasks include ensuring that the cover required under the German Covered Bond Act is in place at all times and that the cover assets are recorded in the respective register. Furthermore, registered assets may only be deleted from the relevant register with the consent of the trustee. Prior to issuing a covered bond, the trustee must certify that the prescribed cover exists for the covered bond.

Insolvency

Finally, the creditworthiness of mortgage covered bonds and public-sector covered bonds is ensured by the fact that, in the event of an insolvency proceeding, the assets of the covered bond bank entered in the relevant cover assets' register are generally excluded from the covered bond bank's insolvency estate. The insolvency administrator may only include registered assets in the insolvency estate to the extent they are not required to pay the covered bond creditors. If either of the two Cover Pools is insolvent or over-indebted, they are subject to a separate insolvency proceeding upon BaFin's request. A covered bond creditor that suffers a loss in such proceeding is entitled to file that loss in the insolvency proceedings with respect to the covered bond bank's other assets. In the event that insolvency proceedings are initiated with respect to the covered bond bank's assets, a Cover Pool administrator is appointed who is authorized to manage and dispose of the assets recorded in the cover register. The administrator is also entitled to transfer the Cover Pool and the liabilities relating to the affected covered bonds, in whole or in part, to another covered bond bank with the consent of BaFin.

Regulation and supervision of securities trading

According to the German Securities Trading Act (*Wertpapierhandelsgesetz*), BaFin regulates and supervises securities trading in Germany. The German Securities Trading Act prohibits, *inter alia*, insider trading in securities and other financial instruments admitted to official trading on a German stock exchange or included in the regulated market or the open market or admitted to official trading on an organized market in another member state of the EU or an EEA contracting state. The German Securities Trading Act also prohibits price and market manipulation with respect to securities and other financial instruments and grants BaFin extensive monitoring powers to enforce this prohibition.

In order to enable BaFin to exercise its functions in supervising securities trading, banks are subject to comprehensive reporting requirements with respect to securities and derivatives transactions. The reporting requirements also apply to customer transactions. The Securities Trading Act also contains rules of conduct. These rules of conduct apply to all banks and other providers of securities-related services, including proprietary trading. Securities-related services include, in particular, buying and selling securities or derivatives on behalf of third parties and the brokering of securities or derivatives transactions.

BaFin has extensive powers to audit banks and other securities-related service providers in order to monitor compliance with the rules of conduct and the reporting requirements. Furthermore, the German Securities Trading Act stipulates that compliance with the Act's requirements by securities-related service providers is verified annually by an independent auditor.

On August 16, 2012, the EU Regulation on OTC derivatives, central counterparties and trade repositories ("EMIR") came into force, which includes, in particular, clearing and reporting obligations for certain types of derivatives transactions. The new regulations have in part become effective in March 2013. Other parts will apply from the date the required delegated or implementing acts take effect from time to time, subject to certain long stop dates from which the relevant rules will apply irrespective of whether the relevant acts have been taken.

Based on current European Union reform proposals, further changes to the regulation and supervision of securities trading are to be expected. In particular, an EU regulation and an EU directive (known as the "MAD 2" proposals) are intended to replace the directive on insider trading and market manipulation. The "MAD 2" proposals expand, *inter alia*, the scope of application of existing rules to new trading markets and products. At the same time, the European Union is working on a regulation and a directive to replace and revise the directive on markets in financial instruments (known as the "MiFID 2" proposals). The "MiFID 2" proposals also provide for an expansion of the scope of application to include new trading markets as well as new and more extensive reporting obligations, including applying to transactions not previously covered. Both the "MAD 2" and the "MiFID 2" proposals were published by the European Commission on October 20, 2011. Political agreement is expected to be reached in 2013, with the "MiFID 2" proposals to become law in mid-2014 to January 2015 and the "MAD 2" proposals to become law not before 2015.

German financial market stabilization laws

Since 2008, German lawmakers have adopted comprehensive measures designed to stabilize the German financial markets by easing shortages of liquidity and strengthening the capital base of financial sector enterprises. These include in particular:

- the German Financial Market Stabilization Act (*Finanzmarktstabilisierungsgesetz*) of 2008,
- the German Financial Market Stabilization Amendment Act (*Finanzmarktstabilisierungsergänzungsgesetz*) of 2009,
- the German Financial Market Stabilization Improvement Act (*Gesetz zur Fortentwicklung der Finanzmarktstabilisierung*) of 2009,
- the German Act on the Restructuring and Orderly Resolution of Banks, the Establishment of a Restructuring Fund for Banks and the Extension of the Term of Liability of a Stock Corporation's Executive Bodies (*Gesetz zur Restrukturierung und geordneten Abwicklung von Kreditinstituten, zur Errichtung eines Restrukturierungsfonds für Kreditinstitute und zur Verlängerung der Verjährungsfrist der aktienrechtlichen Organhaftung*) of 2010,
- the Second German Financial Market Stabilization Act (*Zweites Finanzmarktstabilisierungsgesetz*) of 2012, and
- the Third German Financial Market Stabilization Act (*Drittes Finanzmarktstabilisierungsgesetz*) of 2012.

A central function is performed by SoFFin as a special fund of the federal government, with the management of SoFFin being assigned to the German Financial Market Stabilization Authority, a federal institution vested with legal capacity and directly under government control which is within the authority of the German Federal Ministry of Finance. The German Financial Market Stabilization Authority is responsible for deciding whether and to what extent SoFFin will provide assistance to financial sector enterprises in the form of stabilization measures, whereby financial sector enterprises as understood in this sense have been limited just to banks since January 1, 2013. Before taking any decision regarding stabilization measures, the German Financial Market Stabilization Authority must hear the views of BaFin. There is generally no legal entitlement to assistance from SoFFin. The German Federal Ministry of Finance can issue instructions to the German Financial Market Stabilization Authority or itself make decisions. If fundamental issues and matters of particular importance are involved, an inter-ministerial steering committee decides on such issues and matters based on the proposal of the German Financial Market Stabilization Authority. SoFFin may take stabilization measures until December 31, 2014. After this date, SoFFin is still entitled to invest in financial sector enterprises in which it already holds stakes as a result of prior stabilization measures if this is necessary to maintain its shareholding in the company or to secure stabilization measures which have already been undertaken.

SoFFin is authorized until December 31, 2014 to acquire shares in a financial sector enterprise, issue guarantees for debt instruments and existing indebtedness of financial sector enterprises, and participate in the recapitalization of financial sector enterprises. Moreover, SoFFin is authorized to assume or otherwise collateralize risk positions incurred by financial sector enterprises (in particular receivables, securities and derivatives as well as rights and obligations from loan commitments or guarantees and participations, in each case including the associated collateral). Furthermore, SoFFin is authorized to facilitate the transfer of risk positions by providing guarantees. This enables enterprises to transfer their "toxic structured securities" to special purpose vehicles (referred to as "bad banks") and, moreover, to transfer risk positions and non-strategic business units to public law institutions. In addition, special provisions apply to financial sector enterprises, which allow them to implement accelerated capital increases and which take precedence over the general provisions (especially those of corporate law). These special provisions also apply where the capital increase is intended to modify or restructure an existing participation of SoFFin.

Stabilization measures

The German Financial Market Stabilization Authority decides whether or not to grant stabilization measures based on the importance of the concerned enterprise for the stability of the financial market, the urgency of the situation and the principle of effective and economical use of SoFFin resources. The key aspect therefore is the impact of an insolvency of the enterprise on other financial sector enterprises and the economy as a whole and not the impact on shareholders and creditors. The main prerequisites for an intervention depend on the respective stabilization measure.

Purchase of shares

Until December 31, 2014, SoFFin is authorized in connection with stabilizing a financial sector enterprise to acquire a participation in the enterprise from either the enterprise itself or a third party. Such acquisition is only permitted if important interests of the Federal Republic are at stake and there is no better or more economical way to achieve the intended aim.

Issue of guarantees

Until December 31, 2014, SoFFin is authorized to issue guarantees of up to €400 billion for debt instruments issued and indebtedness incurred by financial sector enterprises between October 18, 2008 and December 31, 2014 in order to eliminate liquidity shortages and to support refinancing on the capital market. Obligations may only be guaranteed if their term does not exceed 84 months for covered bonds within the meaning of the German Banking Act and 60 months for other types of indebtedness.

SoFFin receives an arm's-length consideration for the granting of such guarantees. The consideration is generally calculated as a percentage of the maximum amount guaranteed, reflecting the default risk, plus a margin. The granting of a guarantee generally requires that the benefited companies have an adequate level of regulatory capital, such equity capital also serving as a reference for the maximum amount of a granted guarantee.

On December 30, 2008, SoFFin granted a guarantee facility of up to €15 billion for certain bearer bonds issued by COMMERZBANK. For further details, see "*Description of the COMMERZBANK Group's Business Activities—Material agreements—Utilization of the SoFFin stabilization measures by COMMERZBANK*". Thereafter, on January 8, 2009, COMMERZBANK issued a three-year €5 billion SoFFin-guaranteed bond due January 13, 2012 with an interest rate of 2.75% p.a. The bond was repaid when due. COMMERZBANK has not utilized the remaining €10 billion of the guarantee facility and as since relinquished it.

Recapitalization

SoFFin is authorized to participate in the recapitalization of financial sector enterprises until December 31, 2014, and is, in particular, entitled to acquire shares or silent participations and other components of the regulatory capital of these enterprises. Recapitalization is primarily aimed at strengthening Tier 1 capital. SoFFin receives an arm's-length consideration for the recapitalization and should seek to negotiate that this consideration ranks senior to the profit participation rights of the other shareholders of the benefited enterprise, in particular in the form of preferential dividend rights or interest payments.

Capital increases and capital reductions with approval of the annual general meeting

Notwithstanding the provisions of the German Stock Corporation Act requiring a resolution with a majority of at least three-quarters of the share capital represented at the relevant meeting and any contrary provisions in the articles of association, a capital increase against contributions, a conditional capital increase or the approval of authorized capital may be passed by a simple majority of votes cast at the annual general meeting provided that such measures are related to a recapitalization with the participation of SoFFin. If the capital is increased by a resolution of the annual general meeting, a reduced term of 21 days applies for the convocation of such meeting.

In connection with capital increases against contributions and the creation of authorized capital, it is always permissible and appropriate to exclude the subscriptions rights of shareholders in favor of SoFFin. The exclusion of subscriptions rights must be approved by the annual general meeting with a majority of at least two thirds of the votes cast or of the share capital represented. If at least half of the share capital is represented, a simple majority is sufficient ("**Reduced Majority Requirement**"). Moreover, when creating conditional or authorized capital, the upper limit of 50% of the share capital issued at the date of the resolution or authorization stipulated in the German Stock Corporation Act does not apply.

The differentiation between cash and contributions in kind in the German Stock Corporation Act has been modified. In the case of a capital increase against contributions, a previous contribution from SoFFin to the company can be allocated to the new capital contribution and releases SoFFin from its obligation to make such a contribution. Moreover, an existing silent participation can be contributed in connection with all aforementioned capital increase types without application of the provisions regarding contributions in kind.

Special provisions also apply to a capital reduction connected with a recapitalization. A resolution approving a capital reduction requires a majority of two-thirds of the votes cast or the share capital represented. A simple majority is sufficient if at least half of the share capital is represented. The security deposit that may have to be provided under stock corporation law in the event of a capital reduction is not required if, simultaneously with the capital reduction, the capital is increased by the same amount.

Shareholders who delay or prevent a capital measure required for the survival of a company, in particular by the way in which they exercise their votes or by bringing unsubstantiated legal complaints, are liable for damages to the company. Shareholders will not be able to avoid such liability based on the argument that their vote did not cause the result of the resolution because other shareholders exercised their voting rights in the same way.

In addition to first-time capital contributions by SoFFin, the above provisions also apply to resolutions of the annual general meeting intended to transfer or sell a stake acquired by SoFFin as part of a recapitalization measure, to change the terms of the participation, to contribute the stake to the company as a capital contribution or restructure the participation in a similar way or to grant SoFFin initial or additional exchange or subscription rights. The same applies to adopting a resolution for capital measures whose proceeds are expressly reserved primarily for repayment of the capital provided to the company by SoFFin. In addition, the provisions outlined also apply to capital increases against contributions aimed at maintaining the more stringent regulatory capital requirements ordered by BaFin to counteract an imminent disruption to the functioning of the financial markets or a threat to the stability of the financial markets and to avoid a material adverse effect on other financial sector enterprises as well as on the general confidence of depositors and other market participants in a functioning financial system.

In addition to the cases specified in the German Stock Corporation Act, a conditional capital increase may also be resolved in connection with a recapitalization in order to grant SoFFin, as silent partner, exchange or subscription rights.

Silent partnership

Until December 31, 2014, SoFFin is authorized to participate as silent partner in a company for recapitalization purposes. The German Financial Market Stabilization and Acceleration Act clarified with respect to such participations and with respect to a subsequent amendment, supplementation or termination of the agreement regarding the silent participation that such undertaking by SoFFin to make an investment as silent partner is not an enterprise agreement and hence, does not require approval of the annual general meeting or registration in the commercial register. This also applies if in addition to SoFFin, third parties participate in a recapitalization or if a silent participation by SoFFin is transferred to third parties in whole or in part after the capital contribution has been made. Moreover, the early repayment of a silent participation does not constitute a repayment of capital contributions within the meaning of Section 57 of the German Stock Corporation Act.

SoFFin may also be granted exchange or subscription rights in respect of shares in the agreement regarding the contribution of a silent participation. Such agreement requires the approval of the annual general meeting applying the Reduced Majority Requirement. The shareholders' subscription rights are excluded. The same applies to cases where such an exchange or subscription right is granted to SoFFin at a later date.

On December 19, 2008, COMMERZBANK and SoFFin concluded an agreement on the establishment of a silent partnership on the basis of which SoFFin participated in COMMERZBANK by way of a silent participation in the amount of €8.2 billion. Moreover, on the basis of an agreement concluded on June 3, 2009 on the establishment of an additional silent partnership, SoFFin assumed a second silent participation in COMMERZBANK for the original amount of €8.2 billion. Both silent participations are entitled to profit participation, consisting of a fixed interest rate of 9% p.a. of the nominal contribution amount plus an additional dividend-related remuneration of 0.01% p.a. for each full €5,906,764 of payable dividends. Profit participation requires that COMMERZBANK report distributable profit in its single-entity financial statements prepared in accordance with the German Commercial Code for the relevant financial year.

The agreements on the silent participations also granted SoFFin the right to exchange the silent participation for shares under certain conditions in the event of a dilution of SoFFin's stake in the company's share capital as a result of any capital measures undertaken by COMMERZBANK. As part of the capital measures implemented by COMMERZBANK in the second quarter of 2011, in March 2012 and in June 2012, the silent participations were largely repaid and partly exchanged for shares of COMMERZBANK. The silent participation established by the agreement of June 3, 2009 has been fully repaid and terminated. Prior to the capital measures implemented in the second quarter of 2013, the nominal amount of SoFFin's remaining silent participation, which was established by the agreement of December 19, 2008, amounted to €1.63 billion under the amended agreement dated June 29, 2012. In connection with such capital measures, COMMERZBANK fully repaid this remaining amount of SoFFin's silent participations on May 31, 2013. For further details of the complete repayment of SoFFin's silent participation, see "*Description of the COMMERZBANK Group's Business Activities—Recent developments and outlook—Recent developments".*

<u>Assumption of risks</u>

Until December 31, 2014, SoFFin is authorized to purchase or otherwise collateralize risk positions acquired by financial sector enterprises before October 1, 2012 (e.g., receivables, securities, derivatives, rights and obligations from loan commitments or guarantees and participations, in each case including the associated collateral). In return SoFFin transfers debt securities of the Federal Republic of Germany to the enterprise, which typically facilitate the bank's refinancing.

Risks are assumed at the value reported for the risk position by the seller in the last interim report or annual report or any applicable lower value. SoFFin must ensure that it receives an adequate interest rate for the risk it assumes, at least covering SoFFin's funding costs. SoFFin is authorized to agree to a pre-emption or repurchase right of the benefited company as well as to impose a repurchase obligation on such company. Moreover, the assumption of risks requires that the enterprise receiving assistance has an adequate level of regulatory capital.

<u>Transfer of risk positions</u>

Until December 31, 2014, banks, financial holding companies and their German and foreign subsidiaries (each, a "**Transferring Company**") may transfer risk positions acquired up to September 30, 2012 to special purpose vehicles or federal and state government agencies (referred to as "bad banks") to enable them to relieve and reduce their balance sheets. The aim is to enable the Transferring Company to make the capital released by the transfers available to businesses in the form of credit.

Conditions for stabilization measures, restrictions on remuneration

The German Federal Ministry of Finance has specified a (non-exhaustive) catalogue of conditions imposed on, and requirements to be met by, financial sector enterprises that benefit from stabilization measures in order to safeguard sound and prudent business policy. Further conditions are imposed directly by the German financial market stabilization laws. These include, *inter alia*, requirements relating to the focus of business policies (particularly lending to small and medium-sized enterprises) and the sustainability of the business model, the use of the funds provided, compensation of executives and employees, regulatory capital levels, the payment of dividends and of other distributions to shareholders other than SoFFin where there is no legal or contractual obligation to make such payments, measures to prevent a distortion of competition, and the obligation of the corporate body authorized to represent the company to issue and publish a commitment to comply with these conditions and requirements. Resolutions of the annual general meeting that contravene this commitment, particularly with regard to the dividend policy, may be challenged based on this ground by any shareholders (including the Federal Republic of Germany to the extent SoFFin holds a stake) who together hold at least 5% of the total share capital or shares with a nominal aggregate value of €500,000.

In return for receiving governmental stabilization assistance, COMMERZBANK has undertaken, *inter alia*, not to pay out a dividend for 2008 and 2009 and to set up a special credit fund with an additional business volume of €2.5 billion for loans to be granted to SME businesses. For a summary of the other obligations entered into by COMMERZBANK in conjunction with the stabilization measures, see "*Description of the COMMERZBANK Group's Business Activities—Material agreements—Utilization of the SoFFin stabilization measures by COMMERZBANK*".

In addition, enterprises that have made use of the SoFFin stabilization measures are subject to restrictions governing the remuneration of executives and employees. According to these provisions, the monetary remuneration of executives and employees in a financial sector enterprise that has made use of the SoFFin stabilization measures and in which SoFFin directly or indirectly holds at least 75% of the shares may not exceed €500,000 per year. Variable remuneration is not permitted in these cases. If SoFFin's stake remains below 75%, executive monetary remuneration may also, as a general rule, not exceed €500,000 per year. Variable remuneration is permitted, however, provided that the sum of fixed and variable remuneration does not exceed €500,000. However, this limit may be exceeded if the company concerned has repaid at least half of the recapitalization it received or interest is being paid in full on the recapitalization funds. The restrictions must be incorporated into replacements of and amendments to contracts (including extensions to contracts). The €500,000 upper limit did not apply to COMMERZBANK executives and employees for the 2012 financial year, since COMMERZBANK has repaid more than half of the recapitalization (silent participation).

Ensuring the effectiveness of stabilization measures

In order to ensure the effectiveness of stabilization measures, significant restrictions apply to statutory shareholder and creditor rights as well as contractual termination rights, in particular with respect to recapitalization measures. Resolutions of the annual general meeting are also regarded as related to a recapitalization measure if they are intended to transfer or sell a stake acquired by SoFFin as part of a recapitalization measure, to change the terms of the participation, to contribute the stake to the company or to restructure it in a similar way or to grant SoFFin initial or additional exchange or subscription rights. The same applies to adopting a resolution for capital measures whose proceeds are expressly reserved primarily for repayment of the capital provided to the company by SoFFin. In addition, the provisions outlined also apply to capital increases against contributions aimed at maintaining the more stringent regulatory capital requirements ordered by BaFin to counteract an imminent disruption to the functioning of the financial markets or a threat to the stability of the financial markets and to avoid a material adverse effect on other financial sector enterprises as well as on the general confidence of depositors and other market participants in a functioning financial system.

Restrictions on statutory shareholder rights

The reporting obligation included in the German Securities Trading Act by the German Risk Limitation Act (*Risikobegrenzungsgesetz*), which entered into force on May 31, 2009, does not apply to the purchase of shares by SoFFin. Such reporting requirement usually obliges holders of significant participations (i.e., those reaching or exceeding a 10% stake or any higher thresholds as specified by securities trading laws) to publish information regarding the objectives they pursue with the acquired voting rights and regarding the funds that were used to finance the acquisition. Moreover, BaFin will exempt the Federal Republic, SoFFin and their respective subsidiaries from the obligation to make and publish a mandatory takeover offer in accordance with the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* – WPÜG) in the event that their stake in a company reaches or exceeds 30% of such company's voting share capital. Furthermore, the provisions of the German Securities Acquisition and Takeover Act that would lead to an attribution of voting rights in the event of a concerted exercise of voting rights or other concerted actions do not apply to the concerted actions of third parties and SoFFin, the Federal Republic or their respective subsidiaries in connection with stabilization measures. There are also certain procedural simplifications in connection with making public bids under the German Securities Acquisition and Takeover Act.

A simplified "squeeze-out" procedure may also be undertaken. SoFFin is entitled to request the compulsory acquisition of the shares of minority shareholders against payment of an appropriate cash consideration under the provisions of Section 327a et seq. of the German Stock Corporation Act and Sections 39a and 39b of the German Securities Acquisition and Takeover Act if it holds 90% of the voting share capital rather than the 95% specified in the aforementioned statutory provisions.

Restrictions on statutory creditor protection

Legal acts taken in connection with the stabilization measures by SoFFin, the Federal Republic, the bodies established by them or related parties cannot be contested under the provisions of the German Insolvency Code or the German Creditors' Fraudulent Transfer Act.

Moreover, the transfer of risk positions and collateral to SoFFin cannot be contested under insolvency law. Legal obstacles to assignment and transfer under civil law, including the requirement to obtain the agreement of third parties, are also inapplicable with regard to the transfer of risk positions.

Restrictions on contractual termination rights

The acquisition by SoFFin of an equity participation in a financial sector enterprise does not constitute a material cause for terminating a contractual obligation and does not lead to an automatic termination of contractual obligations. Any contractual provisions to the contrary are invalid. Moreover, the transfer of a claim or a contractual relationship to SoFFin does not constitute a material cause for termination of a continuing obligation and does not amount to breach of contract.

Given the provisions set out above, COMMERZBANK's material agreements are not affected by SoFFin's participation (see "*Description of the COMMERZBANK Group's Business Activities—Material agreements*").

Volume of measures

The German Federal Ministry of Finance is authorized to take out loans of up to €70 billion on behalf of SoFFin to cover share purchases, recapitalization and risk assumption as well as other specific measures. The authorization to take out a loan is limited to €30 billion; removing this limitation requires the approval of the budget committee of the German Bundestag. The authorization threshold may be exceeded by up to €10 billion with the approval of the budget committee of the German Bundestag. To offset losses from claims under guarantees that SoFFin has granted, the German Federal Ministry of Finance is also authorized to take out additional loans of up to €20 billion on behalf of SoFFin. According to the information of the German Financial Market Stabilization Authority, SoFFin had granted guarantees in the amount of €3.7 billion as of December 31, 2012, with a total of €18.8 billion having been used up for capital measures.

Recovery and reorganization proceedings and transfer order

On January 1, 2011, the German Bank Reorganization Act (*Kreditinstitute-Reorganisationsgesetz*) entered into force. This provides for two procedures for dealing with financial crises at banks: recovery procedures and reorganization procedures. Both procedures are instigated only at the initiative of the bank concerned. The aim of the recovery procedure is to restructure the bank by taking measures as part of a recovery plan overseen by a recovery advisor. The recovery plan is not allowed to encroach on the rights of third parties. Thus the only feasible measures are those that the bank may take on its own (e.g., sale of business divisions, shutting down business lines, possible staff reductions) or in conjunction with third parties (e.g., capital increase or other forms of capital injection). The reorganization proceeding, on the other hand, allows a reorganization plan to encroach upon third party rights, i.e., those of the bank’s shareholders or creditors (e.g., in the form of debt relief or conversion of debt into equity). The reorganization plan resembles an insolvency plan as far as its conditions and effects are concerned and requires the consent of the bank’s creditors and shareholders (in the form of majority decisions, the details of which are determined in each case), which, however, may be dispensed with in certain circumstances. Furthermore, one of the preconditions for implementing a reorganization procedure is that the bank’s continued existence is under threat and this threat itself poses a danger to the stability of the financial system. A threat to the bank’s continued existence means that the collapse of the bank is threatened as a result of insolvency. A systemic threat arises when there are concerns that the threat to the bank’s continued existence will have a material adverse effect on other financial sector enterprises, on the financial markets or on the general confidence of depositors and other market participants in the ability of the financial system to function.

If a bank whose continued existence is under threat and which poses a systemic threat does not take the initiative to restructure or reorganize itself by means of a recovery or reorganization procedure, or if such a procedure has no chance of succeeding, BaFin may, under certain circumstances, order that the bank’s assets, including its liabilities, be transferred in whole or in part to another bank, including a newly founded “bridge bank”. The aim of the transfer is to make it possible to carry on those business divisions within the bank that are of systemic importance and to wind up those without systemic importance. Thus, the purpose of the transfer order is to ward off threats to the financial system and not to save the bank in question. The restructuring fund for banks has been set up to finance restructuring and resolution measures. The restructuring fund is a special fund of the Federal Republic administered by the German Financial Market Stabilization Authority designed to finance future restructuring and resolution measures instigated by transfer orders. Measures to be undertaken by the restructuring fund include establishing “bridge banks”, purchasing shares, issuing guarantees and carrying out the recapitalization of the acquiring entity. The restructuring fund must also, subject to certain conditions, bear any losses suffered by SoFFin as a result of the financial market stabilization measures. The fund’s guarantee volume may not exceed twenty times the accumulated funds, up to a maximum of €100 billion; moreover, the German Federal Ministry of Finance is authorized to borrow up to €20 billion to finance the measures taken by the restructuring fund. The restructuring fund is financed through annual contributions and any necessary additional contributions made by all German banks, whereby the amount of the contribution is based on the business volume, size and network of the bank in the financial market.

Current reform efforts

Basel III and CRD IV

On December 16, 2010, the Basel Committee on Banking Supervision published its proposals to make regulatory capital requirements for banks stricter across the board based on recent experiences from the financial crisis. These proposals were subsequently amended and expanded through further publications by the Committee (the “Basel III” regulations). The Basel III regulations were confirmed by the governments of the G-20 states and were originally intended to become binding as of January 1, 2013. This timetable was not kept. At the European Union level, the Basel III regulations will be implemented by, *inter alia*, a reform of the regulatory capital provisions under the working title “CRD IV”. This is principally aimed at adopting the stricter requirements of the Basel III regulations. On July 20, 2011, the European Commission presented its proposals for a revised banking directive and a regulation on prudential supervision for credit institutions and investment firms. Following political agreement by the Council of the European Union, the European Parliament and the European Commission February 27, 2013, the European parliament adopted the texts of the CRD IV package on April 16,

2013. After the adoption of the texts of CRD IV on June 20, 2013 by the European Council and the publication in the Official Journal on June 27, 2013, CRD IV will enter into force on January 1, 2014. Insofar as CRD IV is required to be implemented by national legislatures, Germany has adopted the CRD IV Implementation Act, which will become effective with publication in the German Federal Gazette (*Bundesanzeiger*). In addition, several draft ordinances are being prepared such that punctual implementation in Germany can be expected.

Under CRD IV, banks are required to hold 6% of their risk-weighted assets as Tier 1 capital (core capital) as of January 15, 2015, as opposed to the current 4%. 4.5% of risk-weighted assets, as opposed to the current 2%, are to be held in the form of Common Equity Tier 1 capital (core tier 1 capital), which for stock corporations is comprised primarily only of common stock and retained earnings. CRD IV provides for a number of transitional provisions for 2014. The currently applicable minimum total capital ratio of 8% of risk-weighted assets remains unchanged. However, Tier 3 capital will no longer be eligible for capital treatment.

There is also a transitional period for silent participations, which will no longer qualify as Common Equity Tier 1 capital in the future. If silent participations were injected as part of government assistance measures, they will continue to be recognized as Common Equity Tier 1 capital until December 31, 2017. The eligible amount of other silent participations and hybrid capital to qualify as Tier 1 capital is expected to be reduced in steps of 10% per annum from 80% (in 2014) to 10% (in 2021), with the grandfathering to end at the beginning of 2022.

In addition to the aforementioned capital requirements, banks will also have to maintain various capital buffers in the form of Common Equity Tier 1 capital. Where a bank does not meet in full its obligation to make provision for such buffers, it will be fully or partially prohibited from paying dividends, buying back shares, and making voluntary payments on other Tier 1 capital instruments or voluntary bonus payments to employees of the bank. According to the texts published in the Official Journal of the EU, CRD IV will provide for the following capital buffers for banks in the European Union:

- As from January 1, 2016, all banks must build up in stages a “capital conservation buffer” aimed at avoiding the rapid depletion of capital in periods of financial and economic stress. The “capital conservation buffer” must be equivalent to 2.5% of risk-weighted assets by January 1, 2019.
- Each member state may also set a “countercyclical buffer” of up to 2.5% of risk-weighted assets for engagements of German and foreign banks in the territory of the relevant member state with the aim of avoiding economic overheating and excessive lending. The “countercyclical buffer” specific to a bank is derived from the weighted average value of the “countercyclical buffer” of all member states in which the bank maintains significant engagements.
- Member states may also set a “systemic buffer” of between 1% and 3% of risk-weighted assets (or up to 5% of risk-weighted assets in relation to domestic engagements and engagements in third countries) for the banks they supervise to counteract non-cyclical or systemic risks to the financial system and the real economy. Member states may also set a higher “systemic buffer” with the consent of the European Commission.
- With regard to systemically important banks, a distinction is made between global systemically important institutions (referred to as “**G-SIIs**”) and other systemically important institutions (referred to as “**O-SIIs**”), which may for example, be systemically important to the European Union or individual member states. G-SIIs must maintain a capital buffer of between 1% and 3.5% of risk-weighted assets. The exact amount of this capital buffer for a particular bank is to be calculated using a scoring system to establish the bank’s systemic importance. For O-SIIs, member states can make provision for capital buffers of up to 2% of risk-weighted assets. Capital buffers for systemically important banks and “systemic buffers” are generally not applied cumulatively, but must – subject to certain exceptions – be added together. COMMERZBANK is not currently one of the 28 banks identified by the Financial Stability Board (“**FSB**”) as having global systemic importance. The list of these banks will be updated by the FSB in November 2013. Subject to this update, COMMERZBANK is currently classified as an O-SII within the meaning of CRD IV.

The CRD IV regulations also lay down a non-risk-based maximum leverage ratio. The details of the leverage ratio are to be determined following an observation phase lasting until December 31, 2016 and applied from January 1, 2018 in the form of a binding minimum requirement. A further feature of CRD IV is the step-by-step introduction of a single short-term liquidity coverage ratio from January 1, 2015. The European Commission also intends to present a legislative proposal for the introduction of a medium-term net stable funding ratio to limit maturity mismatches between assets and liabilities with the aim of the net stable funding ratio to apply from January 1, 2018.

Under certain circumstances, the CRD IV regulations allow member states to impose even stricter regulatory requirements on the banks they supervise to counteract increased risks to the stability of the financial system. These stricter requirements may relate, in particular, to regulatory capital requirements, liquidity requirements, limits on large loans, the capital conservation buffer and the disclosure obligations of banks.

CRD IV also sets standards for the remuneration systems of banks. In particular, the amount of variable remuneration for employees whose activity has a significant influence on the overall risk profile of a bank will not exceed the amount of the fixed salary in the future. The annual general meeting is to have the power to resolve by qualified majority that variable remuneration be increased up to twice the amount of the fixed salary. It will also be possible to discount up to a certain limit variable remuneration elements paid out in the form of long-term financial instruments. The European Banking Authority is to develop specific rules to define these standards.

Report of the Liikanen Group, Act on the Separation of Risks and Recovery and Resolution Planning for Banks and Financial Groups

On October 2, 2012, an expert group set up by the European Commission and chaired by the Governor of the Bank of Finland, Erkki Liikanen, published proposals for the structural reform of the European Union banking sector ("Liikanen Report"). One of the Liikanen Report's recommendations is to separate proprietary trading in securities and derivatives as well as loans to hedge funds and private-equity companies from the remaining retail business of a universal bank where the trading book or the assets available for sale comprise 15-25% of the total assets of the bank or group in question or amount to at least €100 billion. The separation occurs by transferring the activities to be separated to a legally independent entity, but only if they constitute a significant volume compared to the total assets. The aim of the separation is to prevent the deposits of retail clients from having to bear losses sustained by such transactions. It remains unclear whether and to what extent the Liikanen Report will be incorporated into European law.

In Germany, the proposals of the Liikanen Group have already been incorporated into the Act on the Separation of Risks and Recovery and Resolution Planning for Banks and Financial Groups (*Gesetz zur Abschirmung von Risiken und zur Planung der Sanierung und Abwicklung von Kreditinstituten und Finanzgruppen*) ("**Bank Separation Act**"). The Bank Separation Act was adopted by the German Parliament on May 17, 2013 and by the German Federal Council on June 7, 2013, and published in the German Federal Gazette (*Bundesanzeiger*) on August 12, 2013. The Bank Separation Act makes it mandatory from July 1, 2015 onwards, *inter alia*, for what are referred to as CRR banks (such as COMMERZBANK) that operate a deposit-taking business to transfer particularly high-risk or speculative transactions (such as certain types of proprietary securities trading and granting loans to hedge funds) to a legally and economically independent financial trading institution. The obligation to separate these transactions arises if (i) the total assets of the deposit-taking bank or Financial Institution group amount to at least €90 billion at the end of three successive financial years and the trading book or assets available for sale comprise 20% of the total assets of the relevant bank or Financial Institution group or (ii) the trading book or assets available for sale have a volume of at least €100 billion on the last reporting date. Unlike in the Liikanen Report, it is not necessary that the transactions to be separated represent a significant volume compared to the total assets. The financial trading institutions must be financed independently (i.e., particularly without resort to customer deposits). The possibility cannot be excluded at the present time that COMMERZBANK, given the volume of its trading activities, might be obliged to separate the transactions specified in the Bank Separation Act.

Furthermore, the Bank Separation Act stipulates that, with effect of August 13, 2013, recovery and resolution plans shall be drawn up for "systemically important" banks (see "*—Current reform efforts—Recovery and resolution of banks*"). The Act also tightens the requirements placed on the risk management of Financial Institutions from January 2, 2014 onwards, making it a criminal offence for directors should any breaches of duty in risk management threaten the continued existence of a Financial Institution or Financial Institution group.

Recovery and resolution of banks

At both the national and the EU level there are a number of efforts underway to reform the recovery and resolution of banks. On June 6, 2012, the European Commission published a proposal for a directive establishing a framework for the recovery and resolution of credit institutions and investment firms. In Germany, the Bank Separation Act was adopted by the German Parliament on May 17, 2013 and by the German Federal Council on June 7, 2013, and became effective in relevant part after publication in the German Federal Gazette (*Bundesanzeiger*) on August 12, 2013. Unlike the German Bank Reorganization Act, the Bank Separation Act provides for a potential obligation to draw up a recovery plan. All of these initiatives can be traced back to the standards published by the FSB in October 2011 relating to the orderly resolution of financial enterprises, which the heads of government and state of the G 20 states have committed themselves to implement. The various EU proposals include, *inter alia*, the preparation of recovery and resolution plans, monitoring the resolvability of banks and removing impediments to resolvability, and ordering and implementing their resolution. The discussed resolution instruments also include encroachment on the rights of third parties, i.e., the shareholders and creditors of banks (referred to as "bail-in" or "write down"), for example, by way of a transfer of shares, capital write-downs and debt relief or conversion of debt to equity. Based on the already effective Bank Separation Act as well as the legislative proposals in the EU, future changes to the recovery and resolution of banks are to be expected.

The European financial supervisory system

The European Banking Authority (EBA), which is located in London, took up its activities on January 1, 2011. The EBA is part of the European financial supervisory system, alongside the European Securities and Markets Authority (ESMA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Central Bank (ECB) and the European Systemic Risk Board. The main responsibility of the EBA is coordinating the national banking supervisory authorities in the European Union and beyond and ensuring a uniform level of supervision and the reliability of the financial system, including the supervision of systemically important Financial Institutions. The 27 national supervisory authorities of the EU member states work together closely in the implementation of these goals under the umbrella of the EBA. BaFin is also required to work together with the European Commission, the EBA and the European Banking Committee.

On December 13, 2012, the Council of the European Union agreed to introduce a single supervisory mechanism for the oversight of credit institutions. One of the principal elements of the single supervisory mechanism, whose introduction must still go through the legislative process, is the transfer of supervisory tasks from national supervisory authorities to the ECB. On March 19, 2013, the European Parliament, the Council and the European Commission reached a compromise agreement on the future configuration of the European banking supervisor. According to this, the ECB will in the future oversee Financial Institutions considered systemically important based on certain size criteria of those member states participating in the Single Supervisory Mechanism ("**SSM**"). It is currently expected that COMMERZBANK will be considered systemically important. The implementation of the SSM will include elements of an immediate asset quality review as a basis for a thorough solvency analysis. In April 2013, the Council of the European Union published a "final" compromise text, which the European Parliament, however, adopted with amendments on May 22, 2013. On this basis, completion of the legislative process of the SSM is not expected before late this year. In addition to the SSM, the European Commission is also planning to publish proposals for a so-called "single resolution mechanism", or "SSR"). The SSR will comprise the establishment of a single (centralized) resolution authority and a single resolution fund. Finalization of the SSR is also not expected before late this year or even 2014. Based on these current reform plans, future changes to the European financial supervisory system and the oversight of banks in Germany are to be expected.

Regulation and supervision in other countries

The business operations of COMMERZBANK in other countries are subject to regulation and monitoring by local supervisory authorities, including local central banks and exchange authorities which supplement the supervision performed by BaFin in Germany.

Like most companies subject to official supervision in many jurisdictions, the Company and its subsidiaries are subject to license, authorization and other requirements both within and outside the European Economic Area. For example, in addition to the mandatory reporting that applies in Germany, as described under "*Details of the Capital of COMMERZBANK and Applicable Regulations—Obligations to disclose and publish major shareholdings*", acquisitions of shares in the Company above a certain threshold may create an obligation to report the purchase or meet other requirements in the jurisdictions where subsidiaries subject to supervision operate.

Share purchases of this kind may also entail further obligations regarding licensing, authorizations or other requirements with which a shareholder or COMMERZBANK must comply. Potential investors should consult their legal advisors regarding the possible consequences of purchasing a large number of shares in the Company.

SUPERVISION AND REGULATION OF THE BRANCH AND THE BANK IN THE UNITED STATES

Banking Activities

The Branch is licensed by the New York Superintendent of Financial Services (the "**Superintendent**") under the New York Banking Law (the "**NYBL**") to conduct a commercial banking business in the State of New York through the Branch. The Branch is supervised, regulated and examined by the New York State Department of Financial Services and the Board of Governors of the Federal Reserve System (the "**Federal Reserve Board**") and is subject to banking laws and regulations applicable to a foreign bank that operates a New York branch.

Under the NYBL and regulations adopted thereunder, the Branch must deposit, with banks in the State of New York, high-quality eligible assets that are pledged to the Superintendent for certain purposes. The amount of assets required to be pledged is determined on the basis of a sliding scale (whereby the amount of assets required to be pledged as a percentage of the Branch's third-party liabilities decreases from 1% to 0.25% as such liabilities increase from $1 billion or less to more than $10 billion (up to a maximum of $100 million of assets pledged)) in the case of foreign banking corporations that have been designated as "well-rated" by the Superintendent, as the Bank has been. Should the Bank cease to be "well-rated" by the Superintendent, the Branch may need to maintain substantial additional amounts of eligible assets with banks in the State of New York. Under the NYBL, the Superintendent is also empowered to require a New York branch of a foreign bank to maintain in New York specified assets equal to such percentage of certain of the branch's liabilities as the Superintendent may designate. At present, the Superintendent has set this percentage at 0%, although specific asset maintenance requirements may be imposed upon individual branches on a case-by-case basis. The Superintendent has not prescribed such a requirement for the Branch.

In addition to being subject to New York laws and regulations, the Branch is also subject to U.S. federal regulation primarily under the International Banking Act of 1978, as amended (the "**IBA**"), including the amendments to the IBA made pursuant to the Foreign Bank Supervision Enhancement Act of 1991 (the "**FBSEA**"). Under the IBA, as amended by the FBSEA, all U.S. branches of foreign banks, such as the Branch, are subject to reporting and examination requirements of the Federal Reserve Board similar to those imposed on domestic banks that are owned or controlled by U.S. bank holding companies, and most U.S. branches and agencies of foreign banks, including the Branch, are subject to reserve requirements on deposits. Restrictions on the payment of interest on demand deposits were removed by the Dodd-Frank Act, effective July 2011. In addition, by reason of the conduct of banking activities in the United States (including through the Branch), the Bank is also subject to reporting to, and supervision and examination by, the Federal Reserve Board in its capacity as the Bank's U.S. "umbrella supervisor".

The Branch's deposits are not, and are not required or permitted to be, insured by the Federal Deposit Insurance Corporation. Subject to certain exceptions, the Branch is not permitted to accept initial deposits of less than U.S.$250,000.

Among other things, the IBA provides that a state-licensed branch of a foreign bank (such as the Branch) may not engage in any type of activity that is not permissible for a federally-licensed branch of a foreign bank unless the Federal Reserve Board has determined that such activity is consistent with sound banking practice. A state-licensed branch must also comply with the same single borrower (or issuer) lending limits applicable to national banks. These limits are based on the foreign bank's worldwide capital. Under the Dodd-Frank Act, the lending limits applicable to the Branch will include credit exposures that arise from derivative transactions, repurchase (and reverse repurchase) agreements, and securities lending (and securities borrowing) transactions with a counterparty. The Branch is not required to comply with these limits until October 1, 2013. The Dodd-Frank Act also includes "push-out" provisions that limit the swaps activities of the U.S. branches of non-U.S. banks, including those of the Branch. An interim final rule adopted by the Federal Reserve Board effective June 10, 2013, permits non-FDIC-insured branch offices of non-U.S. banks (such as the Branch) to continue to engage in swap activities that are limited to hedging or other similar risk mitigating activities directly related to the activities of the Branch or involve rates or reference assets permissible for investment by a national bank under 12 U.S.C. 24(Seventh), and the "push-out" provisions are not expected to have a significant effect on the swap activities of the Branch. The Branch is also subject to certain quantitative limits and qualitative restrictions on the extent to which it may lend to or engage in certain other transactions with affiliates engaged in certain securities, insurance and merchant banking activities in the United States. In general, these transactions must be on terms that would ordinarily be offered to unaffiliated entities, and are subject to volume limits. In addition, if such transactions involve extensions of credit, they must be secured by designated amounts of specified collateral.

The Federal Reserve Board may terminate the activities of a U.S. branch of a foreign bank if it finds that the foreign bank is not subject to comprehensive supervision on a consolidated basis in its home country, or if there is reasonable cause to believe that such foreign bank or an affiliate has violated the law or engaged in an unsafe or unsound banking practice in the United States, and as a result, continued operation of the branch would be inconsistent with the public interest and the purposes of federal banking laws, or for a foreign bank that presents a risk to the stability of the U.S. financial system, the home country of the foreign bank has not adopted, or made demonstrable progress toward adopting, an appropriate system of financial regulation to mitigate such risk. If the Federal Reserve Board were to use this authority to close the Branch, creditors of the Branch would have recourse against the Bank's non-U.S. branches, unless the Superintendent or other regulatory authorities were to make alternative arrangements for the payment of the liabilities of the Branch.

The Bank Holding Company Act of 1956, as amended (the "**BHCA**"), imposes significant restrictions on the Bank's U.S. non-banking operations and on its worldwide holdings of equity in companies that directly or indirectly operate in the United States. Under amendments to the BHCA effected by the Gramm-Leach-Bliley Act (the "**GLBA**"), qualifying bank holding companies and foreign banks that become "financial holding companies" are permitted to engage through non-bank subsidiaries in a broad range of non-banking activities in the United States, including insurance, securities, merchant banking and other financial activities. The GLBA does not authorize banks or their affiliates to engage in commercial activities that are not financial in nature, and in general does not affect or expand the permitted activities of a U.S. branch of a foreign bank (such as the Branch). In addition, the Dodd-Frank Act generally limits, among other activities, proprietary trading, the sponsorship of and investment in private equity and hedge funds and derivative activities of bank holding companies and financial holding companies, including such activities conducted by foreign banks in the United States.

Under the BHCA, the Bank is required to obtain the prior approval of the Federal Reserve Board before acquiring, directly or indirectly, the ownership or control of more than 5% of any class of voting securities (or "control") of any U.S. bank, bank holding company or certain other types of U.S. depository institution or depository institution holding company. Under federal banking law and regulations issued by the Federal Reserve Board, the Branch is also restricted from engaging in certain "tying" arrangements involving products and services.

Under the GLBA and related Federal Reserve Board regulations, the Bank elected to become a financial holding company effective in 2004. To qualify as a financial holding company, the Bank was required to certify and demonstrate that the Bank and its subsidiary bank, Eurohypo AG (since renamed, Hypothekenbank Frankfurt AG, "Hypothekenbank Frankfurt"), which has a U.S. branch, were "well capitalized" and "well managed" (in each case, as defined by Federal Reserve Board regulation). These standards, as applied to the Bank and Hypothekenbank Frankfurt, are comparable to the standards U.S. domestic banking organizations must satisfy to qualify as financial holding companies. In terms of capital requirements, each of the Bank and Hypothekenbank Frankfurt must in general maintain a Tier 1 risk-based capital ratio of at least 6% and a total risk-based capital ratio of at least 10% (in each case, calculated in accordance with the respective home country standards of the Bank and Hypothekenbank Frankfurt). If, in the future, the Bank were to acquire control of a U.S. bank (or certain other types of U.S. depository institution), or were to acquire control of another non-U.S. bank with a U.S. branch (or certain other U.S. banking operations), such U.S. or non-U.S. bank must also satisfy the Federal Reserve Board's "well-capitalized" and "well-managed" standards in order for the Bank to maintain its status as a financial holding company. At any time when the Bank or Hypothekenbank Frankfurt, or any such other U.S. or non-U.S. bank, is not well capitalized or well managed, or otherwise fails to take action to correct unsatisfactory conditions or to meet any of the requirements for the Bank to maintain its financial holding company status, then, depending on the requirement in question, the Bank may be required to discontinue certain financial activities or terminate its U.S. banking operations, or may be limited in its ability to expand certain activities or undertake certain acquisitions.

The GLBA and the regulations issued thereunder contain a number of other provisions that could affect the Bank's U.S. banking operations. One such provision relates to the financial privacy of consumers. In addition, the so called "push out" provisions of the GLBA narrow the exclusion of banks (including U.S. branches of foreign banks, such as the Branch) from the definitions of "broker" and "dealer" under the Securities Exchange Act of 1934, as amended. The rules of the SEC narrowing the exclusion of banks from the definition of "dealer" took effect in 2003 and the rules of the SEC and the Federal Reserve Board narrowing the exclusion of banks from the definition of broker took effect for the Bank in 2009. As a result, certain securities activities conducted by the Branch have been restructured or transferred to one or more U.S. registered broker-dealer affiliates.

Superintendent Authority to Take Possession of and Liquidate a New York Branch

The NYBL authorizes the Superintendent to take possession of the business and property of a foreign bank's New York branch under certain circumstances including violation of law, conduct of business in an unauthorized or unsafe manner, capital impairment, the suspension of payment of obligations, initiation of liquidation proceedings against the foreign bank, or reason to doubt the foreign bank's ability to pay in full the claims of its creditors. Pursuant to the NYBL, when the Superintendent takes possession of a foreign bank's New York branch, it succeeds to the branch's assets, wherever located, and the assets of the foreign bank in New York State. In liquidating or dealing with the branch's business after taking possession of the branch, the Superintendent will accept for payment out of the branch's assets only the claims of depositors and other creditors unaffiliated with the foreign bank that arose out of transactions with the branch (without prejudice to the rights of the holders of such claims to be satisfied out of other assets of the foreign bank) and only to the extent those claims represent an enforceable legal obligation against such branch if such branch were a separate legal entity. After such claims are paid, together with any interest thereon, and the expenses of the liquidation have been paid or properly provided for, the Superintendent will turn over the remaining assets, if any, to other offices of the foreign bank that are being liquidated in the United States, upon the request of the liquidators of those offices, in the amounts which the liquidators of those offices demonstrate are needed to pay the claims accepted by those liquidators and any expenses incurred by the liquidators in liquidating those other offices of the foreign bank. After any such payments are made, any remaining assets will be turned over to the foreign bank or to its duly appointed liquidator or receiver.

Recent Financial Regulatory Reform

In response to the financial crisis, on July 21, 2010, the United States enacted the Dodd-Frank Act, which provides a broad framework for significant regulatory changes that will extend to almost every area of U.S. financial regulation. The Dodd-Frank Act contains a wide range of provisions that will affect financial institutions operating in the United States, including foreign banks such as the Bank. However, for any restrictions that the Federal Reserve Board may issue for foreign banks, the Federal Reserve Board is directed to take into account the principle of national treatment and equality of competitive opportunity, and the extent to which the foreign bank is subject to comparable home country standards.

The Dodd-Frank Act provides regulators with tools to impose heightened capital, leverage and liquidity requirements and other prudential standards, particularly for financial institutions that pose significant systemic risk and bank holding companies with greater than $50 billion in assets. On December 14, 2012, the Federal Reserve Board proposed regulations that would impose enhanced prudential standards on the U.S. operations of certain large foreign banking organizations, such as the Bank. In particular, under the proposal, the Branch would be subject to liquidity requirements, single counterparty credit limits, and, in certain circumstances, asset maintenance requirements. In addition, under the proposal, the Bank would be required to create a separately capitalized top-tier U.S. intermediate holding company that would hold most or all of its direct and indirect U.S. subsidiaries, although a foreign banking organization's U.S. branch network is not required to be held under the intermediate holding company. The intermediate holding company would be subject to capital, leverage, liquidity and other enhanced prudential standards, including, depending on the amount of its U.S. consolidated assets, single counterparty limits, capital planning and stress testing requirements, on a consolidated basis. The Federal Reserve Board proposed that these rules would become effective in July 2015. It is uncertain when, and in what form, these rules will be finalized.

The Dodd-Frank Act also establishes a new U.S. regulatory regime for swaps and security-based swaps (generically referred to in this paragraph as "swaps"). Among other things, the Dodd-Frank Act provides the Commodity Futures Trading Commission and the SEC with jurisdiction and regulatory authority over swaps, requires the establishment of a comprehensive registration and regulatory framework applicable to swap dealers, such as the Bank, and major swap participants, requires many types of swaps to be cleared and traded on an exchange or executed on swap execution facilities, requires swap market participants to report all swap transactions to swap data repositories and imposes capital, margin, business conduct, recordkeeping and other requirements on swap dealers and major swap participants. Although many swaps requirements are already in effect, the details of many of these requirements will be established through future rulemakings. The Bank has registered as a swap dealer, but none of its affiliates is currently required to register as a swap dealer.

Also included in the Dodd-Frank Act are provisions designed to promote enhanced supervision of financial markets, impose new limitations on permissible financial institution activities and investments (including limitations under the so-called "Volcker Rule" on proprietary trading and sponsorship of or investment in hedge funds or private equity funds in the United States), protect consumers and investors from financial abuse, and provide the government with the tools needed to manage a financial crisis.

Many aspects of the Dodd-Frank Act require rulemaking by U.S. federal supervisory agencies for full implementation. Until there is greater clarity on the nature of these regulations, it is not possible to assess fully the impact (including additional compliance costs) of the legislation and the regulations on the business of the Bank and the operations of the Branch.

Anti-Money Laundering and Economic Sanctions

In recent years, a major focus of U.S. policy, legislation and regulation relating to financial institutions has been to combat money laundering and terrorist financing and to assure compliance with U.S. economic sanctions in respect of designated countries or entities. U.S. economic sanctions are enforced in part by the U.S. Office of Foreign Assets Control ("**OFAC**"). The Bank provides financial services throughout the world, which may from time to time include countries in which U.S. banks are prohibited from conducting business due to restrictions imposed by OFAC. The Bank does not believe any business activities with counterparties in, or directly relating to, such countries are material to its business, and such activities represented a very small part of the Bank's total assets and total revenues as of, and for, the year ended December 31, 2012.

U.S. regulations applicable to the Bank (including the Branch) and its subsidiaries impose obligations to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, to verify the identity of their customers, report suspicious transactions, and implement due diligence procedures for certain correspondent and private banking accounts. Failure of the Bank (including the Branch) to maintain and implement adequate programs to combat money laundering and terrorist financing, and to comply with U.S. economic sanctions, could have serious legal and reputational consequences.

DETAILS OF COMMERZBANK'S CORPORATE BODIES

General information

The Company's corporate bodies are the Board of Managing Directors, the Supervisory Board and the Annual General Meeting. Their competencies are laid down in the German Stock Corporation Act, the Articles of Association, and in the rules of procedure of the Board of Managing Directors and the Supervisory Board.

The Board of Managing Directors is responsible for independently managing the Company in accordance with the law, the Company's Articles of Association and its own rules of procedure. It acts as the Company's legal representative in and out of court.

The Board of Managing Directors is required to ensure that an appropriate risk management and control structure exists within the COMMERZBANK Group in order that developments that might endanger the future of the Company as a going concern can be identified early. The Board of Managing Directors must also report to the Supervisory Board on a regular (at least quarterly) basis on the course of business, with particular regard to the revenue and financial condition of the Company and its subsidiaries, and, at the last Supervisory Board meeting of the financial year, on its planned business policy and other fundamental issues relating to corporate planning. In addition, the Board of Managing Directors must report in good time to the Supervisory Board any transaction that may be of considerable importance to the Company's profitability or liquidity, so that the Supervisory Board may have an opportunity to express its opinion on such transactions before they are concluded. The Board of Managing Directors is obliged to report important matters (immediately) to the Chairman of the Supervisory Board, including any matter concerning an affiliated company which becomes known to the Board of Managing Directors and which may have a significant influence on the situation of the Company. Further reporting duties of the Board of Managing Directors to the Supervisory Board are governed by the rules of procedure of the Board of Managing Directors. Under German law, a person may not exercise the functions of a member of both the Board of Managing Directors and the Supervisory Board of a joint-stock company simultaneously, although concurrent membership for a period not exceeding one year may be permitted in exceptional circumstances if a member of the Supervisory Board is delegated to serve on the Board of Managing Directors. During this period, the delegated member performs no functions on the Supervisory Board.

The Supervisory Board appoints the members of the Board of Managing Directors for a limited period of time (no more than five years) and is entitled to dismiss them for cause. The Supervisory Board advises the Board of Managing Directors on the management of the Company and monitors how it conducts its business. In accordance with the German Stock Corporation Act, the Supervisory Board is not authorized to carry out management functions. The Annual General Meeting cannot issue any instructions to the Board of Managing Directors.

Under the rules of procedure of the Board of Managing Directors, the Board of Managing Directors is obliged to seek the prior consent of the Supervisory Board in the following cases:

- The acquisition and disposal of land and rights equivalent to real property and the construction, rebuilding and fitting-out of buildings if in any individual instance the value of the transaction exceeds 1% of COMMERZBANK's liable equity capital,
- The leasing of land and buildings and the conclusion of leasing agreements where the Company's overall annual obligation under the relevant contract exceeds 0.25% of COMMERZBANK's liable equity capital, and
- The acquisition and disposal of interests in other companies (if the acquisition and disposal transactions are not concluded with companies belonging to the COMMERZBANK Group) and the formation and acquisition of other companies where the value of any individual transaction exceeds 1% of COMMERZBANK's liable equity capital.

Moreover, the members of the Board of Managing Directors require the consent of the Supervisory Board to engage in any secondary employment, in particular, to accept any supervisory board, advisory board and similar mandates or to join the management of another company. The members of the Board of Managing Directors and of the Supervisory Board have duties of loyalty and care to the Company. In discharging those duties the members of these corporate bodies have to consider a wide range of interests, in particular those of the Company, its shareholders, its employees and its creditors. The Board of Managing Directors must also take due account of the shareholders' right to equal treatment and equal information. The members of the Board of Managing Directors or of the Supervisory Board are jointly and severally liable to the Company for damages if they breach any of their obligations. The members of COMMERZBANK's Board of Managing Directors and Supervisory Board are covered up to a specified limit by D&O liability insurance (with a specified deductible for each member of the Board of Managing Directors and a specified deductible for each member of the Supervisory Board) against claims against them arising from the execution of their functions as members of the respective corporate bodies. The costs of such insurance are borne by the Company.

If the Company sustains a loss in consequence of a breach of duty on the part of members of the Board of Managing Directors or of the Supervisory Board, the Company may itself bring a claim for damages against the members of the Board of Managing Directors or of the Supervisory Board in the first instance, with the Board of Managing Directors representing the Company where claims are made against members of the Supervisory Board and the Supervisory Board representing the Company where claims are made against members of the Board of Managing Directors. Pursuant to a ruling of the German Federal Court of Justice, the Supervisory Board is obliged to actually bring claims against the Board of Managing Directors that may be successful unless significant considerations of the Company's well-being outweighing or at least equivalent to those in favor of such a claim render such a claim inadvisable. If the representative body in question decides against pursuing the claim, claims for damages against the members of the Board of Managing Directors or of the Supervisory Board must be enforced if the Annual General Meeting decides to do so by a simple majority, for which purpose the Annual General Meeting may appoint a special representative to assert the claims.

Shareholders whose holdings together constitute 10% of the share capital or a proportionate interest of €1,000,000 may also petition the court to appoint a representative to press their claims for damages. Furthermore, shareholders whose holdings together constitute 1% of the share capital or a proportionate interest of €100,000 at the time the petition is submitted may petition in their own name for a claim for damages to be heard by the Regional Court where the Company has its registered office. For such a claim to be heard, the Company must have failed to make a claim when called on to do so by the shareholders within an appropriate deadline set by them, and facts must have come to light justifying the suspicion that the Company has sustained a loss as a consequence of dishonesty or of a flagrant breach of the law or of the Articles of Association. The Company is entitled to bring a claim for damages itself at any time, and any pending application or claim on the part of the shareholders is barred once it does so. The Company may withdraw a claim or negotiate a settlement for it only after three years have elapsed since the claim for damages against members of the corporate bodies arose, and then only provided that the shareholders adopt a resolution at the Annual General Meeting to that effect by a simple majority and provided that the minutes record no objection on the part of a minority of shareholders whose holdings together constitute at least 10% of the share capital.

Under German law, no individual shareholder (or any other person) may use its influence on the Company to cause a member of the Board of Managing Directors or of the Supervisory Board, or a person holding a general commercial power of attorney or authorized to act for the Company, to engage in any act detrimental to the Company. Shareholders with a controlling interest may not use it to cause the Company to act against its own interests unless the resulting detriments are offset. Persons using their influence on the Company to cause a member of the Board of Managing Directors or of the Supervisory Board, or a person holding a general commercial power of attorney or authorized to act for the Company to engage in any act detrimental to the Company or to its shareholders, are obliged to compensate the losses of the Company or the shareholders (where these have sustained any loss in addition to that sustained by them as a consequence of the loss sustained by the Company). In addition, the members of the Board of Managing Directors and of the Supervisory Board are also jointly and severally liable if they have acted in breach of their duties.

Board of Managing Directors

The Company's Board of Managing Directors currently consists of nine members. The Supervisory Board determines the size of the Board of Managing Directors, which is required by the Articles of Association to consist of at least two members. The Supervisory Board may appoint a member of the Board of Managing Directors as its chairman and appoint substitute board members. The members of the Board of Managing Directors are appointed by the Supervisory Board for a term of office not exceeding five years. They may be reappointed or their term of office may be extended, in each instance for a maximum period of five years. Re-appointment of members of the Board of Managing Directors may be resolved one year before the end of the previous term of office at the earliest. The Supervisory Board may revoke the appointment of a member of the Board of Managing Directors before the end of his or her term of office for cause, such as gross breach of duty or if there has been a motion of no confidence by the Annual General Meeting. The Supervisory Board is also responsible for concluding, amending and terminating service contracts with the members of the Board of Managing Directors.

At its meeting on August 7, 2013, the Supervisory Board resolved to reduce the size of the Board of Managing Directors from nine members to seven at an as-yet undetermined date in the foreseeable future. The reduction in the size of the Board of Managing Directors is a consequence of the Group strategy adopted by the Board of Managing Directors in November 2012. Part of this strategy is a further significant reduction in costs, and accordingly headcount reductions at all levels.

According to the Company's Articles of Association, the Board of Managing Directors issues its own rules of procedure with the consent of the Supervisory Board. The current version of the rules of procedure was adopted on February 25, 2013. The Supervisory Board consented on March 13, 2013.

The Articles of Association specify that the Company is to be legally represented by two members of the Board of Managing Directors or by one member of the Board of Managing Directors together with a holder of a commercial power of attorney. For the purpose of their authorization to represent the Company, substitute members of the Board of Managing Directors are equal to ordinary members of the Board of Managing Directors.

The Board of Managing Directors adopts decisions with a simple majority of votes cast, except where other majorities are prescribed by law, the Articles of Association, or the rules of procedure. In the event of a tied vote, the chairman has the casting vote.

Members of the Board of Managing Directors

The following table shows the members of the Company's Board of Managing Directors, their term of office and their responsibilities:

Name (Year of birth)	Member since	Appointed until	Responsibilities
Martin Blessing (1963) Chairman of the Board	November 1, 2001	October 31, 2016	Group Management: Group Communications, Group Development & Strategy, Group Legal; Central & Eastern Europe Segment: CEE Holding, BRE Bank
Frank Annuscheit (1962)	January 1, 2008	December 31, 2015	Group Services: Group Information Technology, Group Organisation, Group Banking Operations, Group Markets Operations, Group Security, Group Services Commerzbank Exzellenz, Group Support
Markus Beumer (1964)	January 1, 2008	December 31, 2015	Mittelstandsbank Segment: Corporate Banking, Strategy and Projects, Sales Small and Medium Enterprises, Sales Large Corporates, Sales Corporates International, Financial Institutions
Stephan Engels (1962)	April 1, 2012	March 31, 2015	Group Management: Group Audit, Group Compliance, Group Finance, Group Finance Operations, Group Investor Relations, Coordination and Tracking Office
Jochen Klösges (1964)	June 1, 2009	May 31, 2017	Non-Core Assets Segment: Public Finance, Deutsche Schiffsbank
Michael Reuther (1959)	October 1, 2006	September 30, 2014	Group Management: Group Treasury; Corporates & Markets Segment: Corporate Finance, Equity Markets & Commodities, Fixed Income & Currencies Trading, Fixed Income & Currencies Sales, Credit Portfolio Management, Client Relationship Management, Research, London, New York, COO
Dr. Stefan Schmittmann (1956)	November 1, 2008	October 31, 2016	Group Management: Group Credit Risk Management Core, Group Credit Risk Management Non-Core, Group Risk Controlling & Capital Management, Group Market Risk Management, Group Intensive Care
Ulrich Sieber (1965)	June 1, 2009	May 31, 2017	Group Management: Group Human Resources, Group Management Commerzbank Exzellenz; Non-Core Assets Segment: CRE Domestic, CRE International, COO
Martin Zielke (1963)	November 5, 2010	November 3, 2018	Private Customers Segment: Private Customers, Sales Retail and Business Customers, Sales Wealth Management, Direct Banking, Commerz Real

- *Martin Blessing* has been a member of COMMERZBANK's Board of Managing Directors since November 1, 2001 and has been its Chairman since May 7, 2009. Before joining the Company, Mr. Blessing was a consultant/partner with the management consultancy McKinsey in Frankfurt am Main and New York from 1989 to 1996. From 1997 to 2000 he was Joint Manager, Private Customers at Dresdner Bank in Frankfurt am Main. Mr. Blessing then moved to Advance Bank AG in Munich, where he served as Chairman of the Board until 2001.
- *Frank Annuscheit* has been a member of COMMERZBANK's Board of Managing Directors since January 1, 2008. After completing his studies, Mr. Annuscheit was a consultant with Andersen Consulting in Frankfurt am Main from 1989 to 1991 and worked as a senior consultant with the audit company KPMG, Frankfurt am Main, from 1991 to 1993. From 1993 to 2003, he held various positions in the Deutsche Bank Group. From 2001 to 2003, Mr. Annuscheit was a member of the Board of European Transaction Bank AG, Frankfurt am Main. He joined COMMERZBANK in 2003 and worked as Chief Information Officer and Group Chief Operating Officer until his appointment to the Board of Managing Directors.
- *Markus Beumer* has been a member of COMMERZBANK's Board of Managing Directors since January 1, 2008. After completing his studies, Mr. Beumer spent the years from 1991 to 1994 with Deutsche Bank AG in Essen, starting as a trainee and then working in investment management for private customers. From 1994 to 2000, he held a variety of positions with Dresdner Bank in Frankfurt am Main, initially in the private customers business and investment advisory services, and also taking charge of sales controlling. From 2000 to 2005, Mr. Beumer worked for the HypoVereinsbank Group at Westfalenbank AG, Bochum, initially as an executive and from 2001 as a member of the Board of Managing Directors. He assumed the central management of Private Customer Business at HypoVereinsbank AG's head office in Munich in 2002 and the management of Private Banking Germany in 2004. Mr. Beumer joined the COMMERZBANK Group in 2005, initially as Head of Corporate Customer Business for the Frankfurt region and then as Group Manager Corporate Banking from April 2006 to December 2007.
- *Stephan Engels* has been a member of COMMERZBANK's Board of Managing Directors since April 1, 2012. After completing his studies, Mr. Engels occupied various positions at the Daimler Group between 1988 and 2012, with a focus on internal audit, financial services and finance and controlling. Among other things, he was a member of the Board of Managing Directors of DaimlerChrysler Bank AG and DaimlerChrysler Services AG. From 2007 to 2012, he was a member of the Executive Committee of Mercedes-Benz Car Group, responsible for finance and controlling. In addition, Mr. Engels took charge of Daimler AG's group controlling from 2008.
- *Jochen Klösges* has been a member of COMMERZBANK's Board of Managing Directors since June 1, 2009. After completing his training in banking, Mr Klösges took on various positions at Dresdner Bank between 1987 and 2001, particularly in corporate customer relationship management and risk management, while concurrently completing his studies in banking business administration. From 1998 to 2001, Mr. Klösges served as Assistant to the Board of Managing Directors of Dresdner Bank AG before becoming Divisional Head Sales to Corporate Customers at Deutsche Hypothekenbank Frankfurt-Hamburg AG. When Eurohypo was founded, he became Divisional Head Corporate Center Risk Management there, remaining in this position until 2003. At the beginning of 2004, he was appointed a member of the Eurohypo Board of Managing Directors. After COMMERZBANK's acquisition of Eurohypo, Mr. Klösges worked from 2006 onwards as head of the central retail credit department in the Private and Business Customers segment. Mr. Klösges headed up Group Strategy from 2007 until his appointment to COMMERZBANK's Board of Managing Directors.
- *Michael Reuther* has been a member of COMMERZBANK's Board of Managing Directors since October 1, 2006. He is responsible for the investment banking and treasury divisions. His career began at Deutsche Bank AG in Frankfurt am Main, New York and London, where he was ultimately manager of the group's liquidity management and manager of Treasury Europe. He studied law and economics at the Universities of Göttingen and Freiburg and then continued his studies at the New York University Leonard Stern School of Business and Harvard Business School.
- *Dr. Stefan Schmittmann* has been a member of COMMERZBANK's Board of Managing Directors since November 1, 2008. After completing his studies and obtaining a doctorate in economics in 1986, Dr. Schmittmann started his career by joining the Bayerische Vereinsbank AG (from 1998 Bayerische Hypo- und Vereinsbank AG), Munich. Until 2003, Dr. Schmittmann worked in a variety of areas, including customer advisory, branch management, as manager of the Credit Department, as manager of the Operative Controlling Department, as manager of the Risk Management division, and as a member of the Corporate Customer Divisional Board and as Chief Credit Risk Officer. From 2004 to 2005, Dr. Schmittmann served as Chairman of the Board of Directors of Vereins- und Westbank AG, Hamburg, and was appointed a member of the Divisional Board of Directors of Bayerische Hypo- und Vereinsbank AG, Munich, in 2005. From 2006 until April 2008, Dr. Schmittmann was a member of the Board of Directors of Bayerische Hypo- und Vereinsbank AG, Munich, with responsibility for the Corporate Customer and Commercial Real Estate Customer Divisions and was also a member of the Executive Committee UniCredit Corporate Division.

- *Ulrich Sieber* has been a member of COMMERZBANK's Board of Managing Directors since June 1, 2009. Following his training in banking, Mr. Sieber began his career at Bayerische Vereinsbank AG (now Bayerische Hypo- und Vereinsbank AG), serving from 1986 to 1991 as a credit officer and HR specialist. In 1991 he moved to Credit Suisse Deutschland AG, where he worked as credit officer and Head of Personnel Development until 1996. Between 1996 and 2001, Mr. Sieber was Chief Administration Officer and Chief Operating Officer in Investment Banking at JP Morgan GmbH Deutschland. Then in 2001 he moved to Dresdner Bank AG, where he was Global Head of Corporate Banking, Chief Operating Officer Corporates & Markets Germany for Dresdner Kleinwort and in charge of various projects. At the beginning of 2006, Mr. Sieber moved to COMMERZBANK where he was Global Head of Human Resources until becoming a member of the Board of Managing Directors.
- *Martin Zielke* has been a member of COMMERZBANK's Board of Managing Directors since November 5, 2010, responsible for Private Customers. After filling various positions in the Private Customer business at Dresdner Bank and as Divisional Head of Investments at Deutsche Bank 24, Martin Zielke took over the area of Private Customer Financing at Deutsche Hyp in 2001. He joined COMMERZBANK in 2002, initially as Global Head of Private Customers, before heading up Corporate Customers at the beginning of 2005. In April 2006 Martin Zielke switched to the Board of Managing Directors of Eurohypo as Chief Financial Officer. Following his return to COMMERZBANK in early 2008, he headed up Group Finance before being appointed to the Board of Managing Directors.

The following overview lists, where applicable, the names of all companies and partnerships outside the COMMERZBANK Group of which the specified member of the Board of Managing Directors is or has been a member of the administrative, management or supervisory bodies or a partner at any time during the last five years.

Name	External mandates
Martin Blessing *Chairman of the Board*	Currently: None. Previously: ● Member of the Supervisory Board of Evonik Industries AG (until November 16 2008)
Frank Annuscheit	Currently: None. Previously: ● Member of the Stock Exchange Council of Eurex Deutschland, Eschborn (until November 25, 2010)
Markus Beumer	Currently: ● Member of the Supervisory Board of ABB Deutschland AG ● Member of the Advisory Board of Deutsche Amphibolin-Werke von Robert Murjahn Stiftung & Co KG, Ober-Ramstadt Previously: ● Member of the Supervisory Board of ThyssenKrupp Services AG, Düsseldorf (until September 30, 2009)

Name	External mandates
Stephan Engels................................	Currently: ● Member of the Advisory Board of SdB – Sicherungseinrichtungsgesellschaft deutscher Banken mbH ● Member of the Board of Managing Directors of Deutsche Aktieninstitut e.V., Frankfurt am Main Previously: ● Member of the Advisory Board of Daimler Group Services Berlin GmbH (until October 28, 2008) ● Member of the Supervisory Board of MBtech Group GmbH & Co. KGaA (until November 12, 2009) ● Member of the Advisory Board of MBtech Verwaltungs-GmbH (until February 29, 2012) ● Member of the Advisory Board of Mercedes-Benz Accessories GmbH (until September 15, 2008) ● Member of the Administration Board of Mercedes-Benz Belgium Luxembourg S.A. (until February 16, 2009) ● Member of the Administration Board of Mercedes-Benz Danmark AS (until October 31, 2008) ● Member of the Supervisory Board of Mercedes-Benz France S.A.S. (until October 31, 2008) ● Member of the Administration Board of Mercedes-Benz Hellas S.A. (until October 6, 2008) ● Member of the Board of Directors of Mercedes-Benz India Private Limited (until September 21, 2008) ● Member of the Advisory Board of Mercedes-Benz Museum GmbH (until February 29, 2012) ● Member of the Administration Board of Mercedes-Benz Portugal, S.A. (until October 31, 2008) ● Member of the Administration Board of Mercedes-Benz Sverige AB (until November 1, 2008) ● Member of the Board of Directors of Mercedes-Benz USA, LLC (until February 29, 2012)
Jochen Klösges................................	Currently: None. Previously: None.
Michael Reuther................................	Currently: ● Member of the Supervisory Board of RWE Power AG, Essen ● Member of the Advisory Board of Verlagsbeteiligungs- und Verwaltungsgesellschaft mit beschränkter Haftung, Frankfurt am Main ● Member of the Stock Exchange Council of the Frankfurt Stock Exchange, Frankfurt am Main ● Member of the Stock Exchange Council of EUREX Deutschland, Eschborn ● Board Member of the American Chamber of Commerce, Berlin Previously: None.

Name	External mandates
Dr. Stefan Schmittmann	Currently: ● Member of the Supervisory Board of Schaltbau Holding AG, Munich Previously: ● Chairman of the Administration Board of KGAL GmbH & Co. KG, Grünwald (until September 8, 2011) ● Member of the Board of Directors of i-Faber S.p.A., Milan (until June 19, 2008) ● Member of the Administration Board of HVB Leasing GmbH/HVB Investitionsbank GmbH, Hamburg (until May 31, 2008)
Ulrich Sieber	Currently: ● Deputy Chairman of the Supervisory Board of BVV Pensionsfonds des Bankgewerbes AG, Berlin ● Deputy Chairman of the Supervisory Board of BVV Versorgungskasse des Bankgewerbes e.V., Berlin ● Deputy Chairman of the Supervisory Board of BVV Versicherungsvereins des Bankgewerbes a.G., Berlin ● Chairman of the Board of Managing Directors of the Arbeitgeberverbands des privaten Bankgewerbes e.V., Berlin ● Member of the Board of Managing Directors and Executive Board of the Bundesvereinigung der Deutschen Arbeitgeberverbände, Berlin ● Member of the Executive Committee of the Committee on Eastern European Economic Relations, Berlin Previously: ● Member of the Board of Managing Directors and the Executive Committee of Frankfurt Main Finance e.V., Frankfurt (until December 31, 2011) ● Member of the Foundation Board of SWAB Stiftung der Deutschen Wirtschaft für Arbeit und Beschäftigung GmbH (until August 2011)
Martin Zielke	Currently: None. Previously: ● Member of the Supervisory Board of Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt am Main (until August 31, 2012) ● Member of the Supervisory Board of Allianz Global Investors Deutschland GmbH (until March 22, 2011)

The Members of the Board of Managing Directors may be reached at the Company's business address: Kaiserstrasse 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany.

Remuneration of the Members of the Board of Managing Directors

Principles of the remuneration system

The core elements of the remuneration system for members of the Board of Managing Directors, which has been in place since January 1, 2010, include a fixed basic annual salary as well as a Short Term Incentive (STI) and a Long Term Incentive (LTI) as variable remuneration components.

On August 9, 2011, the Supervisory Board resolved to adjust this system to meet the requirements of the Ordinance on the Supervisory Requirements for Institutions' Remuneration Systems (*Instituts-Vergütungsordnung*) and the resolution was subsequently implemented on a contractual basis. The Supervisory Board further resolved in its meetings on November 3, 2011, December 2, 2011 and February 22, 2012 to amend the pension schemes of the members of the Board of Managing Directors and approved the related master agreements. The new rules include, in particular, a defined contribution plan. In addition, the pension is now generally payable at the age of 65 rather than 62. The new pension agreements were signed by all members of the Board of Managing Directors.

Continuing a limitation on the monetary remuneration of members of the Board of Managing Directors to €500,000 gross p.a. per member in respect of the functions they performed for the Group ("**SoFFin Cap**") that had originally been agreed with SoFFin for 2008 and 2009, the Supervisory Board resolved that the SoFFin Cap should remain in place for the 2010 and 2011 financial years unless the fixed-interest components of the profit participation rights attached to SoFFin's silent participations were paid in full. Once the German Restructuring Act took effect in 2011, there was no longer a legal obligation to continue to impose this cap, as COMMERZBANK had already repaid more than half of the recapitalization (silent participation). The SoFFin Cap did not apply in the 2012 financial year. For more information on the legal remuneration limits imposed by the Financial Market Stabilization Fund Act (*Finanzmarktstabilisierungsfondsgesetz*, *FMStFG*), see "*Supervision and Regulation of the Bank in Germany—Banking supervision in Germany".*

Fixed remuneration components (fixed basic annual salary)

The fixed remuneration components include the basic annual salary and in-kind benefits.

The fixed basic annual salary, which is paid out in equal monthly installments, amounts to €750,000; for the Chairman of the Board of Managing Directors, the fixed basic annual salary amounts to €1,312,500. The appropriateness of each fixed basic annual salary is assessed regularly every two years. Since the fixed interest payment on the profit participation rights attached to SoFFin's silent participations was not paid in 2011, the basic annual salary for 2011 was limited to €500,000.

The in-kind benefits consist mainly of the use of a Company car with a driver, security measures and insurance contributions, plus the related tax and social security contributions payable thereon.

Performance-related remuneration (variable remuneration)

The remuneration system includes performance-related variable remuneration components in the form of a short term incentive (STI) with a total target value of €400,000 per member of the Board of Managing Directors and a long term incentive (LTI) with a total target value of €600,000 per member of the Board of Managing Directors. The target value of the variable remuneration components for a member of the Board of Managing Directors therefore totals €1 million. The maximum target achievement is 200%, which corresponds to a Short Term Incentive of €800,000 and a Long Term Incentive of €1,200,000. The target values for the Chairman of the Board of Managing Directors amount to 1.75 times the aforementioned amounts. The minimum total amount is €0 in each case.

Due to the SoFFin Cap of €500,000 per year applicable in 2011 with respect to the total monetary remuneration of te members of the Board of Managing Directors for 2011, the performance-related variable remuneration components were not due.

Short Term Incentive (STI)

The STI runs for one year. It consists of two equally weighted components: one being the STI performance component and the other linked to the economic value added (EVA)[1] (STI EVA component). A claim for payment of the STI is conditional upon the adoption of the financial statements for the respective year and upon the Supervisory Board establishing that the STI target has been achieved by the respective member of the Board of Managing Directors. Half of the STI remuneration is then due and payable in cash. The remaining half is paid in COMMERZBANK shares – or in cash based on shares – following a waiting period of a further 12 months. The total STI target amounts to €400,000 for a member of the Board of Managing Directors; for the 2012 financial year and subsequent financial years, the targets of the individual components are €200,000 each. As a rule, the target achievement may range between 0% and 200%.

STI EVA component

For the STI EVA component, the Supervisory Board sets a target amount for the Group EVA after tax prior to the beginning of the financial year; this amount corresponds to a target achievement of 100%. In addition, it is determined which EVA amounts correspond to a target achievement of 0% and of 200%. As a rule, investors' capital is incorporated into the basis for calculating EVA.

STI performance component

The individual performance of each member of the Board of Managing Directors is assessed from an overall perspective using criteria determined by the Supervisory Board prior to the beginning of the financial year in question. For the 2012 financial year, the target figure for this component was €200,000 per annum.

Long Term Incentive (LTI)

The LTI runs for four years. It consists of two equally weighted components: one linked to economic value added (EVA) (LTI EVA component) and the other based on stock performance (LTI equity component). A claim for payment of the LTI is conditional upon the adoption of the financial statements for the final year of the four-year term of the respective LTI and upon the Supervisory Board establishing that the LTI target was achieved. Fifty percent of the LTI remuneration is

[1] EVA is the consolidated profit after tax and minority interests less the Company's capital costs (product of the investors' capital, excluding minority interests, and the cost of capital after tax).

then due and payable in cash. The remaining 50% is paid in COMMERZBANK shares – or in cash based on shares – following a waiting period of a further 12 months. The total LTI target amounts to €600,000, and the targets for the individual components amount to €300,000 each. The target achievement may range between 0% and 200%; hence, each of the two components may lie between €0 and €600,000. The provisional LTI payout sum, i.e., the amount resulting from target achievement within the LTI equity component and the LTI EVA component, is adjusted by being increased or reduced by half of the percentage by which the target achievement for the performance-based portion of the STI exceeds or falls below 100% in the first year of the four-year LTI term. The adjustment may not exceed +/–20% of the original target figure of the LTI components. A prerequisite for the LTI is that the individual member of the Board of Managing Directors makes a long-term personal investment in COMMERZBANK shares of €350,000. Until the personal investment target has been reached, 50% of net payments from the LTI must be invested in COMMERZBANK shares.

LTI equity component

The provisional payout sum of the LTI equity component is calculated based on the relative total shareholder return (TSR) performance of COMMERZBANK (compared with the TSR performance of other banks in the Dow Jones EuroStoxx Banks Index) and the absolute price performance of COMMERZBANK shares. Prior to the commencement of the LTI term, the Supervisory Board specifies the number of COMMERZBANK shares which the member of the Board of Managing Directors will potentially receive upon a 100% target achievement at the end of the four-year LTI term. The Board also defines which TSR-related ranking of COMMERZBANK (compared with other relevant banks) corresponds to which level of target achievement. The relative TSR performance thus determines the number of virtually assigned shares; the absolute price performance of COMMERZBANK shares during the LTI term determines their value that may be paid out in cash instead of shares.

LTI EVA component

The target amounts of the EVA-based LTI component are set by the Supervisory Board in advance for the entire LTI term and may differ for the individual years over the term. The Supervisory Board also defines in advance which EVA amounts correspond to which level of target achievement. The target achievement is set each year during the four-year LTI term; as of 2012, the target achievement for the individual years can generally lie between –100% and 200%. The Supervisory Board calculates the average target achievement, which may fall between 0% and 200%, and the resulting provisional payout sum following the end of the four-year LTI term.

In the event of exceptional measures that have a significant influence on the achievability of STI or LTI target amounts, the Supervisory Board can neutralize any positive or negative impact by adjusting the targets.

Long-term performance plans

Previously, members of the Board of Managing Directors and other executives and selected staff of the Group were able to participate in long-term performance plans (LTPs). An LTP was last offered in 2008; the members of the Board of Managing Directors had however, already unsubscribed all of their shares from the LTP 2008 in February 2009. The only plan still in effect in 2012 was the LTP 2007, which expired in 2012 without payment.

Remuneration for serving on the boards of consolidated companies

The remuneration accruing to an individual member of the Board of Managing Directors from serving on the boards of consolidated companies counts towards the total remuneration paid to that member of the Board of Managing Directors. This is taken into account upon the given payment date after the Annual General Meeting accepts the annual financial statements for the financial year in which the member of the Board of Managing Directors received the amounts from the Group.

The remuneration for serving in corporate bodies of consolidated companies in 2012 was taken into account in full in the past with respect to the SoFFin Cap of the relevant previous year. This remuneration has therefore been allocated to the 2011 financial year in the "—*Summary*" section below. Insofar as this remuneration for activities in bodies of consolidated companies led to a monetary remuneration for a member of the Board of Managing Directors of more than €500,000 (SoFFin Cap), this was paid to COMMERZBANK.

Pensions

Pensions for serving members of the Board of Managing Directors

In its meetings on August 9, and November 3, 2011, the Supervisory Board resolved a new pension system for members of the Board of Managing Directors; the new rules now include a defined contribution plan.

On February 22, 2012, the Supervisory Board approved the master pension agreement to implement these new rules for the serving members of the Board of Managing Directors. Under the new pension agreement, the existing pension will be transferred into a defined contribution plan modeled on the COMMERZBANK modular plan for company pension benefits.

Under the new modular system, each member of the Board of Managing Directors is assigned an initial module for the time served on the Bank's Board of Managing Directors prior to the conversion date of January 1, 2011. This module is posted to a pension account In the time between the conversion date and the end of the appointment as a member of the Bank's Board of Managing Directors, the initial module is automatically adjusted. For the period between the conversion date and the end of the appointment as a member of COMMERZBANK's Board of Managing Directors, a pension module is credited to the member's pension account each year. The pension module for a given calendar year is calculated by converting the relevant annual contribution into an entitlement to a retirement, disability and survivor's pension using a conversion table.

Specifically, the member of the Board of Managing Directors is entitled to receive pension benefits in the form of a life-long pension when one of the following pensions is due:

- a retirement pension if employment ends on or after reaching the age of 65, or
- an early retirement pension if employment ends on or after reaching the age of 62, after a minimum of 10 years' service as a member of the Board of Managing Directors and reaching the age of 58, or after a minimum of 15 years' as a member of the Board of Managing Directors, or
- a disability pension in the case of permanent incapacity for work.

The monthly amount of the retirement pension is calculated as a twelfth of the amount in the pension account when the pension benefits start. The early retirement pension is calculated by reducing the pension to reflect the fact that the payments are starting early. If the disability pension is taken before the age of 55, the monthly amount is supplemented by an additional amount.

Instead of an ongoing pension, each member of the Board of Managing Directors can elect to receive a lump-sum payment or nine annual installments if the member retires before reaching the age of 62. The amount paid out is then calculated using a capitalization factor based on the age of the member of the Board of Managing Directors.

Instead of their pension, the members of the Board of Managing Directors will continue to receive their pro-rated basic salary for six months as a form of transitional pay if they leave the Board of Managing Directors on or after reaching their 62nd birthday or because they are permanently unable to work. If a member of the Board of Managing Directors receives an early retirement pension and has not yet reached the age of 62, half of any income received from other activities will be set off against the pension entitlements until the member reaches this age.

The widow's pension amounts to 66 2/3% of the pension entitlements of the member of the Board of Managing Directors. If no widow's pension is paid, minors or children still in full-time education are entitled to an orphan's pension amounting to 25% of the pension entitlement of the member of the Board of Managing Directors in each case, subject to a maximum overall limit of the amount of the widow's pension.

Pensions for newly appointed members of the Board of Managing Directors

The pension agreement for new members of the Board of Managing Directors, which differs from the former agreement due to the change in system, was approved by the Supervisory Board on December 2, 2011. Under this agreement, a retirement pension in the form of a capital payment is paid out if the member of the Board of Managing Directors leaves the bank:

- on or after reaching the age of 65 (retirement capital),
- on or after reaching the age of 62 (early retirement capital) or
- before the age of 62 because they are permanently unable to work.

For each calendar year during the current employment relationship until pension benefits start to be paid out, each member of the Board of Managing Directors is credited with an annual module amounting to 40% of their fixed basic annual salary (annual contribution) multiplied by an age-dependent conversion factor. The annual modules are managed in a pension account until the member of the Board of Managing Directors leaves the Bank. Upon reaching the age of 61, the member of the Board of Managing Directors is credited with an annual supplement of 2.5% on the pension account balance reached on December 31 of the previous year until the pension benefits start to be paid out. A portion of the annual contribution – determined by the age of the member of the Board of Managing Directors – is placed in investment funds and maintained in virtual custody account for the member of the Board of Managing Directors. The amount of retirement capital or early retirement capital corresponds to the balance of the virtual custody account or the pension account balance when the pension benefits start to be paid out, whichever is higher.

Members of the Board of Managing Directors receive transitional pay in the amount of one twelfth of their fixed basic annual salary per month for the first two months following maturity of the pension.

If a member of the Board of Managing Directors dies before the pension matures, the survivors are entitled to receive the survivor's capital, which corresponds to the amount in the virtual custody account on the valuation date or the pension account balance and any additional amount, whichever is higher. The additional amount is payable if the member of the Board of Managing Directors had served on the Bank's Board of Managing Directors for at least five consecutive years and had not reached the age of 55 at the time the pension matured due to incapacity or death. This ensures a pension provision identical to that which the member would have received on reaching the age of 55.

Current status of pension entitlements

The following table lists the pension entitlements of the active members of the Board of Managing Directors as of December 31, 2012:

(in € thousands)	Current pension entitlement on reaching the age of 62 (as of Dec. 31, 2012)	Present value of pension entitlement (as of Dec. 31, 2012)
Martin Blessing	240	4,407
Frank Annuscheit	107	1,872
Markus Beumer	99	1,678
Stephan Engels	18[1)]	244
Jochen Klösges	83	1,346
Michael Reuther	140	2,677
Dr. Stefan Schmittmann	135	2,586
Ulrich Sieber	79	1,275
Martin Zielke	67	1,061
Total		**17,146**

1) Lump sum on retirement.

The pension entitlements of members of the Board of Managing Directors are not subject to the SoFFin Cap.

The assets backing these pension obligations have been transferred under a contractual trust arrangement to Commerzbank Pension-Trust e.V.

As of December 31, 2012, total defined benefit obligations for active members of the COMMERZBANK Board of Managing Directors amounted to €17.1 million (cf. €11.8 million in the previous year). After deducting plan assets and taking actuarial gains and losses into account, no provisions were to be reported for pension obligations as of December 31, 2012 for active members of the Board of Managing Directors (€0.2 million for provisions in the previous year). The asset surplus resulting from the deduction amounted to €0.1 million.

Change of control

The employment contracts of serving members of the Board of Managing Directors do not contemplate any change-of-control arrangements.

Other regulations

If the appointment to the Board of Managing Directors ends prematurely, the employment contract usually expires six months after the member's board tenure ends (linked clause). In this case the member of the Board of Managing Directors – subject to Section 615(2) of the German Civil Code – receives the basic annual salary, STIs and LTIs until the end of the original term of office.

If the employment contract is not extended after a term of office expires without there being cause in accordance with Section 626 of the German Civil Code, or if an employment contract ends on account of a linked clause as described above, the member of the Board of Managing Directors receives as a transitional payment the fixed basic salary for the duration of six months after the original term of office. This continued payment of salary ceases as soon as the member of the Board of Managing Directors receives pension payments.

If the employment contract is terminated for reasons other than the linked clause referred to above, the basic annual salary is paid, on a pro-rata basis where appropriate, until the end of the employment contract. This does not affect the STI and LTI due for financial years prior to the end of the employment contract. The amount paid at the end of the term for the STI and LTI in the year of termination is reduced on a pro-rata basis.

If COMMERZBANK terminates the term of office prematurely, or does not extend it at the end of the appointment term for reasons that meet the requirements of Section 626 of the German Civil Code, there are no claims to STI or LTI due for the financial year in which the term of office was terminated.

Remuneration paid for the period after the termination of the term of office takes effect is capped at the level of two years' total remuneration. STI and LTI payments made in the financial year when the term of office is terminated are subject to the cap on a pro-rata basis.

No members of the Board of Managing Directors received payments or promises of payment from external sources in the 2012 financial year in respect of their work members of the Board of Managing Directors; the same applies to payments or promises of payment from companies with which the COMMERZBANK Group has a significant business relationship.

Summary

The following tables show the total remuneration paid to individual members of the Board of Managing Directors for 2012 (and for 2011 for comparison purposes).

		Non-performance-related components				Performance-related components with short-term incentive (STI)			
						Variable remuneration in cash[4]		Variable remuneration with share-based settlement[5]	
(in € thousands)		Basic salary	Remun-eration for serving on boards[2]	Offsetting of remun-eration for performing Group mandates in the following year[2]	Other[3]	Dependent on achiev-ement of EVA target	Dependent on achiev-ement of individual targets	Dependent on achiev-ement of EVA target	Dependent on achiev-ement of individual targets
Martin Blessing	2012	1,313	—	—	79	—	—	—	—
	2011	500	—	—	69	—	—	—	—
Frank Annuscheit	2012	750	—	—	47	—	50	—	100
	2011	500	—	—	50	—	—	—	—
Markus Beumer	2012	750	—	—	39	—	65	—	100
	2011	500	—	—	59	—	—	—	—
Stephan Engels	2012 [1]	563	32	–32	1,515	—	41	—	75
	2011 [8]	—	—	—	—	—	—	—	—
Dr. Achim Kassow[10]	2012	—	—	—	—	—	—	—	—
	2011 [1]	292	—	—	44	—	—	—	—
Jochen Klösges	2012	750	—	—	36	—	40	—	100
	2011	500	—	—	39	—	—	—	—
Michael Reuther	2012	750	—	—	69	—	50	—	100
	2011	500	—	—	69	—	—	—	—
Dr. Stefan Schmittmann	2012	750	—	—	49	—	45	—	100
	2011	500	—	—	46	—	—	—	—
Ulrich Sieber	2012	750	50	–50	59	—	50	—	100
	2011	500	—	—	68	—	—	—	—
Dr. Eric Strutz[9]	2012 [1]	187	10	–10	15	—	13	—	25
	2011	500	—	—	33	—	—	—	—
Martin Zielke	2012	750	—	—	62	—	45	—	100
	2011	500	—	—	74	—	—	—	—
Total	**2012**	**7,313**	**92**	**–92**	**1,970**	**—**	**399**	**—**	**800**
Total	**2011**	**4,792**	**—**	**—**	**551**	**—**	**—**	**—**	**—**

(in € thousands)		Performance-related components with long-term incentive (LTI)				
		Variable remuneration[5]				
		Variable remuneration in cash[6]	Share-based remuneration with cash settlement	With share-based settlement		
		Dependent on achievement of EVA target in the 4-year period	Dependent on share price and TSR performance in the 4-year period	Dependent on achievement of EVA target in the 4-year period	Dependent on share price and TSR performance in the 4-year period	Total[7]
Martin Blessing	2012	—	—	—	—	1,392
	2011	—	—	—	—	569
Frank Annuscheit	2012	—	150	—	150	1,247
	2011	—	—	—	—	550
Markus Beumer	2012	—	150	—	150	1,254
	2011	—	—	—	—	559
Stephan Engels	2012[1]	—	113	—	113	2,420
	2011[8]	—	—	—	—	—
Dr. Achim Kassow[10]	2012	—	—	—	—	—
	2011[1]	—	—	—	—	336
Jochen Klösges	2012	—	150	—	150	1,226
	2011	—	—	—	—	539
Michael Reuther	2012	—	150	—	150	1,269
	2011	—	—	—	—	569
Dr. Stefan Schmittmann	2012	—	150	—	150	1,244
	2011	—	—	—	—	546
Ulrich Sieber	2012	—	150	—	150	1,259
	2011	—	—	—	—	568
Dr. Eric Strutz[9]	2012[1]	—	37	—	37	314
	2011	—	—	—	—	533
Martin Zielke	2012	—	150	—	150	1,257
	2011	—	—	—	—	574
Total	**2012**	**—**	**1,200**	**—**	**1,200**	**12,882**
Total	**2011**	**—**	**—**	**—**	**—**	**5,343**

1) Pro-rated from the date of appointment or up to the date of departure from the Board.

2) Remuneration received for performing Group mandates are included in the total remuneration of members of the Board of Managing Directors in the following year. For this reason, the offsetting in 2013 is already shown in 2012. Due to the SoFFin Cap, this remuneration was allocated to the respective prior year up to and including 2011.

3) The "Other" column includes remuneration in kind, taxes on remuneration in kind and the employer's share in BVV in the financial year. In addition, the compensation paid to Mr. Engels for the loss of his Daimler Phantom Shares as a result of moving to COMMERZBANK is also included in this item (€1,266,000).

4) In each case, payable in the following year after approval of the financial statements for the preceding financial year. "Achievement of EVA target" relates to the achievement of the Economic Value Added (EVA) planned for the COMMERZBANK Group in 2011 for the 2012 financial year.

5) The share-based remuneration is initially calculated as provisional payment sums. Except in the case of cash settlement, the number of shares to be issued is then determined by dividing this by a future average share price. Pursuant to GAS 17, these remuneration components are presented partly without regard to their actual performance with their originally expected target achievement of 100%.

6) The payments are dependent, in particular, on the development of the Economic Value Added (EVA) over a 4-year period and are made, subject to approval in the subsequent year of the financial statements for the last year of this 4-year period. Therefore, payments for the 2012 to 2015 financial years will not be paid until 2016. The potential payments for the 2012 financial year range from €0 to €300,000 for each member of the Board of Managing Directors and from €0 to €525,000 for the Chairman of the Board of Managing Directors; this also applies pro rata temporis to Dr. Strutz who left the Board of Managing Directors in the 2012 financial year. No payments will actually be made for the 2012 to 2015 financial years.

7) In accordance with GAS17, total remuneration includes the share-based remuneration components in part at 100% achievement of the targets set at grant. However, total remuneration pursuant to GAS 17 does not include the possible long-term variable remuneration, but solely the payments actually received (see footnote 6).

8) No disclosure for 2011 as Stephan Engels did not become a member of COMMERZBANK's Board of Managing Directors until April 1, 2012.

9) Dr. Eric Strutz left COMMERZBANK's Board of Managing Directors on March 31, 2012.

10) Dr. Achim Kassow left COMMERZBANK's Board of Managing Directors on July 12, 2011.

Loans to members of the Board of Managing Directors

As of December 31, 2012, members of the Board of Managing Directors had been granted cash loans with terms ranging from unspecified to a due date of 2042 and at interest rates ranging from 2.1% to 7.6%, and in selected instances overdraft rates of up to 13.2%. Collateral has been provided on a customary market basis, if necessary, through real estate mortgages and liens lien.

As of December 31, 2012 loans to members of the Board of Managing Directors amounted to €4,008,000 and as of December 31, 2011 to €1,773,000. With the exception of rental guarantees, the members of the Board of Managing Directors were not in a guarantee relationship with the companies of the COMMERZBANK Group in 2012.

Supervisory Board

In accordance with the Company's Articles of Association, the Supervisory Board comprises twenty members. Of these, ten are elected by the Annual General Meeting in accordance with the provisions of the German Stock Corporation Act and ten are elected by the employees in accordance with the provisions of the German Co-Determination Act.

The Company has undertaken, at the request of the German Financial Market Stabilization Authority and with regard to SoFFin's stake, to take all necessary measures possible within the scope of the law to have two of the persons nominated by the German Financial Market Stabilization Authority elected as members of the Supervisory Board of the Company and, upon the departure of these two persons, to have two successors nominated by the German Financial Market Stabilization Authority elected. If SoFFin's interest were to fall below 10%, SoFFin's rights as described above would be restricted to one member of the Supervisory Board. At SoFFin's proposal, represented by the German Financial Market Stabilization Authority, Dr. Nikolaus von Bomhard and Dr. Markus Kerber were elected as members of the Supervisory Board by the Annual General Meeting on April 19, 2013.

In accordance with the Articles of Association, the members of the Supervisory Board are elected for the period ending with the close of the Annual General Meeting that approves the actions of the Supervisory Board during the fourth financial year after the commencement of their term of office, unless the Annual General Meetingresolves a shorter period at the time of their election. The financial year in which the term of office begins is not included. Re-election is permitted. Where a member is elected to replace a member leaving the Supervisory Board, he or she is elected for the remaining term of office of the retiring member.

The Annual General Meeting may appoint substitute members to replace members of the Supervisory Board who retire early under circumstances determined by the Annual General Meeting. If a successor is elected at the next Annual General Meeting or the following one, the term of office of the substitute member replacing the retiring member terminates at the close of that Annual General Meeting. Otherwise, it terminates on the expiry of the term of office of the retired member of the Supervisory Board.

Members of the Supervisory Board who were elected by the Annual General Meeting without any obligation to a particular nomination may be dismissed at any time during their term of office by a resolution of the Annual General Meeting adopted by a majority of 75% of the votes cast. According to the Articles of Association, any member or substitute member of the Supervisory Board may resign at any time, even without providing a reason, by giving one month's notice in writing to the Board of Managing Directors and informing the Chairman of the Supervisory Board of his or her resignation.

Immediately following the Annual General Meeting that elected all the shareholder representatives, the Supervisory Board elects a Chairman and one or more deputies for its term from among its members. If the Chairman or one of the deputies leaves office before the end of his or her term, the Supervisory Board shall immediately elect a replacement for the remaining term of office.

The Articles of Association stipulate that a quorum of the Supervisory Board is present if at least ten of its members participate in the voting. The resolutions of the Supervisory Board are adopted by a simple majority of the votes cast unless this a mandatory legal provision provides otherwise. Pursuant to the Company's Articles of Association, in the event of a tie, a new vote on the same subject must be taken immediately following the first if a member of the Supervisory Board so requests. Should this vote again result in a tie, the Chairman of the Supervisory Board has two votes.

The Supervisory Board has adopted rules of procedure in accordance with Article 14(8) of the Articles of Association. The current version of the rules of procedure was adopted on April 19, 2013.

The Supervisory Board meets at least five times a year.

Members of the Supervisory Board

The following overview shows the members of the Company's Supervisory Board together with, if applicable, their other administrative, management and supervisory board mandates and mandates on similar supervisory bodies both in Germany and abroad or their partnership stakes in enterprises and companies outside the COMMERZBANK Group during the last five years:

Name (Year of birth)	Main function	Other administrative, management or supervisory board mandates and partnerships both in Germany and abroad
Klaus-Peter Müller (1944)	Chairman of the Supervisory Board of COMMERZBANK	Currently: – Member of the Supervisory Board of Fresenius SE & Co. KGaA (formerly: Fresenius SE) – Member of the Supervisory Board of Fresenius Management SE – Member of the Supervisory Board of Linde AG – Member of the Board of Administration of Landwirtschaftliche Rentenbank – Member of the Supervisory Board of Parker Hannifin Corporation Previously: – Member of the Supervisory Board of Fraport AG (until December 31, 2010) – Member of the Supervisory Board of Assicurazioni Generali S.p.A. (until April 25, 2010) – Member of the Supervisory Board of Steigenberger Hotels AG (until 2009) – Member of the Board of Supervisory Directors of KfW Kreditanstalt für Wiederaufbau (until 2009) – Member of the Supervisory Board of Liquiditäts-Konsortialbank GmbH (until 2009) – Member of the Supervisory Board of MaschmeyerRürup AG (until October 31, 2011)
Uwe Tschäge (1967)........................	Employee of COMMERZBANK (works council member) and Chairman of the Central Works Council of COMMERZBANK Deputy Chairman of the Supervisory Board	Currently: None. Previously: None.
Hans-Hermann Altenschmidt (1961)...	Employee of COMMERZBANK (works council member)	Currently: – Member of the Supervisory Board of BVV Pensionsfonds des Bankgewerbes AG – Member of the Supervisory Board of BVV Versicherungsverein des Bankgewerbes a.G. – Member of the Supervisory Board of BVV Versorgungskasse des Bankgewerbes e.V. Previously: None.
Dr. Nikolaus von Bomhard (1956)....	Chairman of the Board of Administration of Münchener Rückversicherungs-Gesellschaft AG	Currently: – Chairman of the Supervisory Board of ERGO Versicherungsgruppe AG – Chairman of the Supervisory Board of Munich Health Holding AG (formerly DKV International Health Holding AG) – Member of the Administration Board of the International Association for the

Name (Year of birth)	Main function	Other administrative, management or supervisory board mandates and partnerships both in Germany and abroad
		Study of Insurance Economics (AIEEA, "Geneva Association") – Chairman of the Management Board of Munich Financial Group GmbH Previously: – Member of the Board of Directors of UniCredit S.p.A. (until April 29, 2009)
Gunnar de Buhr (1967)	Employee of COMMERZBANK (works council member)	Currently: None. Previously: Member of the Supervisory Board of Dresdner Bank AG (until May 2009)
Stefan Burghardt (1959)...................	Chairman of the Board of Managing Directors of COMMERZBANK's Mittelstandsbank Bremen	Currently: None. Previously: None.
Karl-Heinz Flöther (1952).................	Independent management consultant	Currently: Member of the Supervisory Board of Deutsche Börse AG Previously: – International Chairman of Accenture plc (until January 2012) – Board Member of Avanade Inc. (until August 2011)
Prof. Dr.-Ing. Dr.-Ing. E.h. Hans-Peter Keitel (1947)	Vice president of the Federation of German Industries (*Bundesverband der Deutschen Industrie e.V.*)	Currently: – Member of the Supervisory Board of National-Bank AG – Member of the Investment Committee at EQT Infrastructure Ltd. – Member of the Supervisory Board of ThyssenKrupp AG – Member of the Advisory Board of Heitkamp & Thumann Group – Member of the Shareholder Committee of the Supervisory Board of Voith GmbH – Member of the Supervisory Board of EADS Deutschland GmbH – Member of the Board of Directors of EADS N.V. – Member of the Supervisory Board of RWE AG Previously: – Member of the Board of Trustees of the RAG Stiftung (until October 16, 2012) – Member of the Supervisory Board of HOCHTIEF AG (until May 2011) – Member of the Board of Supervisory Directors of KfW Kreditanstalt für Wiederaufbau (until December 2009) – Member of the Supervisory Board of Deutsche Messe AG (until May 31, 2013)
Dr. Markus Kerber (1963)	Chief Executive Officer of the	Currently:

Name (Year of birth)	Main function	Other administrative, management or supervisory board mandates and partnerships both in Germany and abroad
	Federation of German Industries (*Bundesverband der Deutschen Industrie e.V.*)	– Member of the Board of Supervisory Directors of KfW-Bankengruppe (the exercise of the mandate is on hold until further notice) – Non-Executive Director of Computershare Limited, Melbourne <u>Previously:</u> – Member of the Supervisory Board of GFT Technologies AG (until November 2009) – Member of the Supervisory Board of Hypo Real Estate AG (until June 2011)
Alexandra Krieger (1970).................	Head of Business Administration/Corporate Strategies Department Mining, Chemicals and Energy Trade Union (Industriegewerkschaft Berg- bau, Chemie, Energie)	<u>Currently:</u> – Member of the Supervisory Board of ABBVIE Komplementär GmbH <u>Previously:</u> None.
Oliver Leiberich (1957).....................	Employee of COMMERZBANK (works council member)	<u>Currently:</u> None. <u>Previously:</u> None.
Beate Mensch (1962)........................	Member of the national administration of the Vereinte Dienstleistungsgewerkschaft (ver.di) trade union	<u>Currently:</u> None. <u>Previously:</u> – Member of the Supervisory Board of UniCredit Bank AG (until September 2010)
Dr. Roger Müller................................	Managing Director and General Counsel of Deutsche Börse AG	<u>Currently:</u> None. <u>Previously:</u> – Member of the Adminstration Board of Eurex Zürich AG (until September 2012) – Member of the Supervisory Board of Eurex Clearing AG (until September 2012) – Member of the Supervisory Board of Eurex Frankfurt AG (until September 2012) – Member of the Management Board of Frankfurter Wertpapierbörse (until October 2012)
Dr. Helmut Perlet (1947)	Chairman of the Supervisory Board of Allianz SE	<u>Currently:</u> – Member of the Supervisory Board of GEA Group AG <u>Previously:</u> – Member of the Supervisory Board of Allianz Deutschland AG (until March 23, 2012) – Member of the Board of Directors/Chairman of the Audit Committee of Allianz Life Insurance Company of North America (until February 29, 2012)

Name (Year of birth)	Main function	Other administrative, management or supervisory board mandates and partnerships both in Germany and abroad
		– Member of the Board of Directors/Chairman of the Audit Committee of Allianz of America Inc. (until February 29, 2012) – Member of the Board of Administration of Allianz S.p.A. (until March 16, 2012) – Member of the Board of Administration of Allianz France (until March 14, 2012) – Member of the Board of Directors/Chairman of the Audit Committee of Fireman's Fund Insurance Company (until February 29, 2012) – Chairman of Audit Committee of Allianz Mexico, S.A. (until February 29, 2012) – Deputy Chairman of the Supervisory Board of Allianz Investment Management SE (until September 9, 2009) – Deputy Chairman of the Supervisory Board of Allianz Global Corporates & Speciality AG (until August 31, 2009) – Member of the Supervisory Board of Allianz Global Investors AG (until September 15, 2009) – Chairman of Audit Committee/Member of the Supervisory Board of Dresdner Bank AG (until May 11, 2009)
Barbara Priester (1958)	COMMERZBANK employee	Currently: None. Previously: None.
Mark Roach (1955)	Secretary of the ver.di Trade Union National Administration	Currently: – Member of the Supervisory Board of Fiducia IT AG Previously: – Member of the Supervisory Board of DZ Bank (until May 27, 2010)
Petra Schadeberg-Herrmann (1967)	Managing Partner or Managing Director of various companies in the Family Office Schadeberg and the Krombacher corporate group	Currently: – Member of the Supervisory Board of Krones AG – Member of the Board of Administration of HSBC Trinkaus & Burkhardt AG Previously: None.
Margit Schoffer (1956)	COMMERZBANK employee (works council member)	Currently: None. Previously: – Member of the Supervisory Board of Dresdner Bank AG (until May 2009)
Dr. Marcus Schenck (1965)	Member of the Board of Managing Directors of E.ON SE	Currently: – Member of the Supervisory Board of E.ON IT GmbH – Member of the Supervisory Board of E.ON Energy Trading SE

Name (Year of birth)	Main function	Other administrative, management or supervisory board mandates and partnerships both in Germany and abroad
		– Member of the Board of Administration of HSBC Trinkaus & Burkhardt AG – Member of the Board of Directors of AXA S.A. Previously: – Member of the Supervisory Board of E.ON Ruhrgas AG (until August 21, 2012) – Chairman of the Advisory Board of Aviga GmbH – Chairman of the Supervisory Board of E.ON Risk Consulting GmbH – Member of the Board of Directors of OAO OGK 4 – Chairman of the Supervisory Board of E.ON Audit Services GmbH – Member of the Supervisory Board of SMS GmbH – Chairman of the Supervisory Board of NFK Finanzkontor GmbH
Dr. Gertrude Tumpel-Gugerell (1952)..	Former Member of the Executive Board of the ECB	Currently: – Member of the University Council of the Montanuniversität Leoben – Chairman of the Supervisory Board of Österreichische Forschungsförderungsgesellschaft mbH – Member of the Supervisory Board of Österreichische Bundesbahnen Holding AG – Member of the Supervisory Board of Finanzmarktbeteiligung Aktiengesellschaft des Bundes – Member of the Supervisory Board of Wien Holding GmbH – Member of the Supervisory Board of Vereins zur Förderung der BBRZ Gruppe – Member of the Supervisory Board of Vienna Insurance Group Previously: – Member of the Executive Board of the European Central Bank (until May 31, 2011) – Member of the University Council of the University of Vienna (until March 31, 2013)

- *Klaus-Peter Müller* has been chairman of COMMERZBANK's Supervisory Board since May 15, 2008. After completing his banking training at Bankhaus Friedrich Simon KGaA in Düsseldorf, Mr. Müller joined COMMERZBANK in 1966. Until 1990 he worked in various areas in the group, including the management of the Düsseldorf branch; co-head of the New York branch, executive vice president for the central department for corporate customers and the head of the central department for redeveloping the eastern states of Germany. From November 1990 to May 2008 he was a member of the Board of Managing Directors of COMMERZBANK, and chairman from May 2001 until he switched to the Supervisory Board.

- *Uwe Tschäge* is a qualified banker and has been working for COMMERZBANK since August 1983. He is a member of the works council and has been chairman of COMMERZBANK's Central Works Council since May 2002. He has been a member of the Supervisory Board of COMMERZBANK since May 30, 2003.
- *Hans-Hermann Altenschmidt* is a qualified banker and has been working for COMMERZBANK since August 1980. He is currently a member of the works council and has been a member of COMMERZBANK's Supervisory Board since May 30, 2003.
- *Dr. Nikolaus von Bomhard* studied law in Munich and Regensburg. He has been a member of COMMERZBANK's Supervisory Board since May 16, 2009. Since January 2004, he has been Chairman of the Board of Münchener Rückversicherungs-Gesellschaft AG.
- *Gunnar de Buhr* is a qualified banker. He has worked for COMMERZBANK since August 1983. As a works council member he has been the Chairman of the Hamburg works council and a member of the Group-wide works council since July 2003. From March 2008 until May 2009 he was a member of the Supervisory Board of the former Dresdner Bank AG. He has been a member of the Supervisory Board of COMMERZBANK since April 19, 2013.
- *Stefan Burghardt* has been the Chairman of the Board of Managing Directors of COMMERZBANK's Mittelstandsbank Bremen since May 2009. After completing his training as a qualified banker specializing in savings banks, and his law studies in Würzburg and Freiburg im Breisgau, he worked at the Sparkasse Gosslar from August 1991 until February 1997, where he was a deputy member of the board of management beginning in February 1994. He was then the commercial director of a medium-sized trading business until April 1998. From May 1998 he held various roles in the corporate customer business of the former Dresdner Bank AG. He has been a member of COMMERZBANK's Supervisory Board since April 19, 2013.
- *Karl-Heinz Flöther* is an independent management consultant. He studied at the University of Hamburg with an emphasis in audit and trust transactions, industrial management and IT and graduated with a degree in business economics ("Diplom-Kaufmann"). From March 1979 to January 2012, Mr. Flöther worked in various capacities for the Accenture Group, most recently as International Chairman of Accenture plc. He has been a member of COMMERZBANK's Supervisory Board since April 19, 2013.
- *Prof. Dr.-Ing. Dr.-Ing. E.h. Hans-Peter Keitel* studied construction engineering at the University of Stuttgart and industrial and economic science at the Technical University in Munich. Between July 1992 and March 2007, he was chairman of the Executive Board of Hochtief AG before switching to the Supervisory Board of Hochtief AG. He has been a member of COMMERZBANK's Supervisory Board since May 15, 2008.
- *Dr. Markus Kerber* studied economics at the University of Hohenheim and the University of California, Los Angeles. Since July 2011 he has been the Chief Executive Officer and a member of the Executive Board of the Federation of German Industries (*Bundesverband der Deutschen Industrie e.V.(BDI)*) He has been a member of COMMERZBANK's Supervisory Board since April 19, 2013.
- *Alexandra Krieger* is a qualified banker and a financial services editor. She studied business economics in Göttingen and Hagen. She has worked for the Hans-Böckler Foundation since January 2004 where she heads the Economics Department I. She has been a member of COMMERZBANK's Supervisory Board since May 15, 2008.
- *Oliver Leiberich* is a qualified banker and has been an employee of COMMERZBANK since 1975 (previously an employee of the former Dresdner Bank AG). Until 2002 he held various managerial positions both in internal areas and in the lending and investment business areas. Since 2002 has been a works council member and since 2006 Chairman of the Works Council. He has been a member of COMMERZBANK's Supervisory Board since April 19, 2013.
- *Beate Mensch* studied education in Cologne and Bonn and has been a member of the national administration of the Vereinte Dienstleistungsgewerkschaft (ver.di) trade union and the head of the national financial services unit since September 2011. Between 1999 and 2005, she was a member of the Supervisory Board of SPAR Handels AG in Hamburg. Between 2004 and 2006, she was a member of the Supervisory Board of Gerling Versicherung (GKB) AG in Cologne and between 2008 and 2010, she was a member of the Supervisory Board of UniCredit Bank AG in Munich. She has been a member of COMMERZBANK's Supervisory Board since April 19, 2013.
- *Dr. Roger Müller* studied law and received a doctorate from the Philipps-Universität in Marburg. He was a lawyer with Shearman & Sterling in New York from July 1991 to June 1992 and, in the following years between 1992 to 1998, an in-house lawyer at various domestic and foreign banks, and then employed with Deutschen Börse AG from October 1998 to December 1999. From Januar 2000 to March 2003, he was the deputy director of the area Equity Corporate Finance with Bayrischen Hypo- und Vereinsbank. Since April 2003, he is the Managing Director and General Counsel of Deutschen Börse AG. He has been a member of COMMERZBANK's Supervisory Board since July 3, 2013.
- *Dr. Helmut Perlet* studied business economics at Ludwig Maximilians University in Munich and received a doctorate from the Free University of Hamburg. From 1997 until August 2009, he was a member of the Board of Managing

Directors of Allianz SE where he served as CFO. He has been a member of COMMERZBANK's Supervisory Board since May 16, 2009.

- *Barbara Priester* is a qualified banker and has been employed by COMMERZBANK since August 1977. Since completing internal training from 1979 to 1980, she has worked as an IT specialist. She has been a member of COMMERZBANK's Supervisory Board since May 15, 2008.
- *Mark Roach* is a qualified industrial clerk and currently secretary of the national administration of the Vereinte Dienstleistungsgewerkschaft (ver.di) trade union in its banking section. Since 2001 he has been a member of the Supervisory Board of FIDUCIA IT AG. Between June 2005 and May 2010, he was a member of the Supervisory Board of DZ Bank. He was a member of the Supervisory Board of COMMERZBANK from May 2001 to May 2002 and was re-appointed in January 2011.
- *Petra Schadeberg-Herrmann* is the Managing Partner or Managing Director of various companies in the Family Office Schadeberg and Krombacher corporate group. She studied at the European Business School in Oestrich-Winkel, London and Paris, and graduated with a degree in business economics ("Diplom-Betriebswirtin"). She worked for IC Immobilien Consulting GmbH in 1991. Since 1992 she has worked in various capacities within the Krombacher Brauerei Bernhard Schadeberg GmbH & Co. KG and Diversum Holding GmbH & Co. KG Group, as well as in setting up and managing her own family office. She has been a member of COMMERZBANK's Supervisory Board since April 19, 2013.
- *Dr. Marcus Schenck* studied economics in Bonn and economic and social sciences in Cologne. Since December 2006 he has been a member of the Board of Managing Directors of E.ON SE, prior to which from February 1997 to November 2006 he was a Managing Director at Goldman Sachs. He has been a member of COMMERZBANK's Supervisory Board since May 15, 2008.
- *Margit Schoffer* is a qualified banker and has been an employee of COMMERZBANK since 1975 (previously an employee of the former Dresdner Bank AG). She has been a member of COMMERZBANK's Supervisory Board since April 19, 2013.
- *Dr. Gertrude Tumpel-Gugerell* studied Economics in Vienna. She was a member of the Executive Board of the European Central Bank between 2003 and 2011. Prior to this, she worked for the Austrian National Bank (*Oesterreichische Nationalbank*) from 1975. Between 1985 and 2003, she held various management positions at the Austrian National Bank, becoming a member of the Directorate (Economics and Financial Markets) in 1997. In 1998, she became Vice-Governor of the Austrian National Bank and Deputy Governor for Austria at the International Monetary Fund. During this time, she served on several international committees (including as a Member of the European Union's Economic and Financial Committee, Chairman of the European Union's Banking Advisory Committee and a Member of the ECB's International Relations Committee). She has been a member of COMMERZBANK's Supervisory Board since June 1, 2012.

The term of office for the members of the present Supervisory Board expires at the close of the 2018 Annual General Meeting. Prof. h.c. (CHN) Dr. rer. oec. Ulrich Middelmann passed away on July 2, 2013 and therefore is no longer a member of the Supervisory Board of the Bank; he was a member since April 1, 2006. With effect as of July 3, 2013, Dr. Roger Müller, elected as first substitute member by the General Meeting of shareholders, replaced Prof. h.c. (CHN) Dr. rer. oec. Ulrich Middelmann as a member of the Supervisory Board. On September 12, 2013, Dr. Markus Schenck will resign as a member of the Supervisory Board. With effect as of September 13, 2013, Solms U. Wittig, elected as second substitute member by the General Meeting of shareholders, will be a member of the Supervisory Board.

The Members of the Supervisory Board may be reached at the Company's business address: Kaiserstrasse 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany.

Remuneration of Members of the Supervisory Board

Fundamentals of the remuneration system and remuneration for the 2012 financial year

The remuneration of the Supervisory Board is regulated by Article 15 of the Articles of Association. In accordance with the Articles of Association, the members of the Supervisory Board are entitled to receive reimbursement for their expenses as well as the following basic remuneration for each financial year:

- a fixed annual salary of €40,000, plus
- variable remuneration of €3,000 per annum for each €0.05 of dividend paid to shareholders in respect of the past financial year in excess of a dividend of €0.10 per share.

The chairman of the Supervisory Board receives three times and his deputy twice the basic remuneration as specified above. The chairman of any Supervisory Board committee that meets at least twice in a calendar year receives additional remuneration equal to the basic remuneration as specified above, and each member of the committee receives additional remuneration equal to half of this basic remuneration. The additional remuneration is paid for a maximum of three

Supervisory Board committee mandates, or, if the member of the Supervisory Board holds the post of Chairman or Deputy Chairman of the Supervisory Board, the member will be paid for this office and two further committee mandates. In addition, members of the Supervisory Board each receive an attendance fee of €1,500 for each meeting of the Supervisory Board or of a Supervisory Board committee they attend. Fixed remuneration and attendance fees are payable at the end of the financial year and the variable remuneration is payable after the Annual General Meeting that approves the actions of the Supervisory Board for the relevant financial year. Any value added tax payable in respect of remuneration is reimbursed by the COMMERZBANK.

As COMMERZBANK will not pay a dividend for 2012, no variable remuneration is due for the 2012 financial year. The members of the Supervisory Board will therefore receive total net remuneration of €1,640,000 for the 2012 financial year (cf. €1,619,000 in the previous year). The basic remuneration and remuneration for serving on committees accounted for €1,251,000 of this figure (cf. €1,199,000 in the previous year) and attendance fees for €389,000 (cf. €420,000 in the previous year). The value added tax (currently 19%) payable on the remuneration of the members of the Supervisory Board resident in Germany is reimbursed by COMMERZBANK. The remuneration for the 2012 financial year is divided between the individual members of the Supervisory Board as follows:

€ thousand	Fixed remuneration	Variable remuneration	Attendance fees	Total
Klaus-Peter Müller	200	—	37.5	237.5
Uwe Tschäge	100	—	27.0	127.0
Hans-Hermann Altenschmidt	80	—	36.0	116.0
Dott. Sergio Balbinot[1)]	0	—	0.0	0.0
Dr.-Ing Burckhard Bergmann[2)]	40	—	13.5	53.5
Dr. Nikolaus von Bomhard	40	—	12.0	52.0
Karin van Brummelen[3)]	60	—	25.5	85.5
Astrid Evers[4)]	40	—	13.5	53.5
Uwe Foullong[5)]	40	—	12.0	52.0
Daniel Hampel[6)]	40	—	13.5	53.5
Dr.-Ing. Otto Happel[7)]	60	—	13.5	73.5
Beate Hoffmann[8)]	40		10.5	50.5
Prof. Dr.-Ing. Dr.-Ing. E.h. Hans-Peter Keitel	60	—	22.5	82.5
Alexandra Krieger	40	—	13.5	53.5
Dr. h.c. Edgar Meister[9)]	80	—	33.0	113.0
Prof. h.c.(CHN) Dr. rer.oec. Ulrich Middelmann	60	—	22.5	82.5
Dr. Helmut Perlet	100	—	28.5	128.5
Barbara Priester	40	—	13.5	53.5
Mark Roach	40	—	12.0	52.0
Dr. Marcus Schenck	60	—	18.0	78.0
Dr. Gertrude Tumpel-Gugerell[10)]	31	—	10.5	41.5
Total 2012	**1,251**	**—**	**388.5**	**1,639.5**
Total 2011	**1,199**	**—**	**420.0**	**1,619.0**

1) Dott. Sergio Balbinot waived his remuneration in the 2011 and 2012 financial years. He was a member of COMMERZBANK's Supervisory Board until May 23, 2012.
2) Dr.-Ing Burckhard Bergmann was a member of COMMERZBANK's Supervisory Board until April 19, 2013.
3) Karin van Brummelen was a member of COMMERZBANK's Supervisory Board until April 19, 2013.
4) Astrid Evers was a member of COMMERZBANK's Supervisory Board until April 19, 2013.
5) Uwe Foullong was a member of COMMERZBANK's Supervisory Board until April 19, 2013.
6) Daniel Hampel was a member of COMMERZBANK's Supervisory Board until April 19, 2013.
7) Dr.-Ing. Otto Happel was a member of COMMERZBANK's Supervisory Board until April 19, 2013.
8) Beate Hoffmann was a member of COMMERZBANK's Supervisory Board until April 19, 2013.
9) Dr. h.c. Edgar Meister was a member of COMMERZBANK's Supervisory Board until April 19, 2013.
10) Dr. Gertrude Tumpel-Gugerell has been a member of COMMERZBANK's Supervisory Board since June 1, 2012.

No member of the Supervisory Board provided any advisory, brokerage or other personal services in 2012. Accordingly, no additional remuneration was paid.

Loans to members of the Supervisory Board

Members of Supervisory Board have been granted cash loans with terms ranging from unspecified to a due date of 2038 and at interest rates ranging from 2.5% to 6.3%, and, in selected instances overdrafts rates of up to 10.1%. Collateral has been provided on a customary market basis, if necessary, through real estate mortgages and liens.

As of December 31, 2012 loans granted to members of the Supervisory Board amounted to €605,000 (cf. €322,000 in the previous year). The members of the Supervisory Board were not in a guarantee relationship with COMMERZBANK in 2012.

Committees of the Supervisory Board

In addition to the Conciliation Committee that must be formed in accordance with Section 27(3) of the German Co-Determination Act, the Supervisory Board may form additional committees from among its members, decide upon their responsibilities and, to the extent permitted by law, delegate decision-making powers to them.

The Supervisory Board has a Presiding Committee, an Audit Committee, a Risk Committee, a Nomination Committee, a Social Welfare Committee and a Conciliation Committee.

The Company has, at the request of the German Financial Market Stabilization Authority, undertaken to ensure as far as legally possible that at least one Supervisory Board member nominated by the German Financial Market Stabilization Authority is represented on the Presiding, Audit and Nomination Committees (and, if additional committees are set up, on each of these committees also).

The **Presiding Committee** consists of the Chairman of the Supervisory Board, his deputy, one Supervisory Board member representing the shareholders and one Supervisory Board member representing the employees. These are, at present, the following: Klaus-Peter Müller (Chairman), Hans-Herrmann Altenschmidt, Dr. Markus Kerber and Uwe Tschäge. Based on the total remuneration for individual members of the Board of Managing Directors fixed by the Supervisory Board, the Presiding Committee is responsible for concluding and amending contracts of employment with the members of the Board of Managing Directors within the structure of the remuneration system resolved by the Supervisory Board. The Presiding Committee is also responsible for terminating employment contracts. Pursuant to the rules of procedure of the Supervisory Board, certain loans that may only be granted with the approval of the Supervisory Board under the German Banking Act and certain transactions specified in the rules of procedure of the Board of Managing Directors for which approval by the Supervisory Board is required, must have the approval of the Presiding Committee. It also monitors the Board of Managing Directors' compliance with its own rules of procedure.

The **Audit Committee** consists, according to the rules procedure, of three members representing the shareholders and two representing the Company's employees. These are, at present, the following: Dr. Helmut Perlet (Chairman), Hans-Hermann Altenschmidt, Margit Schoffer and Dr. Gertrude Tumpel-Gugerell. The Audit Committee is principally responsible for monitoring the financial reporting process, the effectiveness of internal control systems and the internal audit system, compliance and the audits of the annual financial statements. In addition, the Audit Committee is responsible for commissioning the audits, appointing the auditors, determining the audit priorities, and negotiating the auditors' fees.

The **Risk Committee** consists of the Chairman of the Supervisory Board and at least four further members of the Supervisory Board. These are, at present, the following: Klaus-Peter Müller (Chairman), Gunnar de Buhr, Karl-Heinz Flöther, Dr. Markus Kerber, Dr. Helmut Perlet and Dr. Marcus Schenck. Its functions principally include monitoring the risk management system and the management of market, credit and operational risk as well as reputational risks. The Risk Committee advises the Supervisory Board on the Company's current and future overall risk preparedness and risk strategy, and supports the Supervisory Board in monitoring the Board of Managing Directors' implementation of this strategy. Under the Supervisory Board's rules of procedure, the approval of the Risk Committee is required for certain finance and lending transactions that the German Banking Act permits only with the consent of the Supervisory Board, as well as certain transactions specified in the Board of Managing Directors's rules of procedure for which there is a Supervisory Board consent requirement.

The **Nomination Committee** consists of the Chairman of the Supervisory Board and two other members representing the shareholders. These are, at present, the following: Klaus-Peter Müller (Chairman), Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel and Petra Schadeberg-Herrmann. The function of the Nomination Committee is to submit to the Supervisory Board its nominations for suitable candidates to propose to the Annual General Meeting.

The **Social Welfare Committee** consists of three members representing the shareholders and three members representing the Company's employees. These are, at present, the following: Klaus-Peter Müller (Chairman), Dr. Nikolaus von Bomhard, Gunnar de Buhr, Stefan Burghardt, Karl-Heinz Flöther and Uwe Tschäge. The Social Welfare Committee is responsible for all general personnel and social matters affecting the employees.

The **Conciliation Committee** consists of the Chairman of the Supervisory Board, his deputy, one elected employee representative and one elected shareholder representative. These are, at present, the following: Klaus-Peter Müller (Chairman), Hans-Hermann Altenschmidt, Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel and Uwe Tschäge. The function of the Conciliation Committee is to submit proposals to the Supervisory Board for the appointment of members of the body authorized to act as the Company's legal representative, whenever an appointment is not made under Section 31(2) of the German Co-Determination Act.

Further information on the members of the Board of Managing Directors and the Supervisory Board

A D&O liability insurance policy ("**D&O Insurance**") is in place for the members of the Supervisory Board and the Board of Managing Directors. COMMERZBANK pays the premiums for the D&O Insurance. The deductible amounts to 10% of the loss for all insurance claims within one year, with a maximum of one and a half times the fixed annual.

No member of the Board of Managing Directors or of the Supervisory Board has been involved, directly nor indirectly, in any substantial business transactions involving the Company outside the Company's ordinary course of business or in any other substantial business transactions that were unusual as to form or subject matter in either the current or the preceding financial year, and no such member has been involved in any similar unusual business transaction in any prior financial year, which transaction has not yet been definitively completed.

No member of the Board of Managing Directors or of the Supervisory Board has been found guilty of a criminal offense involving dishonesty in the course of the last five years. No member of the Board of Managing Directors or of the Supervisory Board has, in the course of the last five years, been a member of any management, executive or supervisory body of any company which has become insolvent or been placed in administration for reason of insolvency or gone into liquidation. No members of the Board of Managing Directors or of the Supervisory Board have been the subject of public charges and/or sanctions brought against them or imposed on them by statutory or regulatory authorities (including professional associations). No member of the Board of Managing Directors or of the Supervisory Board has ever been found by a court of law to be unfit to be a member of a management, executive or supervisory body of an issuer (or other company), or to serve as a manager of, or to conduct the business of, any issuer (or other company).

There are no service contracts between any individual members of the Board of Managing Directors and/or members of the Supervisory Board and companies belonging to the COMMERZBANK Group which provide for any remuneration on the termination of the service relationship.

There are no family relationships among the members of the Board of Managing Directors and the Supervisory Board, whether within such body or with respect to any member of the respective other body.

Regarding potential conflicts of interests arising from the duties of members of the Board of Managing Directors or of the Supervisory Board to the Company on the one hand, and their own private interests or their commitments elsewhere on the other, it should be noted that members of the Board of Managing Directors and of the Supervisory Board currently hold shares in the Company. Taken together, such shares constitute less than 1% of all shares issued by COMMERZBANK.

The conditions for participating in the current long-term performance plans (LTPs) include a sales restriction on the shares in the Company held by members of the Board of Managing Directors; in this context the number of shares made available may be reduced at any time to a number divisible by 50, but to no less than the minimum number of 1,000 shares prescribed for the Board of Managing Directors per LTP year; holdings may not, however, be replenished. If a given member of the Board of Managing Directors falls below the minimum number they are excluded from the LTP for that year.

Moreover, there are no conflicts of interest or potential conflicts of interests between the obligations of members of the Board of Managing Directors or of the Supervisory Board to the Company on the one hand, and their private interests or commitments on the other.

Purchase and sale of the Company's shares

In accordance with Section 15a of the German Securities Trading Act, transactions by executives of listed companies and their family members must be notified and disclosed. Accordingly, purchases and sales of shares and financial instruments relating to COMMERZBANK with a value of €5,000 or more annually must be reported immediately and for the duration of one month. COMMERZBANK applies this reporting requirement to the Board of Managing Directors and the Supervisory Board, in line with the recommendations in the German Federal Financial Supervisory Authority's Guide for Issuers.

The members of COMMERZBANK's Board of Managing Directors and Supervisory Board reported the following dealings in COMMERZBANK shares or derivatives relating thereto in 2012 and through August 30, 2013 (Directors' Dealings):

Transaction date	Disclosing party	Relation	Participant	Purchase/ sale	Quantity	Price (€)	Transaction amount (€)
July 2, 2012	Hans-Hermann Altenschmidt		AR	Purchase	6,370.0	1.211	7,714.32
July 2, 2012	Silke Tschäge (for Uwe Tschäge)	x	AR	Purchase	4,469.0	1.211	5,412.14
July 2, 2012	Silke Tschäge (for Uwe Tschäge)	x	AR	Sale	4,469.0	1.26	5,633.09
July 2, 2012	Astrid Evers[1)]		AR	Purchase	5,568.0	1.211	6,743.07
July 2, 2012	Astrid Evers[1)]		AR	Sale	5,568.0	1.26	7,018.35
July 2, 2012	Karin van Brummelen[1)]		AR	Purchase	4,955.0	1.211	6,000.70
July 2, 2012	Daniel Hampel[1)]		AR	Purchase	1,744.0	1.211	2,112.05
July 2, 2012	Beate Hoffmann[1)]		AR	Purchase	2,180.0	1.211	2,640.07
July 2, 2012	Uwe Tschäge		AR	Purchase	13,328.0	1.211	16,140.74
July 2, 2012	Uwe Tschäge		AR	Sale	13,328.0	1.26	16,799.68
August 28, 2012	Daniel Hampel[1)]		AR	Purchase	5,256.0	1.269	6,669.86
November 21, 2012	Daniel Hampel[1)]		AR	Purchase	3,000.0	1.289	3,867.00
March 13, 2013	Stephan Engels		VS	Purchase	20,000.0	1.295	25,900.00
March 14, 2013	Martin Blessing		VS	Purchase	100,000.0	1.209	120,900.00
March 18, 2013	Daniel Hampel[1)]		AR	Purchase	2,000.0	1.189	2,378.00
March 19, 2013	Jochen Klösges		VS	Purchase	44,310.0	1.218	53,969.58
March 26, 2013	Martin Blessing		VS	Purchase	100,000.0	1.1745	117,450.30
May 17, 2013	Markus Beumer		VS	Purchase[2)]	0.75	2.88	2.16
May 20, 2013	Stephan Engels		VS	Purchase[2)]	2,200.0	3.39	7,458.00
May 21, 2013	Michael Reuther		VS	Purchase[2)]	100.0	3.31	331.00
May 21, 2013	Martin Blessing		VS	Sale[2)]	0.25	3.31	0.83
May 21, 2013	Stefan Burghardt		AR	Sale[2)]	2.0	1.47	2.94
May 22, 2013	Margit Schoffer		AR	Sale[2)]	545.0	3.32	1,809.40
May 22, 2013	Frank Annuscheit		VS	Purchase[2)]	0.9	3.32	2.99
May 22, 2013	Jochen Klösges		VS	Sale[2)]	4,996.0	3.32	16,586.72
May 22, 2013	Harriet Annuscheit (for Frank Annuscheit)	x	VS	Purchase[2)]	0.6	3.32	1.99
May 22, 2013	Klaus-Peter Müller		AR	Purchase[2)]	0.1	3.32	0.33
May 23, 2013	Ulrich Sieber		VS	Purchase[2)]	0.85	3.21	2.73
May 23, 2013	Martin Zielke		VS	Purchase[2)]	0.3	3.21	0.96
May 24, 2013	Hans-Hermann Altenschmidt		AR	Sale[2)]	953.6	2.78	2,651.01
May 24, 2013	Uwe Tschäge		AR	Sale[2)]	279.0	2.78	775.62
May 24, 2013	Barbara Priester		AR	Sale[2)]	51.0	2.78	141.78
May 24, 2013	Silke Tschäge (for Uwe Tschäge)	x	AR	Sale[2)]	112.0	2.78	311.36
May 24, 2013	Karl-Heinz Flöther		AR	Sale[2)]	0.05	2.78	0.14
May 28, 2013	Harriet Annuscheit (for Frank Annuscheit)	x	VS	Purchase[3)]	32.0	4.50	144.00
May 28, 2013	Frank Annuscheit		VS	Purchase[3)]	2,518.0	4.50	11,317.50
May 28, 2013	Hans-Hermann Altenschmidt		AR	Purchase[3)]	608.0	4.50	2,736.00
May 28, 2013	Markus Beumer		VS	Purchase[3)]	1,715.0	4.50	7,717.50
May 28, 2013	Martin Blessing		VS	Purchase[3)]	37,775.0	4.50	169,987.50
May 28, 2013	Stefan Burghardt		AR	Purchase[3)]	441.0	4.50	1,984.50
May 28, 2013	Stephan Engels		VS	Purchase[3)]	4,000.0	4.50	18,000.00
May 28, 2013	Jochen Klösges		VS	Purchase[3)]	4,880.0	4.50	21,960.00
May 28, 2013	Oliver Leiberich		AR	Purchase[3)]	720.0	4.50	3,240.00
May 28, 2013	Michael Reuther		VS	Purchase[3)]	2,000.0	4.50	9,000.00
May 28, 2013	Ulrich Sieber		VS	Purchase[3)]	3,817.0	4.50	17,176.50
May 28, 2013	Klaus-Peter Müller		AR	Purchase[3)]	26,182.0	4.50	117,819.00
May 28, 2013	Martin Zielke		VS	Purchase[3)]	4,726.0	4.50	21,267.00
May 28, 2013	Karl-Heinz Flöther		AR	Purchase[3)]	7,619.0	4.50	34,285.50
June 7, 2013	Karl-Heinz Flöther		AR	Purchase	10,000.0	7.637	76,370.00

1) Member of COMMERZBANK's Supervisory Board until April 19, 2013.
2) Purchase/Sale of subscription right.
3) Exercise of subscription right.

Individually, the members of the Board of Managing Directors and the Supervisory Board held the following quantities of shares as of June 7, 2013:

Name	Quantity of shares
Board of Managing Directors:	
Martin Blessing (Chairman of the Board of Managing Directors)	77,439
Frank Annuscheit	5,161
Markus Beumer	3,515
Stephan Engels	6,000
Jochen Klösges	15,000
Michael Reuther	4,000
Dr. Stefan Schmittmann	0
Ulrich Sieber	7,824
Martin Zielke	9,688
Board of Managing Directors (Total)	**128,627**
Supervisory Board:	
Müller, Klaus-Peter	53,673
Tschäge, Uwe	279
Altenschmidt, Hans-Hermann	2,200
Bomhard, Dr. Nikolaus von	0
de Buhr, Gunnar	0
Burghardt, Stefan	863
Flöther, Karl-Heinz	25,619
Keitel, Prof. Dr.-Ing. Dr.-Ing. E.h. Hans-Peter	0
Kerber, Dr. Markus	0
Krieger, Alexandra	0
Leiberich, Oliver	1,476
Mensch, Beate	0
Müller, Dr. Roger	0
Perlet, Dr. Helmut	0
Priester, Barbara	51
Roach, Mark	0
Schadeberg-Herrmann, Petra	0
Schenck, Dr. Marcus	0
Schoffer, Margit	545
Tumpel-Gugerell, Dr. Gertrude	0
Supervisory Board (Total)	**84,706**

No member of the Board of Managing Directors or of the Supervisory Board held any stock options in the Company as of May 14, 2013.

General meeting of shareholders

The Articles of Association stipulate that General Meetings of COMMERZBANK's shareholders must be held at the Company's registered office, in another German town with a stock exchange or in a German city with over 250,000 inhabitants. In order to attend a General Meeting and exercise their right to vote at it, the shareholders must register their intention to do so with the Company in either German or English. The registration form must be sent to the Company at the address indicated for this purpose in the notice calling the General Meeting, confirming the shares held, and must be received at least six days prior to the General Meeting. The confirmation that the shares are held must come from the custodian bank and must relate to the start of the 21st day prior to the General Meeting (record date). The registration and confirmation of share ownership must be provided in writing in either German or English. Each no-par-value ordinary share entitles the holder to one vote at the General Meeting. The right to vote is acquired when the full price of the share is paid. The right to vote may also be exercised by proxy.

The General Meeting adopts its resolutions by a simple majority of the votes cast and, where a capital majority is prescribed, by a simple majority of the share capital represented when the vote is taken, unless the law requires a larger majority.

Under the current version of the German Stock Corporation Act, resolutions of fundamental importance require not only a majority of the votes cast but generally also a majority of 75% of the share capital represented when the vote is taken. Resolutions of fundamental importance include those relating to:

- Reductions in capital;
- Creation of authorized or conditional capital;
- Exclusion of subscription rights;
- A demerger or spin-off or the transfer of all the Company's assets;
- The conclusion, amendment and termination of affiliation agreements (such as agreements on control and the transfer of profits and losses);

- Change in the Company's legal form; and
- Winding up the Company.

The General Meeting may be called by the Board of Managing Directors, under the circumstances prescribed by law by the Supervisory Board or, under specific circumstances, by shareholders whose holdings taken together constitute 5% of the share capital. The Supervisory Board must convene a General Meeting if the well-being of the Company so requires. The Annual General Meeting is held in the first eight months of each financial year.

Unless otherwise provided by law, a General Meeting must be called at least 36 days prior to the date of the meeting. The day on which the meeting is called and the day of the General Meeting are not included in these 36 days.

Neither German law nor the Company's Articles of Association restrict the right of persons resident outside the Federal Republic of Germany or of foreign nationality to hold shares or exercise the associated voting rights.

In accordance with the Articles of Association, the chairman of a General Meeting may limit the speaking and question time available to shareholders at the Meeting as appropriate.

If a General Meeting is convened for a resolution on a capital increase against contributions in connection with a recapitalization pursuant to Section 7 of the German Financial Market Stabilization Acceleration Act (*Finanzmarktstabilisierungsbeschleunigungsgesetz*), this General Meeting may be convened with a shortened notice period of no less than 21 days. In this case, the record date is the 18th day prior to the General Meeting and the registration deadline is no more than four days before the General Meeting. The majority requirement is also reduced for individual resolution proposals of a General Meeting in connection with a recapitalization in accordance with Section 7 of the German Financial Market Stabilization Acceleration Act (see "*Supervision and Regulation of the Bank in Germany—Banking supervision in Germany—German financial market stabilization laws—Stabilization measures*").

Corporate governance

The Corporate Governance Code (originally adopted in February 2002) contains recommendations and suggestions for the management and the monitoring of German listed companies, and of German companies within the meaning of Section 161 (2) sentence 2 of the German Stock Corporation Act with access to the capital markets, in relation to their shareholders and shareholders' general meeting, management board and supervisory board, transparency, accounting and auditing the annual financial statements. German company law requires the management board and supervisory board of any of the aforementioned companies to make an annual statement as to which recommendations are not being or have not been applied. However, no disclosure is required of any failure to act on the suggestions contained in the Corporate Governance Code.

The most recent statement in accordance with Section 161 of the German Stock Corporation Act on the recommendations of the Government Commission on the German Corporate Governance Code was delivered by the Company's Board of Managing Directors and the Supervisory Board on November 7, 2012. The statement related to the version of the Corporate Governance Code dated May 15, 2012 and declared that the recommendations of the "Government Commission on the German Corporate Governance Code" were being, and would continue to be, applied, with the following exceptions:

- Deviation from Section 4.2.1 of the Corporate Governance Code: Section 4.2.1 of the Corporate Governance Code recommends that rules of procedure should regulate the work of the Board of Managing Directors, including the allocation of responsibilities to its members. With the approval of the Supervisory Board, the Board of Managing Directors has issued its own rules of procedure. However, the Board of Managing Directors determines the allocation of duties among the individual Board members itself, without reference to the rules of procedure. This provides it with the requisite flexibility if changes are needed, thus ensuring an efficient division of responsibilities. The Supervisory Board is informed of all changes, and is thus included in the process. The rules of procedure applicable to the Board of Managing Directors, including the areas of responsibility of individual members of the Board of Managing Directors, are published on the COMMERZBANK website.
- Deviation from Section 4.2.3 (3) sentence 3[1] of the Corporate Governance Code: Section 4.2.3 (3) sentence 3 of the Code recommends that retroactive amendments of the performance targets or comparison parameters for variable remuneration components in respect of the remuneration of members of the Board of Managing Directors shall be excluded. To implement the legal requirements pursuant to Section 87 (1) sentence 3 German Stock Corporation Act, according to which the Supervisory Board must agree on the possibility of capping variable remuneration in the event of extraordinary developments, COMMERZBANK's Supervisory Board has the right to adjust the performance targets and other parameters of the variable remuneration components in the event of extraordinary developments in order to appropriately neutralize positive and negative effects on the achievability of the targets. Within the scope of

[1] With effect of May 13, 2013 an amended version of the Code entered into force. The recommendation referred to is now stipulated in Section 4.2.3 (2) sentence 8.

establishing whether targets have been met, it is not possible to implement a cap at COMMERZBANK within the meaning of the legal requirements, because the predominantly mathematical relationships virtually exclude the possibility of adjustments. As the measurement period of the variable remuneration for members of the Board of Managing Directors is also up to four years and the targets for this period must be determined in advance, the adjustment option available for the Supervisory Board to adjust the target figures is appropriate.

- Deviation from Section 4.2.3 (5) of the Corporate Governance Code: The Code recommends that promises of payments in the event of premature departure from the Board of Managing Directors due to a change of control should not exceed 150% of a severance pay cap (value of two years' remuneration including additional benefits), Section 4.2.3. The employment contract of one member of the Board of Managing Directors still contained a change-of-control clause; this did not include any severance pay cap within the meaning of Section 4.2.3 (5). This change-of-control clause was canceled at the end of the appointed term of the member of the Board of Managing Directors on March 31, 2012. Since then no other board member's employment contract has contained a change of control clause, so that Section 4.2.3 (5) of the Code has since been complied with.
- Deviation from Section 5.4.6 (2) sentence 2 of the Corporate Governance Code: According to Section 5.4.6 (2) sentence 3 of the Corporate Governance Code, if members of the Supervisory Board are granted performance-related remuneration, such remuneration should be geared towards sustainable corporate development. In addition to fixed remuneration, the members of COMMERZBANK's Supervisory Board receive variable remuneration of €3,000.00 per €0.05 dividend distributed by the Company in excess of a dividend of €0.10 per share for the preceding financial year. No dividend was distributed to shareholders for the 2008 to 2011 financial years (inclusive) and therefore no performance-related remuneration was paid to members of the Supervisory Board. The remuneration of the Company's corporate bodies will be reviewed in 2013 and revised if necessary. This also applies to the remuneration of the members of the Supervisory Board.

The content of the compliance declaration dated November 7, 2012 also applies as of the date of this offering circular.

MAJOR SHAREHOLDERS

As of the date of this offering circular, COMMERZBANK's share capital is divided into 1,138,506,941 no-par-value shares. Based on (and according to) the shareholder notifications pursuant to Section 21 et seq. of the German Securities Trading Act that the Company has received, the following shareholders hold more than 3% of the Company's ordinary shares:

Shareholder	Percentage of voting rights[1)]		
	Direct[2)]	Attributed[2)]	Total
		(in %)	
Financial Market Stabilization Fund (*Finanzmarktstabilisierungsfonds*) (SoFFin)/ Federal Republic of Germany	17.15	0	**17.15**
BlackRock Group	5.23	5.23	**5.23**
The Capital Group Companies, Inc.	0	5.06[3)]	**5.06**

1) The percentages have been rounded.
2) Based on the last voting rights notification dated May 28, 2013 (SoFFin), July 22, 2013 (The Capital Group Companies), August 15, 2013 (BlackRock Group).
3) Of which 5.06% is attributed via Capital Research and Management Company and 4.62% thereof via EuroPacific Growth Fund.

Each share in COMMERZBANK is entitled to one vote at the Annual General Meeting. The Company's major shareholders do not have any special voting rights.

COMMERZBANK has not submitted the management of the Company to any other company or person, for example on the basis of a domination agreement, nor is it controlled by any other company or any other person within the meaning of the German Securities Acquisition and Takeover Act.

TRANSACTIONS AND LEGAL RELATIONSHIPS WITH RELATED PARTIES

Pursuant to IAS 24, COMMERZBANK's related companies include those entities with which COMMERZBANK forms a group or in which it owns a stake enabling it to exert a significant influence over the entity. These include companies that are controlled but not consolidated for reasons of materiality, associated companies and external providers of occupational pensions for employees of COMMERZBANK.

Under IAS 24, COMMERZBANK's related persons include members of the Board of Managing Directors and the Supervisory Board, their close family members, and any entities over which members of the Company's Board of Managing Directors or Supervisory Board or their close family members can exert a controlling influence.

As of the date of the offering circular, the Federal Republic of Germany, as the responsible body behind the German Financial Market Stabilization Authority, which administers SoFFin, holds a 17.15% stake in COMMERZBANK. This stake grants the Federal Republic of Germany the ability to exercise significant influence over COMMERZBANK. Accordingly, the Federal Republic of Germany and entities under its control belong to the group of related entities and persons pursuant to IAS 24.

The Company has business and contractual relationships with numerous related companies within the Group. These relationships include granting loans and providing a wide variety of services, particularly in the areas of asset management and capital market and leasing transactions. It also has business and contractual relationships with related persons. Transactions and legal relationships with related companies and persons are entered into in the ordinary course of business and are generally subject to the same terms and conditions as would apply in comparable transactions with unrelated parties.

Further information and quantitative data on COMMERZBANK's business and legal relationships with related parties for the 2012 financial year are contained in note 95 of the notes to the consolidated financial statements for the 2012 financial year reproduced in the "*Financial Section*" of this offering circular and for the consolidated interim financial statements as of June 30, 2013 in note 33 of the selected notes to the consolidated interim financial statements for the half-year period ended June 30, 2013 reproduced in the "*Financial Section*" of this offering circular. The equivalent information for the 2011 and 2010 financial years is contained in each case in note 99 of the notes to the respective consolidated financial statements reproduced in the "*Financial Section*" of this offering circular. As of the date of this offering circular no additional material business and legal relationships exist between the Company and related parties.

TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes that will be attached to or incorporated by reference into each Book-Entry Note and that will be endorsed upon each Note in definitive form (a "**Definitive Note**"). The applicable supplement prepared by, or on behalf of, the Issuers in relation to any Notes (each, a "**Pricing Supplement**") may specify other Terms and Conditions that shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace the following Terms and Conditions for the purposes of a specific issue of Notes. The applicable Pricing Supplement will be incorporated into, or attached to, each Book-Entry Note and endorsed upon each Definitive Note. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Fiscal and Paying Agency Agreement (as defined below) or in the applicable Pricing Supplement unless the context otherwise requires or unless otherwise stated.*

This Note is one of a Series of the Notes ("**Notes**", which expression shall mean (i) in relation to any Notes represented by a Book-Entry Note, units of the lowest specified denomination ("**Specified Denomination**") in U.S. dollars, (ii) Definitive Notes issued in exchange (or part exchange) for a Book-Entry Note and (iii) any Book-Entry Note) issued subject to, and with the benefit of, a Fiscal and Paying Agency Agreement (as it may be updated or supplemented from time to time, the "**Fiscal and Paying Agency Agreement**"), dated June 7, 2011, and made among the Issuers and Deutsche Bank Trust Company Americas, as fiscal and paying agent (the "**Fiscal and Paying Agent**"). The Bank and certain of its affiliates maintain lines of credit or have other banking relationships with the Fiscal and Paying Agent in the ordinary course of business. The Fiscal and Paying Agent, any additional paying agent (each a "**Paying Agent**" and, together with the Fiscal and Paying Agent, the "**Paying Agents**") and the Calculation Agent are referred to together as the "**Agents**".

As used herein, "**Series**" means each original issue of Notes together with any further issues expressed to form a single series with the original issue that are denominated in U.S. dollars and that have the same maturity date or redemption month, as the case may be, interest basis and interest payment dates, if any, and the terms of which, save for the issue date, the issue price and the initial interest payment date, if any, are otherwise identical, including whether the Notes are listed, and the expressions "Notes of the relevant Series" and "Noteholders of the relevant Series" and related expressions shall be construed accordingly.

To the extent the Pricing Supplement for a particular Series of Notes specifies other Terms and Conditions that are in addition to, or inconsistent with, these Terms and Conditions, such new Terms and Conditions shall apply to such Series of Notes.

The holders for the time being of the Notes ("**Noteholders**"), which expression shall, in relation to any Notes represented by a Book-Entry Note, be construed as provided in "*Form, Denomination, Title and Transfer*" below, are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Fiscal and Paying Agency Agreement and the applicable Pricing Supplement, which are binding on them. The statements in these Terms and Conditions are summaries of, and are subject to, the detailed provisions of the Fiscal and Paying Agency Agreement. Copies of the Fiscal and Paying Agency Agreement, and the Pricing Supplement for the Notes of any Series, are available at the principal office of the Fiscal and Paying Agent.

Any reference herein to "**Clearing System**" means The Depository Trust Company ("**DTC**"), Euroclear Bank SA/NV, as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**CBL**") and shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system, including Clearstream Banking AG, Frankfurt am Main, that is approved by the relevant Issuer and the Fiscal and Paying Agent.

The Fiscal and Paying Agency Agreement does not limit the amount of liabilities ranking pari passu with or senior to the obligations under the Fiscal and Paying Agency Agreement that may be incurred or assumed by the Issuers.

1. Form, Denomination, Title and Transfer

(a) *Form, Denomination and Title*

The Notes are in book-entry form. Notes will trade only in book-entry form, and Book-Entry Notes will be issued in physical (paper) form to DTC, as described in the Fiscal and Paying Agency Agreement. The authorized denominations of each 3(a)(2) Note will be U.S.$250,000 and integral multiples of U.S.$1,000 in excess thereof, unless different Specified Denominations (not less than U.S.$250,000, unless the issue of such Note in a different Specified Denomination is not in violation of any U.S. federal or New York State banking law or regulation) are specified in the applicable Pricing Supplement. The authorized denominations of each 144A Note and each Regulation S Note will be U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. This Note is a Senior Note or a Subordinated Note as indicated in the applicable Pricing Supplement. This Note is, to the extent specified in the applicable Pricing Supplement, a Fixed-Rate Note, a Floating-Rate Note or a Zero Coupon Note, or any appropriate combination thereof.

The Issuers have appointed the Fiscal and Paying Agent at its office specified below to act as registrar of the Notes. The Issuers shall cause to be kept at the specified office of the Fiscal and Paying Agent, for the time being at 60 Wall Street, New York, New York 10005, a register (the "**Register**") with respect to each Issuer on which shall be entered, among other things, the name and address of the Noteholders of such Issuer's Notes and particulars of all transfers of title to such Issuer's Notes.

For so long as DTC or its nominee is the registered owner of a Note in global form (a "**Global Note**"), DTC or such nominee, as the case may be, will be considered the sole owner of the Notes or Noteholder represented by such Global Note for all purposes under the Fiscal and Paying Agency Agreement and the Notes, except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and/or CBL, as the case may be.

(b) *Transfers of Registered Notes*

(i) Transfers of interests in Global Notes

Transfers of beneficial interests in Global Notes will be effected by the applicable Clearing System, and, in turn, by other participants and, if appropriate, indirect participants in such Clearing System acting on behalf of beneficial transferors and transferees of such interests. Transfers between Clearing Systems will be effected by the Fiscal and Paying Agent, as transfer agent for the Notes. A beneficial interest in a Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Notes (subject to Clause 1(b)(v) below) or for a beneficial interest in another Global Note only in the authorized denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of the applicable Clearing System, and in accordance with the terms and conditions specified in the Fiscal and Paying Agency Agreement, including any required certifications.

(ii) Transfers of Definitive Notes

Subject as provided in Clause (1)(b)(v) below and to compliance with all applicable legal and regulatory restrictions, upon the terms and subject to the conditions set forth in the Fiscal and Paying Agency Agreement, including the transfer restrictions contained therein, a Definitive Note may be transferred in whole or in part (in the authorized denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (A) the Noteholder or Noteholders must (1) surrender the Note for registration of the transfer of the Note (or the relevant part of the Note) at the specified office of a Paying Agent, with the form of transfer thereon duly executed by the Noteholder or Noteholders thereof or its or their attorney or attorneys duly authorized in writing and (2) complete and deposit such other certifications specified in the Fiscal and Paying Agency Agreement and as may be required by such Paying Agent and (B) such Paying Agent shall ensure that the documents are in accordance with the terms of the Fiscal and Paying Agency Agreement. Any such transfer will be subject to such reasonable regulations as the Issuers and the Fiscal and Paying Agent may from time to time prescribe (the initial such regulations being set out in Schedule 5 to the Fiscal and Paying Agency Agreement). Subject as provided above, the Fiscal and Paying Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of such Paying Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Definitive Note of a like aggregate nominal amount to the Note (or the relevant part of the Note) transferred. In the case of the transfer of only part of a Definitive Note, a new Definitive Note in respect of the balance of the Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(iii) Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under "*Redemption and Purchase*" below, the Issuers shall not be required to register the transfer of any Note, or part of a Note, called for partial redemption.

(iv) Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular, uninsured mail and except that the Issuers may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(v) Exchanges and transfers of Notes generally

(A) A beneficial owner of Book-Entry Notes represented by a Global Note may exchange the Notes for (paper) Definitive Notes only if:

(1) in the case of Senior Notes, a payment default has occurred and has not been remedied within 30 days after the relevant due date; or

(2) DTC has notified the relevant Issuer that it is unwilling or unable to continue as depositary for the Global Note and no alternative clearing system is available; or

(3) DTC has ceased to be a clearing agency registered under the Exchange Act, and no alternative clearing system is available; or

(4) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive rather than global form.

(B) Noteholders of Definitive Notes may exchange such Notes for interests in a Global Note of the same type at any time, subject to compliance with all applicable legal and regulatory restrictions and upon the terms and subject to the conditions set forth in the Fiscal and Paying Agency Agreement.

2. Status of the Notes

(a) *Status (Senior Notes)*

If the Notes are Senior Notes, the Notes are direct, unconditional and unsecured obligations of the relevant Issuer and rank, and will rank, *pari passu*, without any preference among themselves and at least *pari passu* with all other present and future unsecured, unconditional and unsubordinated obligations of the Bank save for such exceptions as may exist from time to time under applicable law. Senior Notes will not be deposits or deposit instruments and will not be insured by the Federal Deposit Insurance Corporation or any German authority.

(b) *Status (Subordinated Notes)*

Subordinated Notes will not be deposits or deposit instruments and will not be insured by the Federal Deposit Insurance Corporation or any German insurance program. Subordinated Notes are direct, unconditional, unsecured and subordinated obligations of the Bank and rank *pari passu* among themselves and *pari passu* with all other present and future unsecured, unconditional and subordinated obligations of the Bank. In the event of the bankruptcy, insolvency, dissolution, liquidation or winding up of the Bank, such obligations will be subordinated to the claims of all unsubordinated creditors of the Bank so that in any such event no amounts shall be payable under such obligations until the claims of all unsubordinated creditors of the Bank shall have been satisfied in full. Prior to any insolvency or liquidation of the Bank, any claims under the Notes shall be subject to any Regulatory Bail-in (as defined below), and no holder or any holder of any beneficial interest shall have any claim against the Bank in connection with or arising out of any such Regulatory Bail-in.

"**Regulatory Bail-in**" means a subjection of the claims for payment of principal, interest or other amounts under the Notes to permanent reduction, including to zero, or cancellation or a conversion of the Notes, in whole or in part, into equity of the Bank, such as ordinary shares, in each case pursuant to German law.

No Noteholder may set off its claims arising under the Subordinated Notes against any claims of the Bank. No security of whatever kind is, or shall at any time be, provided by the Bank or any other person to secure rights of the Noteholders under the Subordinated Notes, and any security that, notwithstanding the aforementioned, may have been provided in the past or may be provided in the future by the Bank or any third party shall not secure the obligations under the Subordinated Notes. No subsequent agreement may limit the subordination pursuant to the provisions set out in the Terms and Conditions as supplemented by the applicable Pricing Supplement in respect of the Subordinated Notes or change the maturity date in respect of the Subordinated Notes to any earlier date or shorten any applicable notice period (*Kündigungsfrist*). If the Subordinated Notes are redeemed before the maturity date otherwise than in the circumstances described in these Terms and Conditions as supplemented by the applicable Pricing Supplement in respect of such Subordinated Notes or repurchased by the Bank otherwise than in accordance with the provisions of Section 10(5a) sentence 6 of the German Banking Act (*Kreditwesengesetz*) or the applicable provisions of CRD IV/CRR (as defined below), then any amounts redeemed or paid must be returned to the Bank irrespective of any agreement to the contrary, unless the Subordinated Notes so redeemed or repurchased have been replaced by other regulatory banking capital (*haftendes Eigenkapital*) of at least equivalent status within the meaning of the German Banking Act or the Relevant Regulator (as defined below) has consented to such redemption or repurchase. Once CRD IV/CRR has taken effect in Germany, the Subordinated Notes may only be redeemed or repurchased if, when and to the extent permitted by CRD IV/CRR as then in effect in the Federal Republic of Germany.

"**Capital Regulations**" means, at any time, the regulations, requirements, guidelines and policies relating to capital adequacy adopted by bodies of the European Union or the Federal Republic of Germany or any other competent authority then in effect in the Federal Republic of Germany and applicable to the Bank.

"**CRD IV**" means Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, dated June 26, 2013, as amended, supplemented or replaced from time to time.

"**CRD IV/CRR**" means, taken together, (i) CRD IV, (ii) CRR, and (iii) any Capital Regulations relating thereto.

"**CRR**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, dated June 26, 2013, as amended, supplemented or replaced from time to time.

"**Relevant Regulator**" means the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – BaFin) or any other competent authority assuming the relevant supervisory functions performed by BaFin after the date hereof.

In order to implement the subordination with respect to Subordinated Notes issued by the Branch, the holders of Subordinated Notes issued by the Branch will be deemed to have agreed that, should the Superintendent take possession of the business and property of the Branch, including at a time of insolvency proceedings involving the assets of the Bank or liquidation with respect to the Bank, then the Superintendent will apply any amounts that would be due to the Noteholders in the absence of the subordination provisions set forth above (1) first, to the payment in full of all non-affiliate deposit and other liabilities of the Branch (other than the Subordinated Notes and other liabilities of the Branch which are subordinated and to the payment in full of any other claim accorded priority under any United States Federal or New York State law which is then due and payable, the priorities to be ascribed among such claims to be determined in accordance with such laws, and (2) thereafter shall pay any amount remaining to any liquidator, receiver, or similar official appointed with respect to the Bank or its assets for application (i) first, to the payment in full of claims of depositors and other obligations of the Bank other than the Subordinated Notes and other obligations of the Bank which are subordinated, (ii) second, to the payment, equally and ratably, of any amounts then due and owing under the Subordinated Notes and all obligations of the Bank ranking *pari passu* in right of payment with the Subordinated Notes and (iii) thereafter, to the payment of all obligations of the Bank ranking junior to the Subordinated Notes.

Each holder of a Subordinated Note will also be deemed to have agreed by its acceptance of a Subordinated Note that, should the Superintendent take possession of the business and property of the Branch at any time when there are no other insolvency proceedings involving the assets of the Bank or liquidation with respect to the Bank, the Superintendent shall be authorized to apply and shall apply the assets of the Branch (1) first, to payment in full of all non-affiliate deposit and other liabilities of the Branch (other than the Subordinated Notes and other liabilities of the Branch which are subordinated) and to the payment in full of any other claim accorded priority under any United States Federal or New York State law which is then due and payable, the priorities to be ascribed among such claims to be determined in accordance with such laws, (2) second, to the payment, equally and ratably, of any amounts then due and owing under the Subordinated Notes and all obligations of the Branch ranking *pari passu* in right of payment with the Subordinated Notes and (3) thereafter, to pay any amount remaining to the Bank.

If the Superintendent takes possession of the business and property of the Branch under the circumstances described in the preceding sentence prior to the date of maturity, however, each holder of Subordinated Notes by its acceptance of a Subordinated Note will be deemed to have irrevocably waived any right to payment of any funds from the assets of the Branch otherwise available for payment under the terms of the Subordinated Notes until the date of maturity. Moreover, if either insolvency proceedings involving the assets of the Bank or liquidation with respect to the Bank is commenced after the Superintendent takes possession of the business and property of the Branch and prior to the date of maturity, then any funds from the assets of the Branch available for payment of the Subordinated Notes on the date of maturity in accordance with the preceding sentence shall instead be paid to any liquidator, receiver, or similar official appointed with respect to the Bank or its assets for application as provided above. Each holder of a Subordinated Note will also be deemed to have agreed by its acceptance of a Subordinated Note irrevocably to have waived its rights as an accepted claims creditor under § 606(4) of the NYBL, as amended, and to any preferences to which it may become entitled under § 4(j) of the International Banking Act of 1978 and under any other similar law hereinafter enacted, to the extent necessary to effectuate such subordination.

3. Interest

(a) *Interest on Fixed-Rate Notes*

(i) Each Fixed-Rate Note bears interest at the rate (or, in the case of Fixed-Rate Notes with a step up or step down in interest rate, the applicable rate) specified in the applicable Pricing Supplement on its Specified Denomination from and including the interest commencement date ("**Interest Commencement Date**"). Interest is payable annually, semi-annually, quarterly or otherwise (as specified in the applicable Pricing Supplement) in arrears on the interest payment dates specified in the applicable Pricing Supplement ("**Interest Payment Dates**") of each year. The first interest payment shall be due on the first Interest Payment Date. Except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the interest accrual period ending on such date will amount to the applicable fixed coupon amount.

(ii) If interest is required to be calculated for a period other than one or more complete years, such interest shall be calculated by applying the applicable fixed rate of interest to each Specified Denomination, and multiplying such sum by the applicable Day Count Fraction.

(iii) "Day Count Fraction" means, in respect of the calculation of an amount of interest for a period:

(A) if "**Actual/Actual (ICMA)**" is specified in the applicable Pricing Supplement:

(1) which is equal to or shorter than an Interest Determination Period, the calculation shall be effected on the basis of the actual number of days elapsed divided by the product of (x) the number of days in the Interest Determination Period and (y) the number of Interest Determination Periods normally ending in any year;

(2) which is longer than an Interest Determination Period, the calculation for such period shall be effected on the basis of the sum of:

(a) the actual number of days elapsed in the Interest Determination Period during which the period, with respect to which interest is to be calculated, begins, divided by the product of (x) the number of days in such Interest Determination Period and (y) the number of Interest Determination Periods normally ending in any year; and

(b) the actual number of days elapsed in the next Interest Determination Period divided by the product of (x) the number of days in such Interest Determination Period and (y) the number of Interest Determination Periods normally ending in any year; or

"**Interest Determination Period**" means the period from (and including) the preceding Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or the first) Interest Payment Date.

(B) if "**30/360**" is specified in the applicable Pricing Supplement, the calculation shall be effected on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, on the basis of the actual number of days elapsed. If the last day of the calculation period is the 31st day of a month but the first day of the calculation period is a day other than the 30th or the 31st day of a month, the month that includes that last day shall not be considered to be shortened to a 30-day month. If the last day of the calculation period is the last day of the month of February, the month of February shall not be considered to be lengthened to a 30-day month.

(iv) The Pricing Supplement, in relation to each Series of Notes in relation to which this Clause 3(a) is specified as being applicable, shall set forth which of the following Business Day Conventions shall be applicable.

(A) If the "**Following Business Day Convention**" is specified in the applicable Pricing Supplement, interest shall be payable in arrears on the Interest Payment Dates set forth in the applicable Pricing Supplement; provided that, if any Interest Payment Date would otherwise fall on a date that is not a Business Day, the relevant Interest Payment Date will be postponed to the next day that is a Business Day.

(B) If the "**Modified Following Business Day Convention**" is specified in the applicable Pricing Supplement, interest shall be payable in arrears on such Interest Payment Dates as are set forth in the applicable Pricing Supplement; provided that, if any Interest Payment Date would otherwise fall on a date that is not a Business Day, the relevant Interest Payment Date will be postponed to the next day that is a Business Day unless that day falls in the next calendar month, in which case the relevant Interest Payment Date will be the immediately preceding day that is a Business Day.

(C) Such other convention may be specified in the applicable Pricing Supplement.

(v) "**Business Day**" means a day, other than a Saturday or a Sunday, that is a day on which commercial banks and foreign exchange markets settle payments and are open for general business, including dealing in foreign exchange and foreign currency deposits, in New York City and such other financial center, if any, as specified in the applicable Pricing Supplement.

(vi) Step up or Step down in interest rate

If the applicable Pricing Supplement specifies a step up in Interest Rate as of a certain Interest Payment Date, then the rate of interest in respect of the Interest Period relating to such Interest Payment Date and in respect of each Interest Period thereafter shall be the higher interest rate specified in such Pricing Supplement.

If the applicable Pricing Supplement specifies a step down in Interest Rate as of a certain Interest Payment Date, then the rate of interest in respect of the Interest Period relating to such Interest Payment Date and in respect of each Interest Period thereafter shall be the lower interest rate specified in such Pricing Supplement.

(b) *Interest on Floating-Rate Notes*

(i) Interest Payment Dates

The Pricing Supplement, in relation to each Series of Notes in relation to which this Clause 3(b) is specified as being applicable, shall set forth which of the following Business Day Conventions shall be applicable.

(A) If the "**Floating Rate Business Day Convention**" is specified in the applicable Pricing Supplement, interest shall be payable in arrears on each date (each an "**Interest Payment Date**") as described in the applicable Pricing Supplement unless such Interest Payment Date is not a Business Day, then such Interest Payment Date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which case (i) interest shall be payable on the immediately preceding Business Day and (ii) on each subsequent Interest Payment Date, interest shall be payable on the last Business Day of the month in which such Interest Payment Date would have fallen had it not been subject to adjustment.

(B) If the "**Following Business Day Convention**" is specified in the applicable Pricing Supplement, interest shall be payable in arrears on such dates (each an "**Interest Payment Date**") as are set forth in the applicable Pricing Supplement; provided that, if any Interest Payment Date would otherwise fall on a day that is not a Business Day, the relevant Interest Payment Date will be postponed to the next day that is a Business Day.

(C) If the "**Modified Following Business Day Convention**" is specified in the applicable Pricing Supplement, interest shall be payable in arrears on such dates (each an "**Interest Payment Date**") as are set forth in the applicable Pricing Supplement; provided that, if any Interest Payment Date would otherwise fall on a day that is not a Business Day, the relevant Interest Payment Date will be postponed to the next day that is a Business

Day unless that day falls in the next calendar month, in which case the relevant Interest Payment Date will be the immediately preceding Business Day.

(D) Such other convention may be specified in the applicable Pricing Supplement.

Each period beginning on, and including, the Issue Date or such other date as aforesaid and ending on, but excluding, the first Interest Payment Date and each period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is herein called an "**Interest Period**".

In this Clause 3(b), "**Business Day**" means a day, other than a Saturday or a Sunday, that is a day on which commercial banks and foreign exchange markets settle payments and are open for general business, including dealing in foreign exchange and foreign currency deposits, in New York City and such other city, if any, specified in the applicable Pricing Supplement.

(ii) Rate of Interest

Each applicable "**Rate of Interest**" payable from time to time in respect of Floating-Rate Notes will be determined in the manner specified in the applicable Pricing Supplement, which may be "**Screen Rate Determination**", as described below or other basis set forth in the applicable Pricing Supplement.

(iii) Screen Rate Determination

Where "**Screen Rate Determination**" is specified in the applicable Pricing Supplement as the manner in which the applicable Rate of Interest is to be determined, the Notes shall bear interest at the Reference Interest Rate plus or minus the margin indicated in the applicable Pricing Supplement, if any, for each applicable Interest Period. Interest is payable in arrear for each Interest Period on the relevant Interest Payment Date.

"**Reference Interest Rate**" is the interest rate expressed as a rate per annum for deposits in the relevant currency as determined in the applicable Pricing Supplement for the relevant Interest Period published on the relevant screen page specified in the applicable Pricing Supplement (or any successor page of the relevant agency or a screen page of another agency) (the "**Screen Page**") on the Interest Determination Date at or about the relevant time specified in the applicable Pricing Supplement.

If the Calculation Agent cannot determine the Reference Interest Rate as aforementioned because the Screen Page is not published, or if the Calculation Agent cannot make such determination for any other reason, then the Reference Interest Rate for the respective Interest Period shall be the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point, 0.0005 being rounded upwards or rounded, if necessary, to the nearest one hundred thousandth of a percentage point, 0.000005 being rounded upwards, as specified in the applicable Pricing Supplement) determined by the Calculation Agent of the interest rates which five reference banks selected by the Calculation Agent in conjunction with the relevant Issuer (the "**Reference Banks**"), quote to prime banks on the relevant Interest Determination Date for deposits in the relevant currency for such Interest Period.

Should two or more of the Reference Banks provide the relevant quotation, the arithmetic mean shall be calculated as described above on the basis of the quotations supplied.

If less than two Reference Banks provide a quotation, then the Reference Interest Rate for the respective Interest Period shall be determined by the Calculation Agent in its reasonable discretion.

(iv) Determination of Rate of Interest and Calculation of Interest Amount

The Calculation Agent will, on or as soon as practicable after each date as of which a Rate of Interest is to be determined (the "**Interest Determination Date**"), determine the Rate of Interest, subject to any minimum or maximum rate of interest specified in the applicable Pricing Supplement, and calculate the amount of interest (the "**Interest Amount**") payable on the Floating-Rate Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the applicable Rate of Interest to the Specified Denomination, or if there is more than one, the lowest Specified Denomination, and multiplying such sum by the Day Count Fraction (as defined herein) specified in the applicable Pricing Supplement.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Interest Period:

(A) if “**Actual/365**” or “**Actual/Actual ISDA**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365, or, if any portion of that Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365;

(B) if “**Act/Act**” or “**Actual/Actual**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by the actual number of days in the year in which such Interest Period falls;

(C) if “**Actual/365 (Fixed)**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(D) if “**Actual/360**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360; and

(E) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, unless (1) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (2) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month.

(v) Minimum and/or Maximum Interest Rate

If the applicable Pricing Supplement specifies a Minimum Interest Rate for any Interest Period, then, in the event that the rate of interest in respect of such Interest Period determined in accordance with the provisions of Clause (3)(b)(ii), (iii) or (iv) above, as appropriate, is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate.

If the applicable Pricing Supplement specifies a Maximum Interest Rate for any Interest Period, then, in the event that the rate of interest in respect of such Interest Period determined in accordance with the provisions of Clause (3)(b)(ii), (iii) or (iv) above, as appropriate, is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

(vi) Notification of Rate of Interest and Interest Amount

The Calculation Agent will cause the applicable Rate of Interest and each Interest Amount for each Specified Denomination and for each Interest Period and the relevant Interest Payment Date to be notified to the relevant Issuer and the Fiscal and Paying Agent. For the purposes of this Clause 3(b)(vi), “**Business Day**” means a day, other than a Saturday or a Sunday, on which commercial banks are open for business in New York.

(vii) Certificates to be Final

All certificates, communications, determinations, calculations and decisions made for the purposes of the provisions of this Clause 3(b) by the Calculation Agent, shall, in the absence of gross negligence or willful misconduct, be binding on the Issuers, the Fiscal and Paying Agent, the Calculation Agent and all Noteholders, and, in the absence as aforesaid, no liability to the Noteholders shall attach to the Fiscal and Paying Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Zero Coupon Notes*

Zero Coupon Notes are issued at a percentage of their Specified Denomination (the “**Issue Price**”), as specified in the applicable Pricing Supplement. There will be no periodic interest payments on the Notes.

Where a Zero Coupon Note becomes due and payable prior to the maturity date or is not paid when due, the amount due shall be the amount equal to the sum of:

(i) the issue price specified in the applicable Pricing Supplement, and

(ii) the product of the accrual yield specified in the applicable Pricing Supplement, compounded annually, being applied to the issue price from and including the issue date to, but excluding the date that is the earlier of:

(A) the date on which all amounts due in respect of the Zero Coupon Note have been paid, and

(B) the date on which the full amount payable has been received by the Fiscal and Paying Agent and notice to that effect has been given to the Noteholders in accordance with Clause 11 (Notices) below.

As from the maturity date, any due and not paid principal amount of such Note shall bear interest at a rate per annum equal to the accrual yield specified in the applicable Pricing Supplement. Such interest shall continue to accrue, as well after as before any judgment, until the day on which all sums due in respect of such Note up to that day are received by or on behalf of the Noteholder of such Note. Such interest will be calculated on the basis of the actual number of days from (and including) the maturity date to (but excluding) such day on which all sums due in respect of such Note up to that day are received by or on behalf of the Noteholder of such Note (such period, the "**Post-Maturity Accrual Period**"), divided by 365, or, if any portion of the Post-Maturity Accrual Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Post-Maturity Accrual Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Post-Maturity Accrual Period falling in a non-leap year divided by 365.

(d) *Interest Payments*

Interest will be paid subject to and in accordance with the provisions of "*Payments*" below. Interest will cease to accrue on each Note, or, in the case of the redemption of only a part of a Note, that part only of such Note, on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue thereon (as well after as before any judgment) at the rate then applicable to the principal amount of the Notes or such other rate as may be specified in the applicable Pricing Supplement, until the day on which all sums due in respect of such Note up to that day are received by or on behalf of the Noteholder, however not beyond the 14th day after the date on which the necessary funds have been provided to the Fiscal and Paying Agent and notice thereof has been given by publication in accordance with Clause 11 (Notices).

4. Payments

(a) *Method of Payment*

(i) General

Payments of principal in respect of each Note, whether or not in global form, will be made against presentation and surrender, or, in the case of part payment of any sum due, endorsement, of the Note at the specified office of any Paying Agent. Such payments will be made by transfer to the Designated Account (as defined below) of the Noteholder, or the first named of joint Noteholders, appearing in the register of Noteholders maintained by the Fiscal and Paying Agent (a) where in global form, at the close of the business day (being for this purpose a day on which DTC is open for business) on the relevant due date, and (b) where in definitive form, at the close of the business day (being for this purpose a day on which banks are open for business in the city where the specified office of such Paying Agent is located) on the relevant due date. Notwithstanding the previous sentence, if (i) a Noteholder does not have a Designated Account or (ii) the principal amount of the Notes held by a Noteholder is less than (A) in the case of 3(a)(2) Notes, U.S.$250,000 and (B) in the case of 144A Notes or Regulation S Notes, U.S.$200,000, payment will instead be made by a check in U.S. dollars drawn on a Designated Bank (as defined below). For the purposes of this Clause 4(a), "**Designated Account**" means the account maintained by a Noteholder with a Designated Bank and identified as such in the Register, and "**Designated Bank**" means any bank that processes payments in U.S. dollars.

Payments of interest in respect of each Note, whether or not in global form, will be made on the relevant due date by a check in U.S. dollars drawn on a Designated Bank and mailed in the city where the specified office of such Paying Agent is located to the Noteholder, or the first named of joint Noteholders appearing in the Register at the close of business on the third business day (being for this purpose a day on which DTC is open for business) before the relevant due date (the "**Record Date**") at its address shown in the Register on the Record Date and at its risk. Upon application of the Noteholder to the specified office of any Paying Agent not less than three business days, in the city where the specified office of such Paying Agent is located, before the due date for any payment of interest in respect of a Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest, other than interest due on redemption, in respect of the Notes that become payable to the Noteholder who has made the initial application until such time as the Fiscal and

Paying Agent is notified in writing to the contrary by such Noteholder. Payment of the interest due in respect of each Note on redemption will be made in the same manner as payment of the principal amount of such Note.

Noteholders will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Note as a result of a check posted in accordance with this Clause 4 arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such Noteholders by the Registrar in respect of any payments of principal or interest in respect of the Notes.

If any date for payment of any amount in respect of any Note is not a Payment Day (as defined herein), then the Noteholder thereof shall not be entitled to payment of the amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay.

For these purposes, "**Payment Day**" means any day that, subject to "*Prescription*" below, is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business, including dealing in foreign exchange and foreign currency deposits, in:

(A) the relevant place of presentation;

(B) any additional financial center specified in the applicable Pricing Supplement; and

(ii) a day on which the Federal Reserve System is open.

The name of the Fiscal and Paying Agent and its initial specified offices are set out below. The Issuers reserve the right at any time to vary or terminate the appointment of the Fiscal and Paying Agent and to appoint additional or other Paying Agents and/or to approve any change in the specified office of any Paying Agent, provided that (i) there will at all times be a Fiscal and Paying Agent and (ii) the Issuers shall at all times maintain a Paying Agent with a specified office outside the European Union or in a European Union Member State ("**Member State**") that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any subsequent meeting of the ECOFIN Council on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive or Directives.

In addition, the Issuers shall immediately appoint a Paying Agent having a specified office in New York City in the circumstances described in Clause 4(a) above. Any variation, termination, appointment or change shall only take effect, other than in the case of insolvency, when it shall be of immediate effect, after not less than 30 nor more than 45 days prior notice shall have been given to the Fiscal and Paying Agent and the Noteholders in accordance with Clause 11 (Notices) below.

Payments in respect of the Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

(ii) In the case of Global Notes

Payments of principal and interest, if any, in respect of Notes represented by a Global Note will be made in the manner specified in Condition 4(a)(i) above and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent. A record of each payment made on such Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which such Global Note is presented for the purpose of making such payment, and such record shall be *prima facie* evidence that the payment in question has been made.

The Noteholder of the relevant Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note, and the relevant Issuer will be discharged by payment to, or to the order of, the Noteholder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of the applicable Clearing System as the Noteholder of a particular nominal amount of Notes must look solely to such Clearing System for its share of each payment so made by the relevant Issuer to, or to the order of, the Noteholder of the relevant Global Note. No person other than the Noteholder of the relevant Global Note shall have any claim against the relevant Issuer in respect of any payments due on that Global Note. Neither of the Issuers nor any of the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(iii) In case of Definitive Notes issued under limited circumstances.

Payments of interest, if any, in respect of Definitive Notes will be made in the manner specified in Condition 4(a)(i) above and otherwise in the manner specified in the relevant Definitive Note. Payments of principal in respect of Definitive Notes will, subject as provided below, be made against presentation or surrender of such Definitive Notes at any specified office of any Paying Agent. If any Definitive Notes are redeemed or become repayable prior to their respective maturity dates, principal will be payable on surrender of each such Note together with all unmatured receipts appertaining thereto. Unmatured receipts and receipts presented without the Definitive Notes to which they appertain do not constitute obligations of the Issuers. All payments of principal with respect to Definitive Notes will be made only against presentation and surrender of the relevant Definitive Notes or receipts, except as otherwise provided herein.

Fixed-Rate Notes in definitive form should be presented for payment on or before the relevant redemption date.

Payments will be made in U.S. dollars by credit or transfer to a U.S. dollar account or any other account to which U.S. dollars may be credited or transferred specified by the payee or, at the option of the payee, by a check in U.S. dollars. The applicable Pricing Supplement may also contain provisions for variation of settlement where, for reasons beyond the control of the Issuers or any Noteholder, including, without limitation, unlawfulness, illegality, impossibility, force majeure, non-transferability or the like (each a "**Payment Disruption Event**"), the Issuers are not able to make, or any Noteholder is not able to receive, as the case may be, payment on the due date of any amount of principal or interest due under the Notes.

If the due date for redemption of any interest bearing Note in definitive form is not a due date for the payment of interest relating thereto, interest accrued in respect of such Note from and including the last preceding due date for the payment of interest, or from the Interest Commencement Date, will be paid against surrender of such Note.

5. Redemption and Purchase

(a) *Final Redemption*

Unless previously redeemed or purchased and cancelled as provided below, Notes will be repaid by the relevant Issuer at their final payment amount in U.S. dollars on the maturity date specified in the applicable Pricing Supplement.

(b) *Early Redemption for Taxation Reasons*

If at any future time as a result of a change in, or amendment to, the laws (or any regulations or rulings issued thereunder) applicable in the Federal Republic of Germany or the United States of America or a change in their official application, the relevant Issuer is required, or at the time of the next succeeding payment due in respect of principal or interest will be required, to pay Additional Amounts as provided in Clause 6(a) below, such Issuer will be entitled, upon not less than 30 days' and not more than 60 days' notice (which will be revocable) to be given by publication in accordance with Clause 11 below, to redeem all Notes prior to the relevant redemption date at the Early Redemption Amount, provided that in the case of Subordinated Notes, if required under applicable law or regulation, (i) the Subordinated Notes so redeemed or repurchased have been replaced by other regulatory banking capital (*haftendes Eigenkapital*) of at least equivalent status within the meaning of the German Banking Act, or (ii) any such redemption will be subject to a requirement to give notice to or obtain the consent of the Relevant Regulator to such redemption, and provided further that once CRD IV/CRR has taken effect in the Federal Republic of Germany, the Bank shall only be permitted to redeem the Notes if, when and to the extent not prohibited by CRD IV/CRR as then in effect in the Federal Republic of Germany.

(c) *Redemption at the Option of the Issuers ("**Issuer Call**")*

If Issuer Call is specified in the applicable Pricing Supplement, the relevant Issuer may (subject to, in the case of Subordinated Notes, any additional bank regulatory law restrictions set out in the applicable Pricing Supplement), having given, unless otherwise specified in connection with a particular offering of Notes:

(i) not less than 30 nor more than 60 days notice to the Noteholders in accordance with Clause 11 (Notices) below, or as otherwise specified in the applicable Pricing Supplement; and

(ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Fiscal and Paying Agent;

which notices shall be irrevocable and shall specify the date fixed for redemption, redeem all of the Notes then outstanding on any optional redemption date and at the optional redemption amounts specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to, but excluding, the relevant optional redemption date. Any such redemption must be of a principal amount equal to the minimum redemption amount or a higher redemption amount.

(d) *Redemption at the Option of the Noteholders (“**Noteholder Put**”)*

(i) Senior Notes

If a Noteholder Put is specified in the applicable Pricing Supplement, and provided that this Note is not a Subordinated Note, upon any Noteholder giving to the relevant Issuer in accordance with Clause 11 (Notices) below not less than 30 nor more than 60 days notice, such Issuer will, upon the expiration of such notice, redeem, subject to and in accordance with the terms specified in the applicable Pricing Supplement, in whole, but not in part, such Note on the optional redemption date and at the optional redemption amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to, but excluding, the optional redemption date.

If a Note is in definitive form and held outside a Clearing System, to exercise the right to require early redemption of such Note the Noteholder must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form obtainable from any specified office of any Paying Agent (a “**Put Notice**”) and in which the Noteholder must specify a bank account, or, if payment is required to be made by check, an address, to which payment is to be made under this Clause 5, accompanied by the Note. If the Note is represented by a Global Note or is a Definitive Note and held through a Clearing System, to exercise the right to require redemption of such Note the Noteholder must, within the notice period, give notice to the Paying Agent of such exercise in accordance with the standard procedures of such Clearing System, which may include notice being given on its instruction by such Clearing System or any common depositary for them to the Paying Agent by electronic means, in a form acceptable to such Clearing System from time to time and, if a Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Paying Agent for notation accordingly.

Any Put Notice given by a Noteholder pursuant to this Clause shall be irrevocable except if prior to the due date of redemption an Event of Default shall have occurred and be continuing, in which event such Noteholder, at its option, may elect by notice to the relevant Issuer to withdraw the notice given pursuant to this Clause 5 and instead to declare such Note forthwith due and payable pursuant to “*Events of Default*” below.

(ii) Subordinated Notes

In the case of Subordinated Notes, no redemption of the Notes at the option of the Noteholder is permitted.

(e) *Redemption of Subordinated Notes due to Capital Disqualification Event*

If at any future time immediately prior to the giving of the notice referred to below, a Capital Disqualification Event (as defined below) has occurred and is continuing, the Bank will be entitled, upon not less than 30 days’ and not more than 60 days’ notice (which will be revocable) to be given by publication in accordance with Clause 11 below, to redeem all Notes prior to the relevant redemption date at the Early Redemption Amount, provided that, any such redemption will be subject to a requirement to give notice to or obtain the consent of the Relevant Regulator to such redemption, and provided further that once CRD IV/CRR has taken effect in the Federal Republic of Germany, the Bank shall only be permitted to redeem the Notes if, when and to the extent not prohibited by CRD IV/CRR as then in effect in the Federal Republic of Germany.

“**Capital Disqualification Event**” shall be deemed to have occurred if, as a result of any amendment or supplement to, or change in, the Capital Regulations which are in effect as of the issue date of the Subordinated Notes, the Subordinated Notes are fully excluded from Tier 2 Capital (as defined in the Capital Regulations) of the Bank and/or the COMMERZBANK Group.

(f) *Early Redemption Amounts*

For the purposes of Clauses 5(b) and 5(e) above and Clause 7 (Events of Default) below, the Notes will be redeemed at an amount (the "**Early Redemption Amount**") calculated as follows, together, if appropriate, with interest accrued to, but excluding, the date fixed for redemption or, as the case may be, the date upon which such Note becomes due and payable:

(i) in the case of Notes with a final redemption amount equal to the nominal amount, at the final redemption amount thereof; or

(ii) in the case of Notes, other than Zero Coupon Notes, with a final redemption amount that is or may be lesser or greater than the nominal amount, at the amount set out in, or determined in the manner set out in, the applicable Pricing Supplement or, if no such amount or manner is set out in the Pricing Supplement, at their Specified Denomination; or

(iii) in the case of Zero Coupon Notes, at an amount (the "Amortized Face Amount") equal to the sum of:

(A) the issue price specified in the applicable Pricing Supplement; and

(B) the product of the accrual yield specified in the applicable Pricing Supplement, compounded annually, being applied to the issue price from and including the issue date to, but excluding, the date fixed for redemption or, as the case may be, the date upon which such Note becomes due and payable.

Where such calculation is to be made for a period of less than a full year, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed in such incomplete month or such other calculation basis as may be specified in the applicable Pricing Supplement.

(g) *Purchases* (Senior Notes)

The Issuers and their affiliates may at any time purchase Notes at any price in the open market or otherwise, in each case in accordance with applicable securities laws.

(h) *Purchases* (Subordinated Notes)

Subject to applicable law, including CRD IV/CRR once it is in effect in the Federal Republic of Germany and as then in effect, the Bank may at any time purchase Subordinated Notes in the open market or otherwise (i) for the purposes of market stabilization, in an amount of up to 3% of the total outstanding amount of all subordinated securities qualifying as lower Tier 2 capital, provided, however, that the Bank notifies the BaFin and the German Federal Bank (*Deutsche Bundesbank*), or other competent authority, thereof without undue delay, or (ii) as commission agent (*Einkaufskommissionär*). If required under applicable law or regulation, any such purchases will be subject to a requirement to give notice to, or obtain the consent of, the Relevant Regulator.

(i) *Cancellation*

All Notes that are redeemed or purchased by the Issuers for the purpose of cancellation will forthwith be delivered to the Fiscal Agent for cancellation and accordingly may not be re-issued or resold.

6. Taxation

(a) *Additional Amounts*

All amounts payable under the Notes will be paid without deduction or withholding for or on account of any present or future taxes, duties or governmental charges whatsoever imposed or levied by or on behalf of the Federal Republic of Germany, in respect of Notes issued by the Bank, or the United States of America, in respect of Notes issued by the Branch, or any respective taxing authority therein, unless the relevant Issuer is compelled by a law or other regulation to deduct or withhold such taxes, duties or governmental charges (the "**Applicable Taxes**"). In that event, the relevant Issuer shall pay such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts after such deduction or withholding shall equal the amounts that would have been payable if no such deduction or withholding had been made. No Additional Amounts shall be payable to any Noteholder for or solely on account of the following:

(i) Applicable Taxes imposed in respect of the Notes by reason of the Noteholder (or a fiduciary, settlor, beneficiary, member or shareholder of the Noteholder, if the Noteholder is an estate, a trust, a partnership, a limited liability company or a corporation) having some connection with the Federal Republic of Germany, another member state of the European Union or the United States of America other than the mere holding of the Notes or the receipt of payments with respect thereto;

(ii) any Applicable Taxes with respect to a Note to which the Noteholder would not be subject if he had presented its Notes for payment within 30 days from the due date for payment, or, if the necessary funds were not provided to the Paying Agents when due, within 30 days from the date on which such funds are provided to the Paying Agents and a notice to that effect has been published in accordance with Clause 11 below;

(iii) Applicable Taxes which would not be payable if the Notes had been kept in safe custody with, and the payments had been collected by, a credit institution;

(iv) Applicable Taxes which are deducted or withheld by a Paying Agent, if the payment could have been made by another Paying Agent without such deduction or withholding or any Applicable Taxes payable otherwise than by deduction of withholding;

(v) any Applicable Taxes that would not have been so imposed but for the failure of the Noteholder or the beneficial owner of the Notes (or any financial institution through which the Noteholder or beneficial owner holds the Notes or through which payment on the Notes is made) to (i) make a declaration of non-residence or any other claim or filing for exemption to which it is entitled or (ii) enter into or comply with any applicable certification, identification, information, documentation, registration or other reporting requirement or agreement concerning accounts maintained by the Noteholder or beneficial owner (or such financial institution) or concerning ownership of the Noteholder or beneficial owner (or such financial institution) or concerning such Noteholder's or beneficial owner's (or such financial institution's) nationality, residence, identity or connection with the jurisdiction imposing such tax;

(vi) any estate, inheritance, gift, transfer or similar tax, assessment or other governmental charge imposed with respect to the Notes;

(vii) any payment to a Noteholder that is a fiduciary or partnership or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the Noteholder;

(viii) any Applicable Taxes which are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the Federal Republic of Germany, another member state of the European Union, the European Union or the United States of America is party, or (iii) any provision of law implementing or complying with, or introduced to conform with, such Directive, regulation, treaty or understanding; or

(ix) any combination of the items listed above.

Any reference to "principal" or "interest" in this offering circular with respect to the Notes shall be deemed to include any Additional Amounts that may be payable under the Notes.

(b) *Supply of Information*

Each Noteholder shall be responsible for supplying to the Paying Agent, in a timely manner, any information as may be reasonably required by the latter in order for it to comply with the identification and reporting obligations imposed on it by European Council Directive 2003/48/EC or any European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any subsequent meeting of the ECOFIN Council on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives.

7. Events of Default

(a) *Events of Default with respect to the Senior Notes*

In the case of Senior Notes, the Noteholders of at least 25% of the aggregate principal amount of such Series of outstanding Senior Notes may give written notice to the relevant Issuer and the Fiscal and Paying Agent that the Senior Notes are, and shall accordingly forthwith become, immediately due and repayable at its Early Redemption Amount, together, if appropriate, with interest accrued to the date of repayment, in any of the following events ("**Events of Default**"):

(i) the relevant Issuer fails to pay any principal or interest payable in respect of the Senior Notes, or any of them, when due and payable, and such default is not remedied within 30 days after the relevant due date; or

(ii) the relevant Issuer fails to perform or observe any of its other obligations under the Senior Notes, and such default is not remedied within 60 days after notice of such default has been given to the Fiscal and Paying Agent by any Noteholder; or

(iii) (A) the entry by a court having jurisdiction in the premises of (1) a decree or order for relief in respect of the Branch in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law or (2) a decree or order appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Branch or of any substantial part of the property of the Branch, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or (B) the commencement by the Branch of a voluntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated bankrupt or insolvent, or the consent by the Branch to the entry of a decree or order for relief in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding, or the filing by the Branch of a petition or answer or consent seeking reorganization or relief under any applicable U.S. federal or state law, or the consent by the Branch to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Branch or of any substantial part of the property of the Branch, or the making by the Branch of an assignment for the benefit of creditors, or the taking of corporate action by the Branch in furtherance of any such action; or

(iv) (A) the Bank suspends its payments generally or announces its inability to meet its payment obligations; or (B) an application for insolvency proceedings or similar proceedings is filed by a creditor with a court against the Bank, and such application shall not have been dismissed or stayed within 60 days after the filing thereof (provided that any dismissal or stay of any such application for insufficiency of assets (mangels Masse) shall not prejudice the Noteholders' right to declare their Notes due and payable); or (C) the Bank institutes such proceedings or offers or makes a general arrangement for the benefit of all its creditors; or (D) the Bank enters into liquidation, unless such liquidation is to take place in connection with a merger, consolidation or any other form of combination with another company and such company assumes all obligations under the Notes; or (E) the Bank completely or almost completely ceases to carry on its business activities (Geschäftstätigkeit), unless such a cessation is to take place in connection with a merger, consolidation or any other form of combination with another company and such company assumes all obligations under the Notes.

(b) *Events of Default with respect to the Subordinated Notes*

The Noteholders of the Subordinated Notes will have no right of acceleration in the case of (i) non-payment of interest on the Subordinated Notes or (ii) non-performance of any other obligation of the relevant Issuer under the Subordinated Notes.

8. Prescription

Claims for payment of principal in respect of the Notes shall be prescribed upon the expiration of 10 years from the due date thereof, and claims for payment of interest, if any, in respect of the Notes shall be prescribed upon the expiration of (i) ten years in the case of Global Notes and (ii) four years in the case of Definitive Notes, in each case, from the due date thereof.

9. Replacement of Notes

If any Note is mutilated, destroyed, stolen or lost, and after such Note or evidence of the loss, theft or destruction thereof (together with any indemnity and/or security interest hereinafter referred to and such other documents of proof as may be required) is delivered to the Fiscal and Paying Agent, a new Note of like tenor will be issued by the respective Issuer in exchange for the Note so mutilated, or in lieu of the Note so destroyed, stolen or lost, but, in such a case, only upon receipt of evidence satisfactory to the Fiscal and Paying Agent and the relevant Issuer that such Note was destroyed, stolen or lost, and, if required, upon receipt also of indemnity and/or security interest satisfactory to each of them. All expenses and reasonable charges associated with procuring such indemnity and/or security interest, and with the preparation, authentication and delivery of a new Note shall be borne by the owner of the Note mutilated, destroyed, stolen or lost.

10. Further Issues

The Issuers reserve the right to issue from time to time without the consent of the Noteholders additional notes with substantially identical terms, so that the same shall be consolidated to form a single series of Notes and increase the aggregate principal amount of the Notes. The term "**Notes**" shall, in the event of such consolidation, also comprise such additionally issued notes.

11. Notices

(a) All notices to the Noteholders of registered Notes will be valid if mailed to the addresses of the registered Noteholders.

(b) Until such time as any Definitive Notes are issued, there may, so long as all the Global Notes for a particular Series, whether listed or not, are held in their entirety on behalf of DTC, be substituted, in relation only to such Series, for such publication as aforesaid in Clause 11(b), the delivery of the relevant notice to DTC for communication by it (or its participants) to the Noteholders, except that if the Notes are listed on a stock exchange and the rules of that stock exchange so require, the relevant notice will in any event be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the notice was given to DTC.

(c) Notices to be given by any Noteholder shall be in writing and given by delivering the same, together with the relevant Note or Notes, to the Fiscal and Paying Agent. While any Notes are represented by a Global Note, such notice may be given by any Noteholder so represented to the Fiscal and Paying Agent via the applicable Clearing System, in such manner as the Fiscal and Paying Agent and such Clearing System may approve for this purpose.

(d) All notices given to Noteholders, irrespective of how given, shall also be delivered in writing to DTC and, in the case of listed Notes, to the relevant stock exchange.

12. Agents

In acting under the Fiscal and Paying Agency Agreement, the Agents will act solely as agents of the Issuers and do not assume any obligations or relationship of agency or trust to or with the Noteholders, except that, without affecting the obligations of the Issuers to the Noteholders, to repay Notes and pay interest thereon, funds received by the Fiscal and Paying Agent for the payment of the principal of or interest on the Notes shall be held by it in trust for the Noteholders until the expiration of the relevant period of prescription described under "*Prescription*" above. The Issuers will agree to perform and observe the obligations imposed upon them under the Fiscal and Paying Agency Agreement. The Fiscal and Paying Agency Agreement contains provisions for the indemnification of the Agents and for relief from responsibility in certain circumstances and entitles any of them to enter into business transactions with the Issuers and any of its affiliates without being liable to account to the Noteholders for any resulting profit.

13. Modification and Waiver

(a) *Modification*

No consent of the Noteholders is or will be required for any modification or amendment requested by an Issuer or by the Fiscal and Paying Agent with the consent of such Issuer to:

(i) add to such Issuer's covenants for the benefit of the Noteholders; or

(ii) surrender any right or power of such Issuer in respect of a Series of Notes or the Fiscal and Paying Agency Agreement; or

(iii) provide security or collateral for a Series of Notes; or

(iv) cure any ambiguity in any provision, or correct any defective provision, of a Series of Notes; or

(v) change the terms and conditions of a Series of Notes or the Fiscal and Paying Agency Agreement in any manner that such Issuer and the Fiscal and Paying Agent mutually deem necessary or desirable so long as any such change does not, and will not, adversely affect the rights or interest of any Noteholder of such Notes, as certified to the Fiscal and Paying Agent by such Issuer in an Officer's Certificate.

However, no such amendment or modification will apply, without the consent of each Noteholder affected thereby, to Notes of such Series owned or held by such Noteholder with respect to the following matters:

(i) to change the stated maturity of the principal of or interest on such Notes;

(ii) to reduce the principal amount of or interest on such Notes;

(iii) to change the currency of payment of principal or interest on such Notes; and

(iv) to impair the right to institute suit for the enforcement of any payment in respect of such Notes.

In addition, no such amendment or notification may, without the consent of each Noteholder of such Notes, reduce the percentage of principal amount of Notes of such Series outstanding necessary to make these modifications or amendments to such Notes.

No such amendment or notification may have the effect of limiting the provisions with regard to the subordination of the Notes, nor may the notice period for the Notes be shortened.

Each Issuer may also agree to amend any provision of any Series of Notes of such Issuer with the holder thereof, but that amendment will not affect the rights of the other Noteholders or the obligations of such Issuer with respect to the other Noteholders.

(b) *Waiver*

With respect to each Series of Notes, the Noteholders of not less than a majority in aggregate principal amount of the then outstanding Notes of such Series affected thereby, may on behalf of the holders of all Notes of such Series, waive compliance by the relevant Issuer with any restrictive covenants as pertain to the relevant Issuer.

The Noteholders of a majority in aggregate principal amount of the outstanding Notes of a Series may waive on behalf of the Noteholders of all Notes of such Series, any past default and its consequences, except a default in the payment of the principal of or interest, if any, on any such Notes of a that Series or a default in respect of a covenant or provision which cannot be amended or modified without the consent of the Noteholder of each outstanding Note of such Series, as set forth under Condition 13(a) above.

14. Governing Law; Consent to Jurisdiction and Service of Process; Immunity

The Fiscal and Paying Agency Agreement provides that the Notes will be governed by, and construed in accordance with, the internal laws of the State of New York, United States of America; provided, however, that Condition 2(b) of the Notes will be governed by, and construed in accordance with, German law.

The Bank has consented to the jurisdiction of the courts of the State of New York and the U.S. courts located in The City of New York with respect to any action that may be brought in connection with the Notes, with respect to the Bank. The Bank has appointed the Treasurer of the Branch as its agent upon whom process may be served in any action brought against the Bank in any U.S. or New York State court.

The Bank and its properties are currently not entitled to any sovereign or other immunity and the Bank has agreed that, to the extent that it may hereafter become entitled to any such immunity, it waives such immunity with respect to matters arising out of or in connection with the Notes issued by it.

15. Definitions in these Terms and Conditions

The following expressions have the following meanings:

(a) "**Adjusted**" means that for the purposes of an Interest Period where the Interest Payment Date is not a Business Day, the Interest Amount for that Interest Period will accrue up to, but excluding, the next Business Day, if Following Business Day Convention is specified in the applicable Pricing Supplement, or up to, but excluding, the next Business Day or the first preceding Business Day, as the case may be, if Modified Following Business Day Convention is specified in the applicable Pricing Supplement.

(b) “**New York Business Day**” means a day, other than a Saturday or a Sunday, on which commercial banks are open for business in the city of New York, New York.

(c) “**Unadjusted**” means that for the purposes of an Interest Period where the Interest Payment Date is not a Business Day, the Interest Amount for that Interest Period will accrue up to, but excluding, the stated Interest Payment Date.

BOOK-ENTRY PROCEDURES AND SETTLEMENT

Investors may elect to hold interests in the Book-Entry Notes through either The Depository Trust Company (together with any successors, "**DTC**") in the United States, or Euroclear Bank SA/NV, as operator of the Euroclear System ("**Euroclear**") or Clearstream Banking, société anonyme ("**CBL**"), if they are participants in these systems, or indirectly through organizations that are participants in these systems.

Although DTC, Euroclear and CBL have agreed to the following procedures in order to facilitate transfers of securities among participants of DTC, Euroclear and CBL, they are under no obligation to perform or continue to perform such procedures and they may discontinue the procedures at any time. Neither the Issuer nor the Fiscal and Paying Agent will have any responsibility for the performance by DTC, Euroclear or CBL or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their respective operations.

All information in this Offering Circular concerning DTC, Euroclear and CBL and DTC's book entry system has been obtained from sources that the Issuers believe to be reliable, but the Issuers take no responsibility for the accuracy thereof.

Depository Trust Company

Unless otherwise specified in the applicable Pricing Supplement, Book-Entry Notes representing the Notes will be deposited with a custodian for and registered in the name of a nominee of DTC.

The Issuers have established a depository arrangement with DTC with respect to the Book-Entry Notes, the terms of which are summarized below. Any additional or differing terms of the depository arrangement with respect to the Book-Entry Notes will be described in the applicable Pricing Supplement.

Upon issuance, all Book-Entry Notes of a Series will be represented by one or more Global Notes. Each Global Note representing Book-Entry Notes will be deposited with, or on behalf of, DTC and will be registered in the name of DTC or a nominee of DTC. No Global Note may be transferred except as a whole by a nominee of DTC to DTC or to another nominee of DTC, or by DTC or such nominee to a successor of DTC or a nominee of such successor.

So long as DTC or its nominee is the registered owner of a Global Note, DTC or its nominee, as the case may be, will be the sole Noteholder of the Book-Entry Notes represented thereby for all purposes under the Fiscal and Paying Agency Agreement. Except as otherwise provided below, the beneficial owners of the Global Note or securities representing Book-Entry Notes will not be entitled to receive physical delivery of Definitive Notes and will not be considered the Noteholders thereof for any purpose under the Fiscal and Paying Agency Agreement, and no Global Note representing Book-Entry Notes shall be exchangeable or transferable. Accordingly, each person owning a beneficial interest in a Global Note must rely on the procedures of DTC and, if such person is not a participant, on the procedures of the participant (including Euroclear and CBL) through which such person owns its interest in order to exercise any rights of a Noteholder under such Global Note or the Fiscal and Paying Agency Agreement. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a Global Note representing Book-Entry Notes.

DTC will act as securities depository for the Book-Entry Notes. The Book-Entry Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Global Note will be issued for each issue of Book-Entry Notes, in the aggregate principal amount of each such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds the maximum amount established for a Global Note pursuant to the procedures of DTC, one or more additional Global Notes will be issued with respect to any remaining principal amount of such issue.

DTC is a limited-purpose trust company organized under the New York Banking Act, a "banking organization" within the meaning of the New York Banking Act, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants ("**Participants**") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants of DTC ("**Direct Participants**") include securities brokers and dealers (including the Dealers), banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the Financial Industry Regulatory Authority, Inc. Access to DTC's system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Book-Entry Notes under DTC's system must be made by or through Direct Participants, which will receive a credit for such Book-Entry Notes on DTC's records. The ownership interest of each actual purchaser of each Book-Entry Note represented by a Global Note ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participants or Indirect Participants through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in a Global Note representing Book-Entry Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners of a Global Note representing Book-Entry Notes will not receive Definitive Notes representing their ownership interests therein, except in the event that use of the book-entry system for such Book-Entry Notes is discontinued.

To facilitate subsequent transfers, all Global Notes representing Book-Entry Notes, which are deposited with, or on behalf of, DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of Global Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Global Notes representing the Book-Entry Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Book-Entry Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Global Notes representing the Book-Entry Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the relevant Issuer as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Book-Entry Notes are credited on the applicable record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and/or interest payments, if any, on the Global Notes representing the Book-Entry Notes will be made in immediately available funds to DTC. DTC's practice is to credit Direct Participants' accounts on the applicable payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on such date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers registered in "street name", and will be the responsibility of such Participant and not of DTC, the Paying Agent or the relevant Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and/or interest, if any, to DTC is the responsibility of the relevant Issuer and the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

If applicable, redemption notices will be sent to Cede & Co. If less than all of the Book-Entry Notes of like tenor and terms are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

A Beneficial Owner must give notice of any option to elect to have its Book-Entry Notes repaid by the relevant Issuer, through its Participant, to the Paying Agent, and must effect delivery of such Book-Entry Notes by causing the Direct Participant to transfer the Participant's interest in the Global Note or Notes representing such Book-Entry Notes, on DTC's records, to the Paying Agent. Any requirement for physical delivery of Book-Entry Notes in connection with a demand for repayment will be deemed satisfied when the ownership rights in the Global Note or Notes representing such Book-Entry Notes are transferred by Direct Participants on DTC's records.

DTC may discontinue providing its services as securities depositary with respect to the Book-Entry Notes at any time by giving reasonable notice to the relevant Issuer or the Paying Agent. Under such circumstances, in the event that a successor securities depositary is not obtained, Definitive Notes are required to be printed and delivered.

Euroclear

Euroclear advises that it was created in 1968 to hold securities for participants of Euroclear ("**Euroclear Participants**") and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank SA/NV, as operator of the Euroclear System (the "**Euroclear Operator**"), under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation (the "**Cooperative**").

The Euroclear Operator conducts all operations, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the Dealers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the "**Euroclear Terms and Conditions**"). The Euroclear Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Euroclear Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants.

Clearstream

CBL advises that it is incorporated under the laws of Luxembourg as a professional depositary. CBL holds securities for its participating organizations ("**CBL Participants**") and facilitates the clearance and settlement of securities transactions between CBL Participants through electronic book-entry changes in accounts of CBL Participants, thereby eliminating the need for physical movement of certificates. CBL provides to CBL Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. CBL interfaces with domestic markets in several countries. As a professional depositary, CBL is subject to regulation by the Luxembourg Monetary Institute. CBL Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to CBL is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a CBL Participant either directly or indirectly.

Secondary Market Trading

Secondary market trading between Direct Participants will occur in the ordinary way in accordance with DTC's rules. Secondary market trading between CBL Participants and Euroclear Participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of CBL and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through CBL Participants or Euroclear Participants, on the other, will be effected within DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by the relevant European depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to the relevant European depositary to take action to effect final settlement on its behalf by delivering or receiving Book-Entry Notes in DTC, and making or receiving payment in accordance with normal procedures. CBL Participants and Euroclear Participants may not deliver instructions directly to the European depositaries.

Because of time-zone differences, credits of Book-Entry Notes received in CBL or Euroclear as a result of a transaction with a Direct Participant will be made during subsequent securities settlement processing and dated the business day following DTC settlement date. Such credits, or any transactions in the Book-Entry Notes settled during such processing, will be reported to the relevant Euroclear Participants or CBL Participants on that business day. Cash received in CBL or

Euroclear as a result of sales of Book-Entry Notes by or through a CBL Participant or a Euroclear Participant to a Direct Participant will be received with value on the business day of settlement in DTC but will be available in the relevant CBL or Euroclear cash account only as of the business day following settlement in DTC.

Exchange of Global Notes for Definitive Notes under Limited Circumstances

A beneficial owner of Book-Entry Notes represented by a Global Note may only exchange the Notes for (paper) Definitive Notes if:

- in case of Senior Notes, a payment default has occurred and has not been remedied within 30 days after the relevant due date; or

- DTC has notified the relevant Issuer that it is unwilling or unable to continue as depositary for the Global Note and no alternative clearing system is available; or

- DTC has ceased to be a clearing agency registered under the Exchange Act, and no alternative clearing system is available; or

- the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive rather than global form.

TAXATION

The following discussion summarizes certain U.S. federal income and German tax considerations (and certain EU related tax consequences) that may be relevant to you if you invest in the Notes. This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your tax advisors about the specific tax consequences of acquiring, holding and disposing of the Notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.

United States Federal Income Taxation

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, NOTEHOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL INCOME TAX ISSUES IN THIS OFFERING CIRCULAR IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY NOTEHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON NOTEHOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUERS IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUERS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) NOTEHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain U.S. federal income tax considerations that may be relevant to a Noteholder. For purposes of this summary, a "**U.S. holder**" means a citizen or resident of the United States or a domestic corporation or a holder that is otherwise subject to U.S. federal income taxation on a net income basis in respect of the Note. A "**non-U.S. holder**" means a holder that is not a U.S. holder, and the term "**United States**" means the United States of America, including the fifty states and the District of Columbia, but excluding its territories and possessions. This summary is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change, possibly with retroactive effect. This summary deals only with holders that will hold Notes as capital assets, it may not address all of the U.S. federal income tax considerations that may be relevant to a beneficial owner of Notes, and it does not address tax considerations applicable to investors that may be subject to special tax rules, such as banks, tax-exempt entities, insurance companies, dealers in securities or currencies, entities taxed as partnerships and partners therin, traders in securities electing to mark to market, persons that will hold Notes as a position in a "straddle" or conversion transaction, or as part of a "synthetic security" or other integrated financial transaction, or investors that have a "functional currency" other than the U.S. dollar. Any special U.S. federal income tax considerations relevant to a particular issue of Notes, including any indexed Notes, Notes providing for contingent payments, or Notes that will be treated other than as indebtedness for U.S. federal income tax purposes, will be provided in the applicable Pricing Supplement.

Prospective investors should consult their own tax advisors to determine the tax consequences to them of acquiring, owning and disposing of Notes, including the application to their particular situation of the U.S. federal income tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

U.S. Holders

Payments of Interest

Payments of "qualified stated interest" (as defined below under "*—Original Issue Discount*") on a Note will be taxable to a U.S. holder as ordinary interest income at the time that such payments are accrued or are received (in accordance with the U.S. holder's method of tax accounting).

Payments of interest on the Notes will be treated as U.S. source income with respect to Notes issued by the Branch. Payments of interest on the Notes will be treated as foreign source income with respect to Notes issued by the Bank, and will generally be treated as passive category income for the purposes of calculating the U.S. holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The rules relating to foreign tax credits and the timing thereof are complex. You should consult your own tax advisors regarding the availability of a foreign tax credit under your particular circumstances.

Purchase, Sale and Retirement of Notes

A U.S. holder's tax basis in a Note generally will equal the cost of such Note to such U.S. holder, increased by any amounts includible in income by the U.S. holder as original issue discount ("**OID**") and market discount and reduced by any amortized premium (as described below) and any payments other than payments of qualified stated interest made on such Note. The amount of any subsequent adjustments to a U.S. holder's tax basis in a Note in respect of original issue discount, market discount and premium will be determined in the manner described under "*—Original Issue Discount*" and "*—Premium and Market Discount*" below.

Upon the sale, exchange or retirement of a Note, a U.S. holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued qualified stated interest, which will be taxable as such) and the U.S. holder's tax basis in such Note.

Except as discussed below with respect to Notes (as defined below), gain or loss recognized by a U.S. holder generally will be long-term capital gain or loss if the U.S. holder has held the Note for more than one year at the time of sale or other taxable disposition. Long-term capital gains recognized by an individual U.S. holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. Capital gain or loss, if any, recognized by a U.S. holder generally will be treated as U.S. source income or loss for U.S. foreign tax credit limitation purposes. The ability of U.S. holders to offset capital losses against income is limited.

Original Issue Discount

Notes with a term greater than one year may be issued with OID for U.S. federal income tax purposes. If an Issuer issues Notes at a discount from their stated redemption price at maturity, and such discount is equal to or more than the product of one-fourth of one percent (0.25%) of the stated redemption price at maturity of the Notes and the number of full years to their maturity, the Notes will be "**OID Notes**". The difference between the issue price and the stated redemption price at maturity of the Notes will be the "OID". The "issue price" of the Notes will be the first price at which a substantial amount of the Notes are sold to the public (i.e., excluding sales of Notes to underwriters, placement agents, wholesalers, or similar persons). The "stated redemption price at maturity" will include all payments under the Notes other than payments of qualified stated interest (as defined below).

U.S. holders of OID Notes generally will be subject to the special tax accounting rules for obligations issued with OID provided by the Internal Revenue Code of 1986, as amended (the "**Code**") and certain regulations promulgated thereunder (the "**OID Regulations**"). U.S. holders of such Notes should be aware that, as described in greater detail below, they generally must include OID in ordinary gross income for U.S. federal income tax purposes as it accrues, in advance of the receipt of cash attributable to that income.

In general, each U.S. holder of an OID Note, whether such U.S. holder uses the cash or the accrual method of tax accounting, will be required to include in ordinary gross income the sum of the "daily portions" of OID on the Note for all days during the taxable year that the U.S. holder owns the Note. The daily portions of OID on an OID Note are determined by allocating to each day in any accrual period a ratable portion of the OID allocable to that accrual period. Accrual periods may be any length and may vary in length over the term of an OID Note, provided that no accrual period is longer than one year and each scheduled payment of principal or interest occurs on either the final day or the first day of an accrual period. In the case of an initial U.S. holder, the amount of OID on an OID Note allocable to each accrual period is determined by (a) multiplying the "adjusted issue price" (as defined below) of the OID Note at the beginning of the accrual period by the "yield to maturity" of such Note (appropriately adjusted to reflect the length of the accrual period) and (b) subtracting from that product the amount (if any) of qualified stated interest (as defined below) allocable to that accrual period. The "yield to maturity" of a Note is the discount rate that causes the present value of all payments on the Note as of its original issue date to equal the issue price of such Note. The "adjusted issue price" of an OID Note at the beginning of any accrual period will generally be the sum of its issue price (generally including accrued interest, if any) and the amount of OID allocable to all prior accrual periods, reduced by the amount of all payments other than payments of qualified stated interest (if any) made with respect to such Note in all prior accrual periods. The term "qualified stated interest" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually during the entire term of an OID Note at a single fixed rate of interest or, subject to certain conditions, based on one or more interest indices. As a result of this "constant yield" method of including OID in income, the amounts includible in income by a U.S. holder in respect of an OID Note denominated in U.S. dollars generally are lesser in the early years and greater in the later years than the amounts that would be includible on a straight-line basis.

A U.S. holder generally may make an election, which may not be revoked without the consent of the U.S. Internal Revenue Service ("IRS"), to include in its income its entire return on a Note (*i.e.*, the excess of all remaining payments to be received on the Note, including payments of qualified stated interest, over the amount paid by such U.S. holder for such Note) under the constant-yield method described above. For Notes purchased at a premium or bearing market discount in the hands of the U.S. holder, the U.S. holder making such election will also be deemed to have made the election (discussed below in "*—Premium and Market Discount*") to amortize premium on a constant-yield basis.

All payments on an OID Note (other than payments of qualified stated interest) will generally be viewed first as payments of previously accrued OID (to the extent thereof, with payments attributed first to the earliest-accrued OID), and then as payments of principal. An initial U.S. holder that purchases an OID Note at a price other than the Note's issue price, also generally will be required to include in gross income the daily portions of OID, calculated as described above. However, if the U.S. holder acquires the OID Note at a price greater than its adjusted issue price, such U.S. holder is required to reduce its periodic inclusions of OID income to reflect the premium paid over the adjusted issue price.

Floating-Rate Notes generally will be treated as "variable rate debt instruments" under the OID Regulations. Accordingly, the stated interest on a Floating-Rate Note generally will be treated as "qualified stated interest", and such a Note will not have OID solely as a result of the fact that it provides for interest at a variable rate. However, if a Floating-Rate Note is an OID Note, both the "yield to maturity" and "qualified stated interest" will generally be determined for these purposes as though the OID Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to the interest payments on the Note on its date of issue or, in the case of certain Floating-Rate Notes, the rate that reflects the yield that is reasonably expected for the Note. (Additional rules may apply if interest on a Floating-Rate Note is based on more than one interest index.) If a Floating-Rate Note does not qualify as a "variable rate debt instrument", the Note may be subject to special rules (the "**Contingent Payment Regulations**") that govern the tax treatment of debt obligations that provide for contingent payments ("**Contingent Debt Obligations**"). A detailed description of the tax considerations relevant to U.S. holders of any such Notes will be provided in the applicable Pricing Supplement.

If the Notes are subject to special redemption, repayment or step up or step down interest rate features, as indicated in the applicable Pricing Supplement, such Notes (particularly OID Notes) may be subject to special rules that differ from the general rules discussed above. Purchasers of Notes with such features should carefully examine the applicable Pricing Supplement and should consult their own tax advisors with respect to such Notes since the tax consequences with respect to such features, and especially with respect to OID, will depend, in part, on the particular terms of the purchased Notes.

OID accrued with respect to an OID Note will be treated as U.S. source income with respect to OID Notes issued by the Branch. OID accrued with respect to an OID Note will be treated as foreign source income with respect to OID Notes issued by the Bank, and should generally be treated as passive category income for the purposes of calculating the U.S. holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The rules relating to foreign tax credits and the timing thereof are complex. You should consult your own tax advisors regarding the availability of a foreign tax credit under your particular situation.

Premium and Market Discount

A U.S. holder of a Note that purchases the Note at a cost greater than its remaining redemption amount will be considered to have purchased the Note at a premium, and may elect to amortize such premium (as an offset to interest income), using a constant-yield method, over the remaining term of the Note. The "remaining redemption amount" for a Note is the total of all future payments to be made on the Note other than payments of qualified stated interest. This election, once made, generally applies to all bonds held or subsequently acquired by the U.S. holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A U.S. holder that elects to amortize such premium must reduce its tax basis in a Note by the amount of the premium amortized during its holding period. OID Notes purchased at a premium will not be subject to the OID rules described above. With respect to a U.S. holder that does not elect to amortize bond premium, the amount of bond premium will be included in the U.S. holder's tax basis when the Note matures or is disposed of by the U.S. holder. Therefore, a U.S. holder that does not elect to amortize such premium and that holds the Note to maturity generally will be required to treat the premium as capital loss when the Note matures. The deduction of capital losses is subject to limitations.

If a U.S. holder of a Note purchases the Note at a price that is lower than its remaining redemption amount, or in the case of an OID Note, its adjusted issue price, by at least 0.25% of its remaining redemption amount multiplied by the number of remaining whole years to maturity, the Note will be considered to have "market discount" in the hands of the U.S. holder. In such case, gain realized by the U.S. holder on the disposition of the Note generally will be treated as ordinary income to the extent of the market discount that accrued on the Note while held by the U.S. holder. In addition, the U.S. holder could be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or maintained to purchase or carry the Note. In general terms, market discount on a Note will be treated as accruing ratably over the term of such Note, or, at the election of the holder, under a constant-yield method.

A U.S. holder may elect to include market discount in income on a current basis as it accrues (on either a ratable or constant-yield basis), in lieu of treating a portion of any gain realized on a sale of a Note as ordinary income. If a U.S. holder elects to include market discount on a current basis, the interest deduction deferral rule described above will not apply. Any such election, if made, applies to all market discount bonds acquired by the taxpayer on or after the first day of the first taxable year to which such election applies and is revocable only with the consent of the IRS.

Legislation has been proposed that would require a U.S. holder to accrue market discount on a Note if the holder acquired the Note after December 31, 2013. Under the proposed legislation, a U.S. holder would be required to include in gross income the sum of the "daily portions" of market discount, subject to a maximum inclusion amount, for all days during the taxable year that the U.S. holder owns such Note, in a manner similar to the inclusion of OID described above. No assurance can be given as to whether the proposed legislation will be enacted, or if so in what form. Prospective investors should consult their own tax advisors concerning the potential application of these rules to their investment in Notes.

Short-Term Notes

The rules set forth above will also generally apply to Notes having maturities of not more than one year ("**Short-Term Notes**"), but with certain modifications.

First, the OID Regulations treat *none* of the interest on a Short-Term Note as qualified stated interest. Thus, all Short-Term Notes will be OID Notes. OID will be treated as accruing on a Short-Term Note ratably or, at the election of a U.S. holder, under a constant yield method.

Second, a U.S. holder of a Short-Term Note that uses the cash method of tax accounting, will generally not be required to include OID in income on a current basis. Such a U.S. holder may not be allowed to deduct all of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry such Note until the maturity of the Note or its earlier disposition in a taxable transaction. In addition, the U.S. holder will be required to treat any gain realized on a sale, exchange or retirement of the Note as ordinary income to the extent such gain does not exceed the OID accrued with respect to the Note during the period the U.S. holder held the Note. Notwithstanding the foregoing, a cash-basis U.S. holder of a Short-Term Note may elect to accrue OID into income on a current basis or to accrue the "acquisition discount" on the Notes under the rules described below. If the U.S. holder elects to accrue OID or acquisition discount, the limitation on the deductibility of interest described above will not apply. A U.S. holder using the accrual method of tax accounting and certain cash-basis U.S. holders generally will be required to include OID on a Short-Term Note in income on a current basis.

Third, any U.S. holder (whether cash or accrual basis) of a Short-Term Note can elect to accrue the "acquisition discount", if any, with respect to the Note on a current basis. If such an election is made, the OID rules will not apply to the Note. Acquisition discount is the excess of the remaining redemption amount of the Note at the time of acquisition over the purchase price. Acquisition discount will be treated as accruing ratably or, at the election of the U.S. holder, under a constant-yield method based on daily compounding. Under proposed legislation, U.S. holders described in this paragraph would be required to accrue acquisition discount on Short-Term Notes acquired after December 31, 2013, rather than OID. No assurance can be given as to whether the proposed legislation will be enacted, or if so in what form. Prospective investors should consult their own tax advisors concerning the potential application of this proposed legislation to their investment in such Notes.

Finally, the market discount rules will not apply to a Short-Term Note. If the proposed legislation described in the prior paragraph is enacted, however, U.S. holders subject to those rules will be required to accrue acquisition discount.

Information Reporting and Backup Withholding

Information returns will be required to be filed with the IRS with respect to payments made to certain U.S. holders of Notes. In addition, certain U.S. holders may be subject to backup withholding tax in respect of such payments if they do not provide their taxpayer identification numbers to the relevant payor. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS in the manner required. Certain U.S. holders are not subject to information reporting or backup withholding. U.S. holders should consult their tax advisors as to their qualification for exemption from information reporting and/or backup withholding.

Information with Respect to Foreign Financial Assets

Individual U.S. holders that own "specified foreign financial assets" with an aggregate value in excess of $50,000 are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations have been proposed that would extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial accounts based on certain objective criteria. U.S. holders who fail to report the required information could be subject to substantial penalties. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in the Notes, including the application of the rules to their particular circumstances.

FATCA

In order to avoid adverse U.S. federal tax consequences under the U.S. Foreign Account Tax Compliance rules ("**FATCA**"), "foreign financial institutions" (including any foreign financial institution through which the Notes are held) will be under a requirement, phased in during specified transition periods, to collect information on certain financial accounts held by U.S. persons and submit such information to the IRS (or to the competent German tax authority if, as expected, the intergovernmental agreement between Germany and the United States enters into force). It is likely that the Issuers will qualify as a "foreign financial institution" under these rules. By purchasing the Notes, U.S. holders agree to provide an IRS form W-9, and whatever other information may be necessary for us to comply with these reporting obligations. If an amount of, or in respect of, U.S. withholding tax under FATCA were to be deducted or withheld from payments on the Notes, neither the Issuers nor any paying agent nor any other person would, pursuant to the Terms and Conditions of the Notes, be required to pay Additional Amounts with respect to any Notes as a result of the deduction or withholding of such tax. Prospective investors should consult their own tax advisors concerning the possible implications of FATCA for their investment.

Non-U.S. Holders

Payments of Interest

Payments of interest made to non-U.S. holders on the Notes issued by the Branch will generally not be subject to withholding of U.S. federal income tax provided that (1) such holder does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Bank entitled to vote and is not a controlled foreign corporation related to the Bank through stock ownership, and (2) the beneficial owner provides a statement signed under penalties of perjury that includes its name and address and certifies that it is a non-U.S. holder in compliance with applicable requirements.

Purchase, Sale and Retirement of Notes

Gain or loss realized by a non-U.S. holder on the sale or other taxable disposition of a Note will generally not be subject to U.S. federal income tax, unless the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

Information Reporting and Backup Withholding

Information returns may be required to be filed and backup withholding may apply with respect to payments on the Notes. Non-U.S. holders may be required to comply with applicable certification procedures to establish that they are not U.S. holders in order to avoid the application of such information reporting requirements and backup withholding.

FATCA

The Issuers or any foreign financial institution through which the Notes are held may be required pursuant to FATCA to withhold U.S. tax on all or a portion of payments on certain types of debt issued by the Issuers, including Notes that are not grandfathered (as described below), to an investor who does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account", or to an investor that is a non-U.S. financial institution that is not in compliance with FATCA, as well as under certain other circumstances. Generally, payments on debt instruments issued by a U.S. issuer, including Notes issued by the Branch, before (and not materially modified on or after) July 1, 2014 are grandfathered and thus not subject to withholding under FATCA. In case of debt instruments issued by a non-U.S.issuer the grandfathering generally applies to debt instruments issued before (and not materially modified on or after) the later of July 1, 2014 or six months after final guidance relating to "foreign passthru payments" is issued. If an amount of, or in respect of, U.S. withholding tax under FATCA were to be deducted or withheld from payments on the Notes, neither the Issuers nor any paying agent nor any other person would, pursuant to the Terms and Conditions of the Notes, be required to pay Additional Amounts with respect to any Notes as a result of the deduction or withholding of such tax. Prospective investors should consult their own tax advisors concerning the possible implications of FATCA for their investment.

Taxation in the Federal Republic of Germany

The following is a general discussion of certain German tax consequences of the acquisition, ownership and disposition of the Notes for Noteholders who are not resident in Germany for income tax purposes and who do not hold Notes as business assets of a permanent establishment or fixed base in Germany. This discussion does not purport to be a comprehensive description of all tax consequences that may be relevant to an investor's decision to invest in the Notes. In particular, this discussion does not consider any specific tax consequences that may apply due to facts or circumstances of a particular investor. The discussion is based on the laws of Germany as currently in force and applied on the date of this offering memorandum. Such laws are subject to changes, possibly with retroactive effect. The discussion is not intended to be, nor should it be construed to be, legal or tax advice.

Prospective investors in the Notes are urged to consult their own tax advisors as to the tax consequences of the acquisition, ownership or disposition of the Notes, including the effect of any state or local taxes, under the tax laws of Germany and any other relevant jurisdiction.

Income Tax

Income derived from the Notes by persons who are not tax residents of Germany (*e.g.*, persons whose residence, habitual abode, statutory seat or place of management is not located in Germany, a "**Non-German Holder**") is in general exempt from German personal income tax or corporate income tax, and no withholding tax must be withheld (even if the Notes are kept in a German securities deposit account with or are administered by a German bank or a German financial services institution, a German securities trading enterprise or a German securities trading bank (including German branches of foreign institutions but excluding foreign branches of German institutions), a "**German Disbursing Agent**"), provided (i) the Notes are not held as business assets (*Betriebsvermögen*) of a German permanent establishment of the Non-German Holder or a fixed base or as a business asset for which a permanent representative has been appointed in Germany, (ii) the Notes are not presented for payment at the offices of a German Disbursing Agent in an over-the-counter-transaction, (iii) the income derived from the Notes does not otherwise constitute German source income (such as income from certain profit-linked or profit-participating instruments or as income from the letting and leasing of certain German situs property) and (iv) in the event that the Notes are kept with or administered by a German Disbursing Agent, the Noteholder complies with the applicable procedural rules under German law and provides evidence of the fact that the Noteholder is not subject to taxation in Germany.

Inheritance and Gift Tax, Other Taxes

No inheritance or gift tax with respect to any Notes will arise under the laws of Germany, if, in the case of inheritance tax, both the decedent and the beneficiary, and, in the case of gift tax, both the donor and the donee, are not tax residents of Germany and are not deemed to be tax residents of Germany at the time of the transfer, and such Notes are not attributable to a permanent establishment or fixed place of business in Germany, or to a business property for which a permanent representative has been appointed in Germany. In the case of a decedent, donor or transferee who is a German national, this only applies if such person has been a non-resident of Germany for more than five consecutive years.

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Under certain circumstances, an entrepreneur may opt to have value-added tax levied on a transaction involving the disposition of the Notes, when such transaction is executed for the enterprise of another entrepreneur. Currently, net asset tax (*Vermögensteuer*) is not levied in Germany. On February 14, 2013, the European Commission proposed a draft directive for the implementation of a financial transaction tax that, if implemented, could also apply to the transfer of Notes by non-German residents.

Certain EU Related Tax Consequences

Under Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, that other Member State. However, for a transitional period, Austria and Luxembourg will (unless during such period they elect otherwise) instead operate a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income. The Luxembourg government has announced that Luxembourg will elect out of the withholding system in favor of automatic exchange of information with effect from January 1, 2015.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted or agreed to adopt measures similar to the EU Savings Directive.

A proposal for amendments to the EU Savings Directive has been published, including a number of suggested changes which, if implemented, would broaden the scope of the rules described above. Investors who are in any doubt as to their position should consult their professional advisers.

ERISA MATTERS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes certain restrictions on employee benefit plans ("**ERISA Plans**") that are subject to Title I of ERISA and on persons who are fiduciaries with respect to these ERISA Plans. In accordance with ERISA's general fiduciary requirements, a fiduciary with respect to an ERISA Plan who is considering the purchase of the Notes on behalf of the ERISA Plan should determine whether the purchase is permitted under the governing ERISA Plan documents and is prudent and appropriate for the ERISA Plan in view of its overall investment policy and the composition and diversification of its portfolio.

Other provisions of ERISA and section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which to which section 4975 of the Code applies, such as individual retirement accounts ("**IRAs**") (together with any entities whose underlying assets include the assets of any such plans and with ERISA Plans, "**Plans**") and persons who have certain specified relationships to the Plan ("parties in interest" within the meaning of section 406 of ERISA or "disqualified persons" within the meaning of section 4975 of the Code). A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and/or the Code. A fiduciary of a Plan (including the owner of an IRA) that engages in a prohibited transaction may also be subject to penalties and liabilities under ERISA and/or the Code. Thus, a Plan fiduciary considering the purchase of the Notes should consider whether such a purchase might constitute or result in a prohibited transaction under ERISA or section 4975 of the Code.

Each Issuer, directly or through its affiliates, may be considered a "party in interest" or a "disqualified person" with respect to many Plans. The purchase of the Notes by a Plan with respect to which an Issuer is a party in interest or a disqualified person may constitute or result in a prohibited transaction under ERISA or section 4975 of the Code, unless the Notes are acquired pursuant to and in accordance with an applicable exemption, such as Prohibited Transaction Class Exemption ("**PTCE**") 84-14 (an exemption for certain transactions determined by an independent qualified professional asset manager), PTCE 91-38 (an exemption for certain transactions involving bank collective investment funds), PTCE 90-1 (an exemption for certain transactions involving insurance company pooled separate accounts), PTCE 95-60 (an exemption for certain transactions involving insurance company general accounts), PTCE 96-23 (an exemption for certain transactions determined by an in-house asset manager) or section 408(b)(17) of ERISA and section 4975(d)(20) of the Code (together, an exemption for transactions with certain non-fiduciary service providers). There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving the Notes. Any Plan fiduciary (including the owner of an IRA) considering the purchase of the Notes should consider carefully the possibility of prohibited transactions and the availability of exemptions.

Governmental, church and non-U.S. plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of section 4975 of the Code, may nevertheless be subject to local, state, federal or non-U.S. laws that are substantially similar to the foregoing provisions of ERISA and the Code.

ANY PLAN OR OTHER RETIREMENT ACCOUNT, INCLUDING ANY SUCH GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, PROPOSING TO ACQUIRE ANY NOTES SHOULD CONSULT WITH ITS COUNSEL.

By its purchase of a Note, the purchaser or transferee thereof (and the person, if any, directing the acquisition of the Note by the purchaser or transferee) will be deemed to represent, on each day from the date on which the purchaser or transferee acquires the Note through and including the date on which the purchaser or transferee disposes of its interest in such Note, either that (a) such purchaser or transferee is not a Plan, an entity whose underlying assets include the assets of any Plan, or a governmental, church or non-U.S. plan which is subject to any non-U.S., federal, state or local law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Code or (b) the purchase, holding and disposition of such Note will not result in a prohibited transaction under section 406 of ERISA or section 4975 of the Code (or in the case of a governmental, church or non-U.S. plan, any substantially similar non-U.S., federal, state or local law) unless an exemption is available with respect to such transactions and all the conditions of such exemption have been satisfied.

The above discussion may be modified or supplemented with respect to a particular offering of Notes, including the addition of further ERISA restrictions on purchase and transfer, as specified in the applicable Pricing Supplement. Please consult the applicable Pricing Supplement for such additional information.

PLAN OF DISTRIBUTION

The Notes are being offered from time to time by the Issuers through CMLLC or one or more affiliates thereof (the "**Lead Dealer**"), Barclays Capital Inc., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC and UBS Securities LLC (each, a "**Dealer**" and, collectively with the Lead Dealer and any other dealers for the Notes appointed by the Issuers from time to time, the "**Dealers**"). The Notes may also be sold to each Dealer at a discount, as principal, for resale to investors or other purchasers at varying prices related to prevailing market prices at the time of resale, to be determined by such Dealer or, if so agreed, at a fixed offering price. Each Issuer will have the sole right to accept offers to purchase Notes and may reject any proposed purchase of Notes in whole or in part. Each Dealer will have the right, in its discretion reasonably exercised, to reject any proposed purchase of Notes through it in whole or in part. The Issuers have reserved the right to sell Notes through one or more other dealers in addition to the Dealers and directly to investors on its own behalf in those jurisdictions where it is authorized to do so. No commission will be payable by the Issuers to any of the Dealers on account of sales of Notes made through such other dealers or directly by such Issuer.

In addition, the Dealers may offer the Notes they have purchased as principal to other dealers. The Dealers may sell Notes to any dealer at a discount and, unless otherwise specified in the applicable Pricing Supplement, such discount allowed to any dealer will not be in excess of the discount to be received by such Dealer from the relevant Issuer. Unless otherwise indicated in the applicable Pricing Supplement, any Note sold to a Dealer as principal will be purchased by such Dealer at a price equal to 100% of the principal amount thereof less a percentage equal to the commission applicable to any agency sale of a Note of identical maturity, and may be resold by the Dealer to investors and other purchasers as described above. After the initial offering of Notes to be resold to investors and other purchasers, the offering price (in the case of Notes to be resold at a fixed offering price), the concession and discount may be changed.

The Issuer of a Series of Notes has agreed to indemnify each Dealer of such Series against, or to make contributions relating to, certain civil liabilities, including liabilities under the Securities Act.

In connection with an offering of Notes purchased by one or more Dealers as principal on a fixed offering price basis, certain persons participating in the offering (including such Dealers) may engage in stabilizing and syndicate covering transactions. If required under applicable law, such transactions will be conducted in accordance with Rule 104 under the Exchange Act. Rule 104 permits stabilizing bids to purchase the relevant security so long as bids do not exceed a specified maximum. Syndicate covering transactions involve purchases of Notes in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing and syndicate covering transactions may cause the price of the Notes to be higher than they would otherwise be in the absence of such transactions. These transactions, if commenced, may be discontinued at any time.

In connection with an offering of any Series of Notes, the Dealers named as the Stabilizing Manager (or persons acting on behalf of any such Stabilizing Manager) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Managers (or persons acting on behalf of a Stabilizing Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Series of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series of Notes and 60 days after the date of the allotment of the relevant Series of Notes. Any stabilization action or overallotment must be conducted by the relevant Stabilizing Manager (or persons acting on behalf of any such Stabilizing Manager) in accordance with all applicable laws and regulations.

The Dealers also may impose a penalty bid. This occurs when a particular Dealer repays to the Dealers a portion of the underwriting discount received by it because such Dealer or its affiliates have repurchased notes sold by or for the account of such Dealer in stabilizing or short covering transactions.

The Issuers have been advised by the Lead Dealer that it may make a market in the Notes; however, the Lead Dealer is not obligated to do so and the Issuers cannot provide any assurance that a secondary market for the Notes will develop. After a distribution of a Series of Notes is completed, because of certain regulatory restrictions arising from its affiliation with the Issuers, CMLLC may not be able to make a market in such Series of Notes or, except on a limited, unsolicited basis, effect any transactions for the account of any customer in such Series of Notes. Other broker-dealers unaffiliated with the Issuers will not be subject to such prohibitions.

This offering circular and any Pricing Supplement hereto may be used by affiliates of the Issuers in connection with offers and sales related to secondary market transactions in the Notes. Such affiliates may act as principal or agent in such transactions. Such sales will be made at prices related to prevailing prices at the time of a sale.

The Dealers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the Dealers and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer or its affiliates. If any of the Dealers or their affiliates has a lending relationship with the issuer or its affiliates, certain of those Dealers or their affiliates routinely hedge, and certain other of those Dealers or their affiliates may hedge, their credit exposure to the issuer or its affiliates consistent with their customary risk management policies. Typically, these Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the issuer's securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Conflicts of Interest

CMLLC, the Lead Dealer for the Notes offered hereby, is a wholly owned subsidiary of the Bank and an affiliate of the Issuers. As a result of this conflict of interest, the offerings of securities will be conducted in accordance with the applicable provisions of Rule 5121 of the Conduct Rules of the Financial Industry Regulatory Authority, Inc. ("**FINRA**"), which imposes certain requirements when a member of FINRA, such as CMLLC, distributes an affiliated company's securities. If CMLLC participates in the distribution of the Notes, the offering will be conducted in accordance with the applicable provisions of Rule 5121 of FINRA. CMLLC will not confirm initial sales to accounts over which they exercise discretionary authority without the prior written approval of the customer.

United States of America

Each Dealer may be deemed to be an "underwriter" within the meaning of the Securities Act, and any discounts and commissions received by it and any profit realized by it on resale of the Notes may be deemed to be underwriting discounts and commissions.

Each Dealer will offer or sell the 144A Notes only within the United States to persons it reasonably believes to be "qualified institutional buyers" (within the meaning of Rule 144A) in reliance on Rule 144A.

Each Dealer has agreed that, except as permitted by the Distribution Agreement and set forth in the "*Notice to Investors*", it will not offer or sell Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, and it will have sent to each dealer to which it sells such Regulation S Notes during the 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of an offering of Regulation S Notes, an offer or sale of Regulation S Notes within the United States by a dealer that is not participating in such offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

Each purchaser of 144A Notes offered hereby in making its purchase will be deemed to have represented and agreed with the relevant Issuer of the Notes as set forth under "*Notice to Investors Purchasing 144A Notes or Regulation S Notes*" herein.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this offering circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State (the "**Securities**") except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

a) if the Pricing Supplement in relation to the Securities specifies that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purposes of that Non-exempt Offer;

b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Lead Dealer nominated by the Issuer for any such offer; or

d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Securities referred to in (b) to (d) above will require any Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

This European Economic Area selling restriction is in addition to any other selling restrictions set out below.

Selling Restrictions in the United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

(1) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000, as amended from time to time, or any successor legislation, ("**FSMA**") by the Issuers;

(2) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuers; and

(3) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Selling Restrictions in Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the "**FIEL**") and, accordingly, no Notes may be offered or sold, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan. As used in this paragraph, "resident of Japan" means a natural person having his place of domicile or residence in Japan, or a juridical person having its main office in Japan as defined in Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade law of Japan (Law No. 228 of 1949).

Selling Restrictions in Hong Kong

The Notes may not be offered or sold in Hong Kong, by means of any document, other than to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "**SFO**") and any rules made under the SFO or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32, Laws of Hong Kong) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No person may have in its possession for the purposes of issue, or will issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of (A) only to persons outside Hong Kong or (B) only to "professional investors" within the meaning of the SFO and any rules made thereunder.

Selling Restrictions in Singapore

This offering circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289 of Singapore) (the "**Securities and Futures Act**"). Accordingly, each Dealer has severally represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase, and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, whether directly or indirectly, and has not circulated or distributed, nor will it circulate or distribute, this offering circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, (ii) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

> (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
>
> (b) a trust (where the trustee of which is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the Securities and Futures Act except:

(1) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person defined in Section 275(2) of the Securities and Futures Act; or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the Securities and Futures Act, or (in the case of such trust), where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the Securities and Futures Act;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law; or

(4) pursuant to Section 276(7) of the Securities and Futures Act.

General

Each Dealer has acknowledged that no representation is made by any of the Issuers or any Dealer that any action has been or will be taken in any jurisdiction by any Issuer or any Dealer that would permit a public offering of the Notes, or possession or distribution of the offering circular or any other offering material, in any country or jurisdiction where action for that purpose is required. Each Dealer will (to the best of its knowledge after due and careful enquiry) comply with all applicable securities laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the offering circular or any other offering material, in all cases at its own expense.

VALIDITY OF THE NOTES

If so specified in the applicable Pricing Supplement, the validity of the Notes will be passed upon, with respect to New York law, by Cleary Gottlieb Steen & Hamilton LLP, New York, New York, counsel for the Issuers, and by Sullivan & Cromwell LLP, New York, New York, counsel for the Dealers.

AVAILABLE INFORMATION

The Bank publishes on its website, in English, certain information as required by Rule 12g3-2(b) under the Exchange Act, and is one of the foreign private companies that claim exemption from the registration requirements of Section 12(g) of the Exchange Act. If, at any time, the Bank is neither subject to Section 13 or Section 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b), it will furnish, upon written request of any Noteholder or a prospective purchaser designated by such Noteholder, the information required to be delivered pursuant to Rule 144A(d)(4) of the Securities Act.

FINANCIAL SECTION

CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF COMMERZBANK AKTIENGESELLSCHAFT AS OF JUNE 30, 2013

Statement of comprehensive income

Income statement

€m	Notes	1.1.–30.6.2013	1.1.–30.6.2012[1]	Change in %
Interest income		7,514	8,658	– 13.2
Interest expense		4,529	5,180	– 12.6
Net interest income	(1)	2,985	3,478	– 14.2
Loan loss provisions	(2)	– 804	– 616	30.5
Net interest income after loan loss provisions		2,181	2,862	– 23.8
Commission income		1,924	1,893	1.6
Commission expense		269	260	3.5
Net commission income	(3)	1,655	1,633	1.3
Net trading income	(4)	272	274	– 0.7
Net income from hedge accounting		36	– 26	.
Net trading income and net income from hedge accounting		308	248	24.2
Net investment income	(5)	– 126	– 199	– 36.7
Current net income from companies accounted for using the equity method		19	18	5.6
Other net income	(6)	– 67	– 22	.
Operating expenses	(7)	3,423	3,522	– 2.8
Impairments of goodwill and brand names		–	–	.
Restructuring expenses	(8)	493	43	.
Net gain or loss from sale of disposal groups		–	– 86	– 100.0
Pre-tax profit or loss		**54**	**889**	**– 93.9**
Taxes on income	(9)	57	211	– 73.0
Consolidated profit or loss		**– 3**	**678**	**.**
Consolidated profit or loss attributable to non-controlling interests		48	53	– 9.4
Consolidated profit or loss attributable to Commerzbank shareholders		– 51	625	.

[1] Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 66 ff.).

Earnings per share | €	1.1.–30.6.2013	1.1.–30.6.2012[1]	Change in %
Earnings per share	– 0.07	1.01	.

[1] Prior-year figures restated due to 10-to-1 reverse stock split of Commerzbank shares.

The earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit or loss attributable to Commerzbank shareholders. No conversion or option rights were outstanding in the current year or comparable prior-year period. The figure for diluted earnings was therefore identical to the undiluted figure.

Condensed statement of comprehensive income

€m	1.1.–30.6.2013	1.1.–30.6.2012[1]	Change in %
Consolidated profit or loss	– 3	678	.
Change in actuarial gains or losses not recognised in income statement	76	– 145	.
Items not recyclable through profit or loss	**76**	**– 145**	**.**
Change in revaluation reserve			
Reclassified to income statement	44	– 14	.
Change in value not recognised in income statement	259	388	– 33.2
Change in cash flow hedge reserve			
Reclassified to income statement	95	92	3.3
Change in value not recognised in income statement	29	– 5	.
Change in currency translation reserve			
Reclassified to income statement	4	31	– 87.1
Change in value not recognised in income statement	– 222	147	.
Change in companies accounted for using the equity method	2	1	100.0
Items recyclable through profit or loss	**211**	**640**	**– 67.0**
Other comprehensive income	**287**	**495**	– 42.0
Total comprehensive income	**284**	**1,173**	**– 75.8**
Comprehensive income attributable to non-controlling interests	– 9	92	.
Comprehensive income attributable to Commerzbank shareholders	293	1,081	– 72.9

[1] Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 66 ff.).

The condensed statement of comprehensive income for the second quarter of 2013 was as follows:

2nd quarter | €m	1.4.–30.6.2013	1.4.–30.6.2012[1]	Change in %
Consolidated profit or loss	66	295	–77.6
Change in actuarial gains or losses not recognised in income statement	–74	8	.
Items not recyclable through profit or loss	**–74**	**8**	**.**
Change in revaluation reserve			
Reclassified to income statement	76	–22	.
Change in value not recognised in income statement	114	–329	.
Change in cash flow hedge reserve			
Reclassified to income statement	48	45	6.7
Change in value not recognised in income statement	24	–18	.
Change in currency translation reserve			
Reclassified to income statement	4	9	–55.6
Change in value not recognised in income statement	–164	80	.
Change in companies accounted for using the equity method	1	1	0.0
Items recyclable through profit or loss	**103**	**–234**	**.**
Other comprehensive income	**29**	**–226**	.
Total comprehensive income	**95**	**69**	**37.7**
Comprehensive income attributable to non-controlling interests	–14	12	.
Comprehensive income attributable to Commerzbank shareholders	109	57	91.2

[1] Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 66 ff.).

Other comprehensive income | €m	1.1.–30.6.2013			1.1.–30.6.2012[1]		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Change in actuarial gains or losses	110	– 34	76	– 196	51	– 145
Change in revaluation reserve	437	– 134	303	491	– 117	374
Change in cash flow hedge reserve	168	– 44	124	128	– 41	87
Change in currency translation reserve	– 218	–	– 218	178	–	178
Change in companies accounted for using the equity method	2	–	2	1	–	1
Other comprehensive income	**499**	**– 212**	**287**	**602**	**– 107**	**495**

[1] Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 66 ff.).

Other comprehensive income for the second quarter broke down as follows:

Other comprehensive income | €m	1.4.–30.6.2013			1.4.–30.6.2012[1]		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Change in actuarial gains orlosses	– 90	16	– 74	15	– 7	8
Change in revaluation reserve	284	– 94	190	– 495	144	– 351
Change in cash flow hedge reserve	95	– 23	72	47	– 20	27
Change in currency translation reserve	– 160	–	– 160	89	–	89
Change in companies accounted for using the equity method	1	–	1	1	–	1
Other comprehensive income	**130**	**– 101**	**29**	**– 343**	**117**	**– 226**

[1] Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 66 ff.).

Income statement (by quarter)

€m	2013		2012[1]			
	2nd quarter	1st quarter	4th quarter	3rd quarter	2nd quarter	1st quarter
Net interest income	1,629	1,356	1,728	1,281	1,784	1,694
Loan loss provisions	– 537	– 267	– 614	– 430	– 404	– 212
Net interest income after loan loss provisions	1,092	1,089	1,114	851	1,380	1,482
Net commission income	808	847	764	852	769	864
Net trading income	– 4	276	– 411	218	103	171
Net income from hedge accounting	– 5	41	28	6	– 19	– 7
Net trading income and net income from hedge accounting	– 9	317	– 383	224	84	164
Net investment income	– 120	– 6	250	30	– 23	– 176
Current net income from companies accounted for using the equity method	11	8	12	16	7	11
Other net income	– 5	– 62	– 22	– 33	– 43	21
Operating expenses	1,699	1,724	1,775	1,732	1,732	1,790
Impairments of goodwill and brand names	–	–	–	–	–	–
Restructuring expenses	–	493	–	–	9	34
Net gain or loss from sale of disposal groups	–	–	– 185	3	– 86	–
Pre-tax profit or loss	**78**	**– 24**	**– 225**	**211**	**347**	**542**
Taxes on income	12	45	477	118	52	159
Consolidated profit or loss	**66**	**– 69**	**– 702**	**93**	**295**	**383**
Consolidated profit or loss attributable to non-controlling interests	23	25	24	26	25	28
Consolidated profit or loss attributable to Commerzbank shareholders	43	– 94	– 726	67	270	355

[1] Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 66 ff.).

Balance sheet

Assets | €m	**Notes**	**30.6.2013**	**31.12.2012**	**Change in %**	**1.1.2012**[1]
Cash reserve		11,937	15,755	– 24.2	6,075
Claims on banks	(11,13,14)	113,522	88,028	29.0	87,790
of which pledged as collateral		46	45	2.2	77
Claims on customers	(12,13,14)	278,069	278,546	– 0.2	296,586
of which pledged as collateral		–	–	.	–
Value adjustment portfolio fair value hedges		105	202	– 48.0	147
Positive fair values of derivative hedging instruments		4,448	6,057	– 26.6	5,132
Trading assets	(15)	124,540	144,144	– 13.6	155,700
of which pledged as collateral		9,128	12,680	– 28.0	16,025
Financial investments	(16)	85,455	89,142	– 4.1	94,523
of which pledged as collateral		2,560	2,495	2.6	3,062
Holdings in companies accounted for using the equity method		736	744	– 1.1	694
Intangible assets	(17)	3,081	3,051	1.0	3,038
Fixed assets	(18)	1,700	1,372	23.9	1,399
Investment properties		729	637	14.4	808
Non-current assets and disposal groups held for sale		4,932	757	.	1,759
Current tax assets		604	790	– 23.5	716
Deferred tax assets		3,183	3,216	– 1.0	4,229
Other assets	(19)	3,922	3,571	9.8	3,242
Total		**636,963**	**636,012**	**0.1**	**661,838**

[1] 1 January 2012 is equivalent to 31 December 2011 after restatement due to the first-time application of the amended IAS 19 and changes in the reporting of equity (see page 66 ff.).

Liabilities and equity | €m	Notes	30.6.2013	31.12.2012	Change in %	1.1.2012[1]
Liabilities to banks	(20)	124,386	110,242	12.8	98,481
Liabilities to customers	(21)	290,585	265,842	9.3	255,344
Securitised liabilities	(22)	69,802	79,332	– 12.0	105,673
Value adjustment portfolio fair value hedges		825	1,467	– 43.8	938
Negative fair values of derivative hedging instruments		9,175	11,739	– 21.8	11,427
Trading liabilities	(23)	91,362	116,111	– 21.3	137,847
Provisions	(24)	4,017	4,099	– 2.0	4,107
Current tax liabilities		318	324	– 1.9	680
Deferred tax liabilities		199	91	.	189
Liabilities from disposal groups held for sale		23	2	.	592
Other liabilities	(25)	6,542	6,523	0.3	6,568
Subordinated capital	(26)	11,739	12,316	– 4.7	13,285
Hybrid capital	(27)	1,513	1,597	– 5.3	2,175
Equity		26,477	26,327	0.6	24,532
Subscribed capital		1,139	5,828	– 80.5	5,113
Capital reserve		15,938	8,730	82.6	8,232
Retained earnings		10,656	10,860	– 1.9	11,477
Silent participations		–	2,376	– 100.0	2,687
Other reserves		– 2,085	– 2,353	– 11.4	– 3,676
Total before non-controlling interests		25,648	25,441	0.8	23,833
Non-controlling interests		829	886	– 6.4	699
Total		**636,963**	**636,012**	**0.1**	**661,838**

[1] 1 January 2012 is equivalent to 31 December 2011 after restatement due to the first-time application of the amended IAS 19 and changes in the reporting of equity (see page 66 ff.).

Statement of changes in equity

€m	Subscribed capital	Capital reserve	Retained earnings	Silent participations	Other reserves			Total before non-controlling interests	Non-controlling interests	Equity
					Revaluation reserve	Cash flow hedge reserve	Currency translation reserve			
Equity as at 31.12.2011	**5,113**	**11,158**	**8,822**	**2,687**	**−2,511**	**−810**	**−355**	**24,104**	**699**	**24,803**
Change due to retrospective adjustments		−2,926	2,655					−271		−271
Equity as at 1.1.2012	**5,113**	**8,232**	**11,477**	**2,687**	**−2,511**	**−810**	**−355**	**23,833**	**699**	**24,532**
Total comprehensive income	–	–	−422	–	813	194	142	727	206	933
Consolidated profit or loss			−34					−34	103	69
Change in actuarial gains/losses			−388					−388	−1	−389
Change in revaluation reserve					813			813	51	864
Change in cash flow hedge reserve						194		194		194
Change in currency translation reserve							137	137	53	190
Change in companies accounted for using the equity method							5	5		5
Dividend paid on silent participations			−221					−221		−221
Dividend paid on shares								–	−16	−16
Capital increases	717	498						1,215	−2	1,213
Withdrawal from retained earnings								–		–
Decrease in silent participations				−311				−311		−311
Change in ownership interests			−5					−5	−2	−7
Other changes[1]	−2	–	31		−1		175	203	1	204
Equity as at 31.12.2012	**5,828**	**8,730**	**10,860**	**2,376**	**−1,699**	**−616**	**−38**	**25,441**	**886**	**26,327**

[1] Including change in treasury shares, change in derivatives on own equity instruments and changes in the group of consolidated companies.

€m	Sub-scribed capital	Capital reserve	Retained earnings	Silent partici-pations	Other reserves			Total before non-control-ling interests	Non-control-ling interests	Equity
					Revalu-ation reserve	Cash flow hedge reserve	Currency translation reserve			
Equity as at 31.12.2012	**5,828**	**8,730**	**10,860**	**2,376**	**– 1,699**	**– 616**	**– 38**	**25,441**	**886**	**26,327**
Total comprehensive income	–	–	25	–	316	124	– 176	289	– 9	280
Consolidated profit or loss			– 51					– 51	48	– 3
Change in actuarial gains/losses			76					76	–	76
Change in revaluation reserve					317			317	– 14	303
Change in cash flow hedge reserve						124		124	–	124
Change in currency translation reserve							– 179	– 179	– 43	– 222
Change in companies accounted for using the equity method					– 1		3	2		2
Dividend paid on silent participations								–		–
Dividend paid on shares								–	– 43	– 43
Reverse stock split	– 5,247	5,247						–		–
Capital increases	556	1,951						2,507		2,507
Withdrawal from retained earnings			– 88					– 88		– 88
Decrease in silent participations				– 2,376				– 2,376		– 2,376
Change in ownership interests								–		–
Other changes[1]	2	10	– 141				4	– 125	– 5	– 130
Equity as at 30.6.2013	**1,139**	**15,938**	**10,656**	**–**	**– 1,383**	**– 492**	**– 210**	**25,648**	**829**	**26,477**

[1] Including change in treasury shares, change in derivatives on own equity instruments and changes in the group of consolidated companies.

The restatement of retained earnings on 1 January 2012 was due in part to the retrospective application of the amended IAS 19. In addition, retained earnings and the capital reserve were affected by the changes in the accounting treatment of certain items within equity (see page 66 ff.).

The capital increase for cash and non-cash capital contributions announced on 13 March 2013 and approved by the Commerzbank AGM on 19 April 2013 was implemented as follows:

- The 10-to-1 reverse stock split of Commerzbank shares was carried out on 22 April 2013, and the shares have been traded under a new securities identification number since 24 April 2013. After the reverse stock split, the number of Commerzbank shares in issue fell to 582,951,385 and the subscribed capital was reduced by €5,247m to €583m. Simultaneously, the capital reserve increased by €5,247m.
- In May 2013 a capital increase with pre-emptive rights was carried out, which gave shareholders the right to subscribe to 20 new shares for every 21 existing shares held, and 555,555,556 no-par-value shares were issued at a price of €4.50 per share. The total amount raised in the capital increase was €2.5bn, with subscribed capital rising by €556m and the capital reserve by €1,951m.
- The Financial Market Stabilisation Fund (SoFFin) exercised its pre-emptive rights in full and converted silent participations of €0.6bn into Commerzbank shares in proportion to its stake in Commerzbank of 25% plus 1 share, which led to a corresponding reduction in its silent participation. At the same time €0.6bn of shares previously held by SoFFin were placed with investors by a banking consortium at the beginning of the subscription period.

- SoFFin's remaining silent participation of around €1bn and Allianz SE's silent participation of €0.75bn were redeemed early and in full out of the issuance proceeds of the cash capital increase. As a result of the early redemption, compensation of €60.5m was paid to SoFFin and €27.9m to Allianz SE. This is reported as a withdrawal from retained earnings. The compensation payments comprise interest payments on the silent participations up to their normal redemption date.

SoFFin's stake in Commerzbank Aktiengesellschaft fell to around 17% as a result of these capital measures.

The costs incurred in the capital increase were €73m, which were recognised in retained earnings.

As at 30 June 2013, the subscribed capital of Commerzbank Aktiengesellschaft pursuant to the Bank's articles of association stood at €1,139m and was divided into 1,138,506,941 no-par-value shares with an accounting value per share of €1.00. The average number of ordinary shares in issue was 684,104,923 (30 June 2012: 542,051,970[1]).

There was no impact on the other reserves from assets and disposal groups held for sale as at 30 June 2013.

There were no changes in ownership interests in the first six months of 2013 as there were neither disposals of shares in subsidiaries that continue to be consolidated nor purchases of additional shares in already consolidated companies.

[1] After completion of the 10-to-1 reverse stock split of Commerzbank shares.

For information: Statement of changes in equity from 1 January to 30 June 2012

€m	Sub-scribed capital	Capital reserve	Retained earnings	Silent partici-pations	Other reserves			Total before non-control-ling interests	Non-control-ling interests	Equity
					Revalu-ation reserve	Cash flow hedge reserve	Currency translation reserve			
Equity as at 31.12.2011	**5,113**	**11,158**	**8,822**	**2,687**	**–2,511**	**–810**	**–355**	**24,104**	**699**	**24,803**
Change due to retrospective adjustments[1]		–2,926	2,655					–271		–271
Equity as at 1.1.2012	**5,113**	**8,232**	**11,477**	**2,687**	**–2,511**	**–810**	**–355**	**23,833**	**699**	**24,532**
Total comprehensive income	–	–	481	–	361	87	152	1,081	92	1,173
Consolidated profit or loss			625					625	53	678
Change in actuarial gains/losses			–144					–144	–1	–145
Change in revaluation reserve					361			361	13	374
Change in cash flow hedge reserve						87		87		87
Change in currency translation reserve							151	151	27	178
Change in companies accounted for using the equity method							1	1		1
Dividend paid on silent participations								–		–
Dividend paid on shares								–	–15	–15
Capital increases	717	498						1,215		1,215
Withdrawal from retained earnings								–		–
Decrease in silent participations				–311				–311		–311
Change in ownership interests			–1					–1	1	–
Other changes[1,2]	–2	–	82					80	3	83
Equity as at 30.6.2012	**5,828**	**8,730**	**12,039**	**2,376**	**–2,150**	**–723**	**–203**	**25,897**	**780**	**26,677**

[1] Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 66 ff.).
[2] Including change in treasury shares, change in derivatives on own equity instruments and changes in the group of consolidated companies.

Cash flow statement (condensed version)

€m	2013	2012[1]
Cash and cash equivalents as at 1.1.	**15,755**	**6,075**
Net cash from operating activities	– 5,743	– 45
Net cash from investing activities	2,666	3,494
Net cash from financing activities	– 606	– 2,778
Total net cash	**– 3,683**	**671**
Effects from exchange rate changes	– 87	78
Effects from non-controlling interests	– 48	– 53
Cash and cash equivalents as at 30.6.	**11,937**	**6,771**

[1] Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 66 ff.).

The cash flow statement shows the changes in cash and cash equivalents for the Commerzbank Group. These correspond to the cash reserve item in the balance sheet and consist of cash on hand, balances with central banks, as well as debt issues of public-sector borrowers and bills of exchange rediscountable at central banks.

The cash flow statement is not very informative for the Commerzbank Group. For us the cash flow statement replaces neither liquidity planning nor financial planning, nor is it employed as a management tool.

Selected notes

General information

Accounting policies

The interim financial statements of the Commerzbank Group as at 30 June 2013 were prepared in accordance with Art. 315 a (1) of the German Commercial Code (HGB) and Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (the IAS Regulation), together with other regulations for adopting certain international accounting standards on the basis of the International Financial Reporting Standards (IFRS) approved and published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). This report takes particular account of the requirements of IAS 34 relating to interim financial reporting.

Uniform accounting and measurement methods are used throughout the Commerzbank Group in preparing the financial statements. For fully consolidated companies and holdings in companies accounted for using the equity method we predominantly used financial statements prepared as at 30 June 2013. The reporting currency of the consolidated financial statements is the euro. Unless otherwise indicated, all amounts are shown in millions of euros. In the statement of comprehensive income, the balance sheet, the statement of changes in equity and the condensed cash flow statement amounts under €500,000.00 are shown as €0m; where an item is €0.00 this is denoted by a dash. In all other notes amounts rounded down to €0m and zero items are both indicated by a dash.

Application of new and revised standards and changes to accounting policies

Except for the amendments listed below, we have employed the same accounting policies in preparing these financial statements as in our consolidated financial statements as at 31 December 2012 (see page 190 ff. of our 2012 Annual Report). These financial statements take into account the standards and interpretations that must be applied in the EU from 1 January 2013.

The new IFRS 10, 11 and 12 standards and the amended IAS 27 and 28 standards were voluntarily applied for the first time during the current financial year; application of the new IFRS 13 standard and the amended standards IAS 1 and 19 as well as IFRS 7 was mandatory. Where retrospective application of the new or amended standards was required, the prior-year figures were restated accordingly so as to allow comparisons with the previous year or period. We also made several changes to the accounting policies. Where necessary, we have restated the prior-year figures accordingly. Significant changes from the previous year are set out below.

Effects of new and amended standards

As a consequence of the application of the amended IAS 1, information about reclassifications from equity to profit or loss (“recycling”) has been added to the statement of comprehensive income.

The new IFRS 10 (consolidated financial statements) stipulates rules for the consolidation of companies and replaces IAS 27 and SIC Interpretation 12. The most important change is the new definition of “control” within the context of the parent-subsidiary relationship. Under IFRS 10, a company has control if:

- it has the power to direct the activities of the other company,
- it has exposure, or rights, to variable returns from its involvement, and
- it is able to use its power over the other company to affect the amount of its returns.

This principle is also to be applied to special purpose entities. Please refer to the information on consolidated companies (page 71 f.) for details of the first-time consolidations and deconsolidations resulting from the first-time application of this standard.

The new IFRS 11 (joint arrangements) governs the accounting of jointly controlled entities or joint arrangements where two or more companies share joint control. It replaces IAS 31 and SIC Interpretation 13. Commensurate with the changes to the definitions under IFRS 11, joint arrangements are now classified as either:

- a joint venture or
- a joint operation.

The most significant change is the cessation of proportionate consolidation. Partner companies of a joint venture are now required to apply the equity method.

Companies participating in joint operations are subject to accounting rules similar to those which applied previously to joint assets or joint operations (proportionate recognition of assets, liabilities, expense and income).

The first-time application of this standard did not result in any changes in the companies accounted for using the equity method.

The new IFRS 12 (disclosure of interests in other entities) incorporates the requirements of IFRS 10 and IFRS 11, the application of which is not binding until 31 December 2013.

IFRS 10, 11 and 12 will be applied prospectively in the current financial year for the first time. The restatement of retained earnings amounted to €–69m and was entirely attributable to the changes in the group of consolidated companies. The first-time consolidations and deconsolidations resulted in a net increase of total assets by €0.2bn.

The new IFRS 13, which is to be applied prospectively, brings together the rules for measuring fair value, which until now were spread across several standards. We have also harmonised and expanded the relevant notes in these interim financial statements (see Note 31).

Fair value is now defined as the realisable price, i.e. the price that the market participant would receive to sell a financial instrument or pay to transfer a liability in an orderly transaction. As previously, the 3-level fair value hierarchy is applied in the measurement of fair value in accordance with IFRS 7. When valuing liabilities, non-performance risk must also be taken into account and a graduated valuation procedure applied. If it is not possible to value a liability due to a lack of quoted market prices, the valuation may instead be based on an identical instrument held as an asset by a third party. If this is not possible either, another appropriate valuation method is to be used. Moreover, under certain circumstances, a group valuation may also be possible for financial assets and liabilities which are managed on a net basis with respect to the market and credit risk. The first-time application of this standard had no significant impact on the statement of comprehensive income or the balance sheet as compared with the rules applicable up until now (see also the 2012 Annual Report, page 274 ff.).

Application of the amended IAS 19 (employee benefits) changes the treatment of actuarial gains and losses.

As previously, pension obligations are valued according to a number of parameters (including retirement age, life expectancy, staff turnover). The difference between the revaluation of the pension obligation on the balance sheet date as compared with the value projected at the beginning of the year is the actuarial gain or loss. The "corridor" option for recognising actuarial gains or losses, which the Commerzbank Group has used up until now, has been abolished. Instead, actuarial gains and losses are recognised directly in equity in retained earnings.

In addition, the past service cost resulting from retrospective plan changes must now be recognised in the income statement immediately and in full. Up to now, this was distributed on a straight-line basis until commencement of the vested benefits. In addition, partial retirement top-up payments are now also accumulated on a straight-line basis up to the end of the working period instead of being recognised in full on the grant date as previously.

Offsetting pension liabilities and plan assets while recognising actuarial gains or losses means that the effective net pension obligation is recognised in the balance sheet.

Furthermore, net interest costs must be calculated pursuant to the amended IAS 19 when pension liabilities are financed by plan assets. This involves calculating the interest on the net debt or net assets (defined benefit obligation less fair value of plan assets) at a uniform interest rate. In the previous standard, there were different rules for determining the interest rate used to discount the obligation and the interest rate used to calculate the anticipated income from plan assets.

The changes described above are coupled with certain requirements concerning reporting in the statement of comprehensive income. Past service cost and net interest must be recognised in profit or loss, while remeasurement effects (actuarial gain or loss) must be recognised in other comprehensive income.

In the first half of 2012, the impact of the retrospective restatements due to the first-time application of the amended IAS 19 was €10m for interest expense, €2m for operating expenses and €7m for taxes on income, which resulted in a reduction in consolidated profit by €–19m from €644m to €625m as at 30 June 2012. In the quarters of the 2012 financial year, the retrospective restatement of consolidated profit attributable to Commerzbank shareholders was as follows:

€m	Original Group financial statements	Adjustment	Restated Group financial statements
1.1.–31.3.2012	369	– 14	355
1.4.–30.6.2012	275	– 5	270
1.7.–30.9.2012	78	– 11	67
1.10.–31.12.2012	– 716	– 10	– 726

For the 2012 financial year, the earnings per share were €–0.45[1], compared to the earnings per share of €–0.38[1] as published for the previous year; in the first half of 2012, earnings per share were unchanged at €1.01[1]. Retained earnings were adjusted downwards by €271m as at 1 January 2012 and by €705m as at 31 December 2012. Provisions for pensions and similar commitments increased by a net €346m as at 1 January 2012 (of which €–7m related to provisions for age-related part-time working) and by €840m as at 31 December 2012 (of which €–2m related to provisions for age-related part-time working). As compared with 31 December 2012, other assets declined by €67m and non-controlling interests by €2m, while deferred tax assets increased by €201m (€75m as at 1 January 2012) and deferred tax liabilities by €1m as at 31 December 2012.

The restatements affected the statement of comprehensive income, the balance sheet, the statement of changes in equity, segment reporting and other notes.

The amendments to IFRS 7 require further information to be provided in the notes on the netting of financial instruments for the 2013 financial year and the preceding year. This must disclose the gross and net amounts of financial assets and liabilities resulting from offsetting and amounts of existing netting rights which do not satisfy the netting criteria (see Note 34). This improves the comparability of the netting of financial instruments with users of US GAAP.

[1] After completion of the 10-to-1 reverse stock split of Commerzbank shares.

Changes to accounting policies

The IFRS standards do not lay down any particular rules on how to structure equity, and nor do they define clear criteria for the treatment of certain items. These items include the transaction costs of capital-raising measures, share-based payments settled in the form of equity instruments, and withdrawals from capital reserves to balance net losses in Commerzbank Aktiengesellschaft's parent company financial statements under German GAAP.

The composition of equity in the Commerzbank Group applies a structure common within the German legal system. For capital components that have a guarantee function (subscribed capital and capital reserve), we now apply the definition of Art. 272 (1) and (2) HGB for the Group, as for the individual financial statements under German GAAP. Since 1 January 2013, transaction costs in connection with capital increases, which under IAS 32.35 are to be shown as a deduction from equity, have therefore been deducted from retained earnings instead of from the capital reserve as was previously the case.

IFRS 2.10 stipulates that the fair value of share-based payments settled in the form of equity instruments is to be recognised in equity as at the grant date. Since 1 January 2013, we have also recognised these instruments in retained earnings instead of the capital reserve, as was previously the case. As under German GAAP, they are not shown in subscribed capital and the capital reserve until they are definitively drawn down by the recipient.

If the Company reports a net loss for the year under German GAAP and this is wholly or partly offset by a withdrawal from the capital reserve, the same amount is also transferred from the capital reserve in the consolidated financial statements under IFRS to the Group's retained earnings.

As a result, subscribed capital and capital reserves are consistent with the definitions under German company law and accounting regulations, thus increasing transparency.

We have restated the prior-year figures in the balance sheet and the statement of changes in equity accordingly. The reclassification from capital reserves to retained earnings amounted to €2,926m as at 1 January 2012 and €2,951m as at 1 January 2013. However, these reclassifications had no impact on consolidated profit or loss or earnings per share for the financial years 2011 and 2012.

In 2013 we have refined the process of recognising counterparty default adjustments (CDA), which reflect the expected loss in the event the counterparty should default, in particular for OTC derivatives. Since 1 January 2013, counterparty default risk has been accounted for by recognising credit valuation adjustments (CVA) for positive derivative exposures and debit valuation adjustments (DVA) for negative derivative exposures. This change led to an income of €41m within net trading income in the first half of 2013.

Furthermore, a refinement in the method of bid-offer adjustments in the second quarter of 2013 had a positive impact on trading income of €39m.

IAS 1.82 requires that financing costs be reported separately. Up until 31 December 2012 we reported these costs as interest expense in net interest income or net trading income. However, it is now common practice to show interest from trading activities within net interest income. In order to report interest within the Commerzbank Group on a consistent basis, we have therefore decided to report interest from both the banking and trading books in net interest income with effect from 1 January 2013.

Income and expenses from trading transactions are only reported as interest income and expense if they clearly have interest-like characteristics and are not included in the valuation of the instrument. This also applies to interest effects from the purchase or sale of financial instruments in the trading transactions related to capital commitments.

To ensure that net trading income only reflects gains and losses on disposal and remeasurement of trading transactions, we also decided to reclassify commission income from syndication business to net commission income, previously recorded in net trading income.

In the first half of 2012, reclassifications of €764m from net trading income to net interest income were €731m (net balance of €1,216m in interest income and €485m in interest expense) and reclassifications to net commission income were €33m. However, the reclassifications had no impact on the consolidated profit, the balance sheet, the statement of changes in equity or earnings per share.

In order to present interest income and expense on a consistent basis we have also decided to recognise the interest components of IAS 19 (net interest) in net interest income as at 1 January 2013, instead of in operating expenses, as has been the case until now. The reclassification for the first half of 2012 amounted to €5m and increased interest expense. Operating expenses declined accordingly. However, the reclassifications had no impact on the consolidated profit, the balance sheet, the statement of changes in equity or earnings per share.

Moreover, since 1 January 2013 we have reported all effects arising from the dedesignation of hedge accounting in other interest expense. This pertains to the amortisation of effects from underlying transactions and the reversal of hedged transactions when fair value hedge accounting is ended. The cash flow hedge reserve and the associated hedging instruments from the cash flow hedge accounting ended in the 2009 financial year are also recognised. The effects arising from the ending of hedge accounting are recognised in other interest income or other interest expense, depending on the net balance. In the first half of 2012, the net balance in other interest expense was €18m. Thus far, €168m of this was recognised in interest income in the loans and receivables category and €134m as other interest expense. A further €–52m was offset against interest income from available-for-sale financial instruments. However, these reclassifications had no impact on the consolidated profit, the balance sheet, the statement of changes in equity or earnings per share.

In addition, since 1 January 2013, we have recognised commission income from electronic banking in commission income from payment transactions and foreign business, instead of in other commission income as previously. The reclassification for the first half of 2012 totalled €34m. Since 1 January 2013 we have also reported commission from syndicated business and similar transactions in commission income from syndications across the Group. The reclassification from intermediary business in the first half of 2012 amounted to €18m. However, these reclassifications had no impact on the consolidated profit, the balance sheet, the statement of changes in equity or earnings per share.

The table below shows the material restatements for the 2012 financial year and for each quarter, including the effects of the application of the amended IAS 19 on the income statement:

€m	Original Group financial statements	Adjustment					Restated Group financial statements
	1.1.–31.12.2012	1.1.–31.3.2012	1.4.–30.6.2012	1.7.–30.9.2012	1.10.–31.12.2012	1.1.–31.12.2012	1.1.–31.12.2012
Net interest income	5,539	265	451	– 98	330	948	6,487
Interest income	14,559	389	711	174	547	1,821	16,380
Interest expense	9,020	124	260	272	217	873	9,893
Net commission income[1]	3,191	21	12	12	13	58	3,249
Net trading income	1,113	– 293	– 471	78	– 346	– 1,032	81
Operating expenses	7,025	1	1	–	2	4	7,029
Pre-tax profit or loss	905	– 8	– 9	– 8	– 5	– 30	875
Taxes on income	796	6	– 4	3	5	10	806
Consolidated profit or loss	109	– 14	– 5	– 11	– 10	– 40	69
Consolidated profit or loss attributable to Commerzbank shareholders	6	– 14	– 5	– 11	– 10	– 40	– 34

[1] Restatement affected commission income only.

We have restated the prior-year figures for the changes noted above in net interest income, net commission income, net trading income and operating expenses in the income statement, the relevant notes and the segment reporting.

Consolidated companies

The following companies were consolidated for the first time as at 30 June 2013:

Name of company	Equity share and voting rights	Acquisition cost	Assets	Liabilities
	%	€m	€m	€m
Agate Assets S.A. (S014), Luxembourg	0.0	0.0	87.0	87.0
Aspiro S.A., Lodz, Poland	69.7	12.4	37.2	5.0
BRE Centrum Operacji Sp. z o.o, Aleksandrów Lódzki, Poland	69.7	7.5	13.9	3.1
BRE Wealth Management S.A., Warsaw, Poland	69.7	2.9	6.8	0.8
ComStage ETF S&P SMIT 40 Index TRN, Luxembourg	77.6	0.0	30.3	30.3
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Alpha Objekt Hauptverwaltung Frankfurt KG, Düsseldorf[1]	0.0	0.0	218.9	218.9
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Beta Objekt Hauptverwaltung Frankfurt KG, Düsseldorf[1]	0.0	0.0	219.0	219.0
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Frankfurt Neue Mainzer Straße KG, Düsseldorf[1]	0.0	0.0	113.9	191.0
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Objekt Halle am Markt KG, Düsseldorf[1]	0.0	0.0	7.5	10.9
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Objekt Erfurt KG, Düsseldorf[1]	0.0	0.0	20.1	22.8
Dr. Gubelt Grundstücks-Vermietungsges. mbH & Co. Objekt Schwabing KG, Düsseldorf[1]	0.0	0.0	37.3	39.4
Dr. Gubelt Grundstücks-Vermietungsges. mbH & Co. Objekt Essen, Linden KG, Düsseldorf[1]	0.0	0.0	11.6	17.6
Garbary Sp. z.o.o., Poznan, Poland	69.7	13.6	11.1	2.1
GRAMOLINDA Vermietungsgesellschaft mbH, Grünwald[1]	50.0	0.0	0.0	0.0
GRAMOLINDA Vermietungsgesellschaft mbH & Co. Objekt Frankfurt KG, Grünwald[1,2]	97.0	0.0	80.3	80.4
Green Loan Fund I, Luxembourg	0.0	0.0	87.2	87.0
Groningen Urban Invest B.V., Amsterdam, Netherlands	100.0	5.4	18.0	12.6
Hanseatic Ship Asset Management GmbH, Hamburg	100.0	1.0	1.0	0.0
MOLARIS Verwaltungs- und Vermietungsgesellschaft mbH, Düsseldorf[1]	0.0	0.0	12.6	12.4
Netherlands Urban Invest B.V., Amsterdam, Netherlands	100.0	8.4	14.6	6.1
Number X Bologna S.r.l., Milan, Italy	100.0	7.5	11.3	4.3
SME Commerz SCB GmbH, Frankfurt/Main	100.0	0.0	605.4	605.2
Urban Invest Holding GmbH, Eschborn	100.0	8.4	8.4	0.0

[1] As a result of the first-time application of IFRS 10.
[2] Differing voting rights of 70.0%.

The entities listed above, which were consolidated for the first time, were consolidated due to the first-time application of IFRS 10 or were newly formed or acquired, some in the course of structured financing transactions. The first-time consolidations did not give rise to any goodwill.

The following companies were liquidated, permanently fell below our materiality threshold for consolidation, or are no longer consolidated due to the first-time application of IFRS 10:

- Asset Securitisation Programme for Insured Receivables Ltd. (ASPIRE), Dublin, Ireland[1]
- Classic I (Netherlands) BV 2008–1, Amsterdam, Netherlands
- CSA COMMERZ SOUTH AFRICA (PROPRIETARY) LIMITED, Johannesburg, South Africa[2]
- EH MoLu IV, LLC, Dover, Delaware, USA[2]
- FAF Inc., George Town, Grand Cayman[1]
- Idilias SPC Inc., George Town, Grand Cayman[1]
- Loxodrome Inc., George Town, Grand Cayman[1]
- MLV 35 Sp. z o.o. SKA, Warsaw, Poland
- MORE Global Inc., George Town, Grand Cayman[1]
- Real Estate Holdings Limited, Hamilton, Bermuda
- Semper Finance 2006–1 Ltd., St. Helier, Jersey[1]
- Semper Finance 2007–1 GmbH, Frankfurt/Main[1]
- Steel Finance Inc., George Town, Grand Cayman[1]
- Truckman Inc, George Town, Grand Cayman[1]

The following companies are no longer accounted for using the equity method:

- Captain Holdings S.à.r.l., Luxembourg
- GIE Northbail, Puteaux, France and
- Reederei MS "E.R. INDIA" Beteiligungsgesellschaft mbH & Co. KG, Hamburg.

There were no other changes in the companies accounted for using the equity method.

The following companies:

- Real Estate TOP TEGEL Drei GmbH, Eschborn
- Real Estate TOP TEGEL Eins GmbH, Eschborn
- Real Estate TOP TEGEL Sechs GmbH, Eschborn
- Real Estate TOP TEGEL Vier GmbH, Eschborn and
- Real Estate TOP TEGEL Zwei GmbH, Eschborn

are reported as held for sale in accordance with IFRS 5 as there are plans to sell them and their sale is highly probable within one year.

Receivables and investment fund units are also held for sale in the Non-Core Assets (NCA) and Private Customers segments. The receivables in the NCA segment mainly relate to commercial real estate (CRE) portfolios in the UK. As part of the wind-down of this segment we agreed the sale of these portfolios for a gross consideration of €5.0bn in July 2013. The agreement also covers the associated interest rate and currency hedging derivatives as well as the entire operating business of Hypothekenbank Frankfurt in the UK.

Until the definitive transfer of the holdings, we measure non-current assets and disposal groups held for sale and liabilities from disposal groups held for sale in accordance with IFRS 5 and report them separately in the relevant balance sheet items and in the statement of changes in equity.

The negotiations to sell GO German Office GmbH, Wiesbaden[3] have been terminated. As a result these assets have mainly been reported as investment properties since June 2013.

[1] Deconsolidation due to the first-time application of IFRS 10.
[2] Fell below materiality threshold.
[3] CG New Venture 2 Verwaltungsgesellschaft mbH, Wiesbaden and CG New Venture 4 GmbH & Co. KG, Wiesbaden, were merged with GO German Office GmbH, Wiesbaden.

Notes to the income statement

(1) Net interest income

€m	1.1.–30.6.2013	1.1.–30.6.2012[1]	Change in %
Interest income	7,514	8,658	– 13.2
Interest income from lending and money market transactions and from the securities portfolio (available-for-sale)	530	476	11.3
Interest income from lending and money market transactions and from the securities portfolio (loans and receivables)	5,365	6,646	– 19.3
Interest income from lending and money market transactions and from the securities portfolio (due to application of fair value option)	314	377	– 16.7
Interest income from lending and money market transactions and from the securities portfolio (held for trading)	1,064	572	86.0
Prepayment penalty fees	68	55	23.6
Gains on the sale of loans and receivables and repurchase of liabilities	101	121	– 16.5
Dividends from securities	25	42	– 40.5
Current net income from equity holdings and non-consolidated subsidiaries	12	11	9.1
Current income from properties held for sale and from investment properties	35	35	0.0
Other interest income	–	323	– 100.0
Interest expense	4,529	5,180	– 12.6
Interest expense from subordinated and hybrid capital and from securitised and other liabilities	3,557	4,552	– 21.9
Interest expense from applying the fair value option	446	437	2.1
Interest expense from securitised liabilities held for trading	56	60	– 6.7
Loss on the sale of loans and receivables and repurchase of liabilities	37	72	– 48.6
Current expenses from properties held for sale and from investment properties	31	22	40.9
Other interest expense	402	37	.
Total	**2,985**	**3,478**	**– 14.2**

[1] Prior-year restated (see page 66 ff.). Before the restatement interest income was €7,558m, interest expense was €4,796m and net interest income was €2,762m.

The unwinding effect for the period 1 January to 30 June 2013 was €72m (previous year: €86m).

Other interest expense includes net interest expense for pensions. Net interest from derivatives (banking and trading books) is recognised in other interest income or other interest expense, depending on the net balance.

(2) Loan loss provisions

The breakdown of loan loss provisions in the consolidated income statement was as follows:

€m	1.1.–30.6.2013	1.1.–30.6.2012	Change in %
Allocations to loan loss provisions[1]	–1,596	–1,560	2.3
Reversals of loan loss provisions[1]	861	992	–13.2
Net balance of direct write-downs, write-ups and amounts recovered on claims written-down	–69	–48	43.8
Total	**–804**	**–616**	**30.5**

[1] Gross figures (e.g. migrations between different types of provisions are not netted off).

(3) Net commission income

€m	1.1.–30.6.2013	1.1.–30.6.2012	Change in %
Securities transactions	489	425	15.1
Asset management	73	70	4.3
Payment transactions and foreign business[1]	629	651	–3.4
Real estate lending business	40	59	–32.2
Guarantees	90	85	5.9
Net income from syndicated business[1]	140	128	9.4
Intermediary business[1]	84	107	–21.5
Fiduciary transactions	3	2	50.0
Other[1]	107	106	0.9
Total[2]	**1,655**	**1,633**	**1.3**

[1] Prior-year restated (see page 66 ff.). Before the restatement commission income was €1,860m and net commission income was €1,600m.
[2] Of which commission expense: €269m (prior year: €260m).

(4) Net trading income

We have split net trading income into two components:

- Net trading gain or loss (this includes trading in securities, promissory note loans, precious metals and derivative instruments plus the net gain or loss on the remeasurement of derivative financial instruments that do not qualify for hedge accounting)
- Net gain or loss from applying the fair value option (including changes in the fair value of related derivatives).

All financial instruments held for trading purposes are measured at fair value. Fair value is derived from both quoted market prices and internal pricing models (primarily net present value and option pricing models). Interest-rate and cross-currency interest-rate derivatives are measured taking account of the fixing frequency for variable payments.

€m	1.1.–30.6.2013	1.1.–30.6.2012	Change in %
Net trading gain or loss[1,2]	161	350	– 54.0
Net gain or loss from applying the fair value option	111	– 76	.
Total	**272**	**274**	**– 0.7**

[1] Including net gain or loss on the remeasurement of derivative financial instruments.
[2] Prior-year restated (see page 66 ff.). Before the restatement, the net trading gain was €1,114m and overall net trading income was €1,038m.

(5) Net investment income

Net investment income contains gains or losses on the disposal and remeasurement of securities in the loans and receivables and available-for-sale categories, equity holdings, holdings in companies accounted for using the equity method and subsidiaries.

€m	1.1.–30.6.2013	1.1.–30.6.2012	Change in %
Net gain or loss from interest-bearing business	**– 150**	**– 144**	**4.2**
In the available-for-sale category	19	32	– 40.6
Gain on disposals (including reclassification from revaluation reserve)[1]	101	203	– 50.2
Loss on disposals (including reclassification from revaluation reserve)[1]	– 74	– 168	– 56.0
Net remeasurement gain or loss[1]	– 8	– 3	.
In the loans and receivables category	– 169	– 176	– 4.0
Gain on disposals	1	18	– 94.4
Loss on disposals	– 7	– 203	– 96.6
Net remeasurement gain or loss[2]	– 163	9	.
Net gain or loss on equity instruments	**24**	**– 55**	**.**
In the available-for-sale category	11	7	57.1
Gain on disposals (including reclassification from revaluation reserve)[1]	11	7	57.1
Loss on disposals (including reclassification from revaluation reserve)[1]	–	–	.
In the available-for-sale category, measured at acquisition cost	40	1	.
Net remeasurement gain or loss[1]	– 13	– 8	62.5
Net gain or loss on disposals and remeasurement of companies accounted for using the equity method	– 14	– 55	– 74.5
Total	**– 126**	**– 199**	**– 36.7**

[1] Includes a net €– 7m (previous year: €75m) of reclassifications from the revaluation reserve created in the financial year 2013.
[2] Includes reversals of portfolio valuation allowances of €44m (previous year: allocations of €6m) for reclassified securities.

Other net income

€m	1.1.–30.6.2013	1.1.–30.6.2012	Change in %
Other material items of expense	**291**	**268**	**8.6**
Operating lease expenses	67	82	– 18.3
Allocations to provisions	224	186	20.4
Other material items of income	**221**	**229**	**– 3.5**
Operating lease income	82	116	– 29.3
Reversals of provisions	139	113	23.0
Balance of sundry other income/expenses	**3**	**17**	**– 82.4**
Total	**– 67**	**– 22**	**.**

The increase in allocations to provisions in the first half of 2013 compared with the same period last year was due to revisions of our estimates of litigation losses.

(7) Operating expenses

€m	1.1.–30.6.2013	1.1.–30.6.2012	Change in %
Personnel expenses[1]	1,991	2,023	– 1.6
Operating expenses	1,238	1,304	– 5.1
Depreciation/amortisation of fixed assets and other intangible assets	194	195	– 0.5
Total	**3,423**	**3,522**	**– 2.8**

[1] Prior-year restated (see page 66 ff.). Before the restatement personnel expenses were €2,021m and the overall operating expenses were €3,520m.

(8) Restructuring expenses

€m	1.1.–30.6.2013	1.1.–30.6.2012	Change in %
Expenses for restructuring measures initiated	493	43	.
Total	**493**	**43**	**.**

The restructuring expenses in the first six months of 2013 were due to Commerzbank's new strategy and the resultant planned adjustment to personnel capacities. The expenses in the previous year mainly derived from the realignment of the Group in compliance with the European Commission requirement to wind down Hypothekenbank Frankfurt (formerly Eurohypo).

(9) Taxes on income

Group tax expense was €57m as at 30 June 2013. With pre-tax profit of €54m the Group's effective tax rate was therefore 105.5% (Group income tax rate: 31.23%). Tax expense in the first half of 2013 derived primarily from current tax expenses of the BRE Bank sub-group, comdirect and Commerzbank Aktiengesellschaft in Luxembourg and New York.

(10) Segment reporting

Segment reporting reflects the results of the operating business segments within the Commerzbank Group. The segment information below is based on IFRS 8 Operating Segments, which applies the management approach. In accordance with this standard, segment information must be prepared on the basis of the internal reporting information that is evaluated by the chief operating decision-maker to assess the performance of the operating segments and make decisions regarding the allocation of resources to the operating segments. Within the Commerzbank Group, the function of chief operating decision maker is exercised by the Board of Managing Directors.

Our segment reporting covers five operating segments plus the Others and Consolidation segment. The Portfolio Restructuring Unit (PRU), which was wound up on 1 July 2012, is shown separately with its results for the same period last year. This reflects the Commerzbank Group's organisational structure and forms the basis for internal management reporting. The business segments are divided up on the basis of distinctions between products, services and/or customer target groups. In 2013 we have further refined the segmentation of assets. Minor modifications in the segments' business models led to slight adjustments in the business responsibilities of the segments. The prior-year figures were restated accordingly. Various new IFRS requirements were implemented in the Commerzbank Group in 2013 (see page 66 ff.), the effects of which are also reflected in the segment reporting.

- The Private Customers segment comprises the activities of Private Customers, Direct Banking and Commerz Real. The Private Customers division combines the classic branch business with retail and corporate customers and private banking. The dense national network of local branches offers a full service range of banking products including loan, deposit, security, payments traffic and pension products. Wealth Management provides services to wealthy clients in Germany and abroad and also contains the Group's portfolio management activities. The focus is on services such as securities and portfolio management, credit management and loans and real estate management. We also provide advice on trust and inheritance issues and corporate investments. Moreover, this segment includes Commerz Direktservice GmbH, which provides call centre services for Commerzbank customers. The joint venture Commerz Finanz, which is focused on consumer lending, is managed centrally by the Private Customers segment and also reports its results there. Since 1 July 2012 the private real estate portfolio of the Private Customer portfolio of Hypothekenbank Frankfurt Aktiengesellschaft (formerly Eurohypo Aktiengesellschaft) has been part of the Private Customers division. The Direct Banking division comprises the activities of the comdirect Group. The B2B (ebase) and B2C businesses (comdirect) contained in Direct Banking provide standardised, primarily internet-based advisory and service offerings for customers. Commerz Real has been a division of the Private Customers segment since July 2012 (except for the warehouse section). Its products range from open-ended real estate funds (hausinvest), to closed-end funds in real estate, aircraft, ships and renewable energy, institutional investments and structured investments as well as equipment leasing.
- The Mittelstandsbank segment is divided into the three group divisions Mittelstand Germany, Corporate Banking & International and Financial Institutions. The Mittelstand Germany division serves small and mid-sized customers, the public sector and institutional clients. Our comprehensive service offering includes payments and cash management solutions, flexible financing solutions, interest rate and currency management products, professional investment advisory services and innovative investment banking solutions. In the Corporate Banking & International division we concentrate on serving corporate groups with revenues of over €500m (except for multinational corporates, which are handled by Client Relationship Management within the Corporates & Markets segment). Smaller groups with a strong capital market affinity or significant operations outside Germany are also serviced by this division. With our foreign branch offices we act as a strategic partner for both the international activities of our German corporate customers and for international companies with business activities in our home market of Germany. The Corporate Banking & International division also includes the competence centre for companies from

the renewable energy sector. The Financial Institutions division is responsible for relationships with banks and financial institutions in Germany and abroad, as well as with central banks. The strategic focus is on Commerzbank becoming customers' preferred source of trade finance services. Financial Institutions uses a global network of correspondent banks, together with business relationships in emerging markets, to support the Group's financing and processing of foreign trade activities on behalf of all Commerzbank Group customers throughout the world.

- The Central & Eastern Europe (CEE) segment comprises the universal banking and direct banking activities in this region during the reporting period. It includes in particular our Polish subsidiary BRE Bank, which offers banking products for corporate customers as well as financial services for private customers in Poland, the Czech Republic and Slovakia. The CEE segment also has an investment in a microfinance bank which has not yet been sold.
- Corporates & Markets consists of four main businesses: Equity Markets & Commodities comprises trading and sales of equity and commodity-related financial products. Fixed Income & Currencies includes trading and sales of interest rate, credit and currency instruments. Corporate Finance provides arrangement and advisory services for equity, debt and hybrid instruments, securitisation solutions and mergers & acquisitions. Credit Portfolio Management is responsible for actively managing the credit risk portfolio of Corporates & Markets on a uniform global basis. The assets transferred from the Portfolio Restructuring Unit are also worked out in this division in a value-maximising manner. Corporates & Markets also houses Client Relationship Management, which is responsible for servicing German multinational industrial companies, German and international insurers, private equity investors, sovereign wealth funds and public-sector customers.
- The Non-Core Assets (NCA) segment groups together the results from the Commercial Real Estate (CRE) Germany, Commercial Real Estate (CRE) International, Public Finance (including Private Finance Initiatives) and Deutsche Schiffsbank (DSB) divisions. CRE Germany, CRE International and Public Finance belong almost entirely to the Commerzbank subsidiary Hypothekenbank Frankfurt Aktiengesellschaft. The DSB division contains the ship financing business of the Commerzbank Group, including all ship financing activities of the former Deutsche Schiffsbank Aktiengesellschaft. The NCA segment also comprises the warehouse assets of Commerz Real Aktiengesellschaft.
- The Portfolio Restructuring Unit segment was dissolved as at 1 July 2012. The remaining assets were transferred either to the Corporates & Markets segment or to the Non-Core Assets (NCA) segment. The Portfolio Restructuring Unit was responsible for reducing assets related to proprietary trading and investment activities which no longer fitted into Commerzbank's client-centric strategy and were discontinued in 2009. The segment's goal was to reduce the portfolio in a way that optimised the bank's capital position. The positions managed by this segment initially included asset-backed securities (ABSs) without a state guarantee, other structured credit products, proprietary trading positions in corporate or financial bonds and exotic credit derivatives. These positions were primarily transferred from the Corporates & Markets and former Commercial Real Estate segments to the Portfolio Restructuring Unit.
- The Others and Consolidation segment contains the income and expenses which are not attributable to the operating business segments. The Others category within this segment includes equity holdings which are not assigned to the operating segments as well as Group Treasury. The costs of the service units, which – except for integration and restructuring costs which are shown under "Others" – are charged in full to the segments, are also shown here. The restructuring expenses for implementing the strategic agenda up until 2016 are recognised under "Others". Consolidation includes income and expense items that represent the reconciliation of internal management reporting figures shown in segment reporting with the consolidated financial statements in accordance with IFRS. The costs of the Group management units which are charged in full to the segments – except for integration and restructuring costs, which are recognised under "Others" – are also reported under this heading.

The performance of each segment is measured in terms of operating profit or loss and pre-tax profit or loss, as well as return on equity and the cost/income ratio. Operating profit or loss is defined as the sum of net interest income after loan loss provisions, net commission income, net trading income and net income from hedge accounting, net investment income, current net income from companies accounted for using the equity method and other net income less operating expenses. As we report pre-tax profits, non-controlling interests are included in the figures for both profit or loss and average capital employed. All the revenue for which a segment is responsible is thus reflected in the pre-tax profit.

The return on equity is calculated as the ratio of profit (both operating and pre-tax) to average capital employed. It shows the return on the capital employed in a given segment. The cost/income ratio in operating business reflects the cost efficiency of the various segments and expresses the relationship of operating expenses to income before loan loss provisions.

Income and expenses are reported in the segments by originating unit and at market prices, with the market interest rate method being used for interest rate operations. The actual funding costs for the segment-specific equity holdings allocated to each segment are shown in net interest income. The Group's return on capital employed is allocated to the net interest income of the various segments in proportion to the average capital employed in the segment. The interest rate used is the long-term risk-free rate on the capital market. The average capital employed is calculated using the Basel II methodology, based on average risk-weighted assets and the capital charges for market risk positions (risk-weighted asset equivalents). At Group level, investors' capital is shown, which is used to calculate the return on equity. The regulatory capital requirement for risk-weighted assets assumed for segment reporting purposes is 9%. The capital allocation for the risks of EU government bonds required by the EBA is shown in the NCA segment.

The segment reporting of the Commerzbank Group shows the segments' pre-tax profit or loss. To reflect the impact on earnings of specific tax-related transactions in the Corporates & Markets segment, the net interest income of Corporates & Markets includes a pre-tax equivalent of the after-tax income from these transactions. When segment reporting is reconciled with the figures from external accounting this pre-tax equivalent is eliminated in Others and Consolidation.

The operating expenses reported under operating profit or loss contain personnel expenses, other operating expenses as well as depreciation and write-downs on fixed assets and other intangible assets. Restructuring expenses and impairments on goodwill and brand names are reported below the operating profit line in pre-tax profit or loss. Operating expenses are attributed to the individual segments on the basis of cost causation. The indirect expenses arising in connection with internal services are charged to the user of the service and credited to the segment performing the service. The provision of intra-group services is charged at market prices or at full cost.

The carrying amounts of companies accounted for using the equity method were €736m (previous year: €663m) and were divided over the segments as follows: Private Customers €369m (previous year: €288m), Mittelstandsbank €94m (previous year: €93m), Corporates & Markets €88m (previous year: €90m), Non-Core Assets €106m (previous year: €114m) and Others and Consolidation €79m (previous year: €78m).

With respect to the Portfolio Restructuring Unit, which was dissolved, assets of €6.7bn were attributable to the Corporates & Markets segment and assets of €859m to the Non-Core Assets segment with effect as at 30 June 2013. The main profit components arising from these assets were as follows: €137m net trading income, €–30m loan loss provisions and €132m pre-tax profit was attributable to the Corporates & Markets segment, while €–46m net trading income and €–49m pre-tax profit was attributable to the NCA segment.

The tables below contain information on the segments as at 30 June 2013 and on the comparative figures for the previous financial year.

1.1.–30.6.2013 €m	**Private Customers**	**Mittelstandsbank**	**Central & Eastern Europe**	**Corporates & Markets**	**Non-Core Assets**	**Others and Consolidation**	**Group**
Net interest income	875	889	202	750	351	– 82	2,985
Loan loss provisions	– 62	– 225	– 42	45	– 522	2	– 804
Net interest income after loan loss provisions	813	664	160	795	– 171	– 80	2,181
Net commission income	817	552	100	175	38	– 27	1,655
Net trading income and net income from hedge accounting	1	– 26	51	168	– 20	134	308
Net investment income	8	– 21	9	12	– 149	15	– 126
Current net income from companies accounted for using the equity method	15	1	–	8	– 2	– 3	19
Other net income	– 19	28	17	39	9	– 141	– 67
Income before loan loss provisions	*1,697*	*1,423*	*379*	*1,152*	*227*	*– 104*	*4,774*
Income after loan loss provisions	*1,635*	*1,198*	*337*	*1,197*	*– 295*	*– 102*	*3,970*
Operating expenses	1,512	656	210	673	178	194	3,423
Operating profit or loss	**123**	**542**	**127**	**524**	**– 473**	**– 296**	**547**
Impairments of goodwill and brand names	–	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	–	493	493
Net gain or loss from sale of disposal groups	–	–	–	–	–	–	–
Pre-tax profit or loss	**123**	**542**	**127**	**524**	**– 473**	**– 789**	**54**
Assets	**68,511**	**78,447**	**24,748**	**234,374**	**148,966**	**81,917**	**636,963**
Average capital employed	**3,961**	**5,839**	**1,688**	**3,297**	**9,854**	**3,921**	**28,560**
Operating return on equity[1] (%)	**6.2**	**18.6**	**15.0**	**31.8**	**– 9.6**		**3.8**
Cost/income ratio in operating business (%)	**89.1**	**46.1**	**55.4**	**58.4**	**78.4**		**71.7**
Return on equity of pre-tax profit or loss[1] (%)	**6.2**	**18.6**	**15.0**	**31.8**	**– 9.6**		**0.4**
Staff (average headcount)	16,798	5,425	7,706	1,870	657	17,956	50,412

[1] Annualised.

1.1.–30.6.2012[1] €m	Private Custo-mers	Mittel-stands-bank	Central & Eastern Europe	Corporates & Markets	Non-Core Assets	Portfolio Restruc-turing Unit[2]	Others and Consoli-dation	Group
Net interest income	920	1,029	250	831	340	66	42	3,478
Loan loss provisions	– 34	3	– 53	– 50	– 479	– 3	–	– 616
Net interest income after loan loss provisions	886	1,032	197	781	– 139	63	42	2,862
Net commission income	784	543	97	177	46	–	– 14	1,633
Net trading income and net income from hedge accounting	1	– 11	57	– 228	– 91	122	398	248
Net investment income	2	– 7	6	4	– 257	28	25	– 199
Current net income from companies accounted for using the equity method	10	–	–	9	–	–	– 1	18
Other net income	– 11	– 16	20	– 5	19	–	– 29	– 22
Income before loan loss provisions	*1,706*	*1,538*	*430*	*788*	*57*	*216*	*421*	*5,156*
Income after loan loss provisions	*1,672*	*1,541*	*377*	*738*	*– 422*	*213*	*421*	*4,540*
Operating expenses	1,505	667	231	661	186	29	243	3,522
Operating profit or loss	**167**	**874**	**146**	**77**	**– 608**	**184**	**178**	**1,018**
Impairments of goodwill and brand names	–	–	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	43	–	–	43
Net gain or loss from sale of disposal groups	–	–	– 86	–	–	–	–	– 86
Pre-tax profit or loss	**167**	**874**	**60**	**77**	**– 651**	**184**	**178**	**889**
Assets	**67,621**	**85,023**	**23,252**	**210,669**	**179,895**	**12,091**	**94,162**	**672,713**
Average capital employed	**3,928**	**5,841**	**1,889**	**3,238**	**10,172**	**1,378**	**2,263**	**28,709**
Operating return on equity[3] (%)	**8.5**	**29.9**	**15.5**	**4.8**	**– 12.0**			**7.1**
Cost/income ratio in operating business (%)	**88.2**	**43.4**	**53.7**	**83.9**	**326.3**			**68.3**
Return on equity of pre-tax profit or loss[3] (%)	**8.5**	**29.9**	**6.4**	**4.8**	**– 12.8**			**6.2**
Staff (average headcount)	17,261	5,542	8,959	1,864	766	25	18,959	53,376

[1] Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 66 ff.).
[2] The assets of the dissolved Portfolio Restructuring Unit (PRU) segment were transferred as at 1 July 2012 either to the Corporates & Markets segment or the Non-Core Assets (NCA) segment. The results of this segment up to then will continue to be reported.
[3] Annualised.

Details for Others and Consolidation:

€m	1.1.–30.6.2013			1.1.–30.6.2012[1]		
	Others	Consoli-dation	Others and Consoli-dation	Others	Consoli-dation	Others and Consoli-dation
Net interest income	– 61	– 21	– 82	72	– 30	42
Loan loss provisions	2	–	2	–	–	–
Net interest income after loan loss provisions	– 59	– 21	– 80	72	– 30	42
Net commission income	– 27	–	– 27	– 11	– 3	– 14
Net trading income and net income from hedge accounting	120	14	134	375	23	398
Net investment income	22	– 7	15	27	– 2	25
Current net income from companies accounted for using the equity method	– 3	–	– 3	– 1	–	– 1
Other net income	– 134	– 7	– 141	– 31	2	– 29
Income before loan loss provisions	*– 83*	*– 21*	*– 104*	*431*	*– 10*	*421*
Income after loan loss provisions	*– 81*	*– 21*	*– 102*	*431*	*– 10*	*421*
Operating expenses	208	– 14	194	246	– 3	243
Operating profit or loss	**– 289**	**– 7**	**– 296**	**185**	**– 7**	**178**
Impairments of goodwill and brand names	–	–	–	–	–	–
Restructuring expenses	493	–	493	–	–	–
Net gain or loss from sale of disposal groups	–	–	–	–	–	–
Pre-tax profit or loss	**– 782**	**– 7**	**– 789**	**185**	**– 7**	**178**
Assets	**81,917**	**–**	**81,917**	**94,162**	**–**	**94,162**

[1] Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 66 ff.).

Under Consolidation we report consolidation and reconciliation items between the results of the segments and the Others category on the one hand and the consolidated financial statements on the other. This includes the following items among others:

- Remeasurement effects from the application of hedge accounting to intra-bank transactions as per IAS 39 are shown in Consolidation.
- The pre-tax equivalent of tax-related transactions allocated to net interest income in the Corporates & Markets segment is eliminated again under Consolidation.
- Net remeasurement gains or losses on own bonds and shares incurred in the segments are eliminated under Consolidation.
- Other consolidation effects from intra-group transactions are also reported here.

Segmentation on the basis of the location of the branch or group company (geographic markets) produced the following breakdown:

1.1.–30.6.2013 €m	Germany	Europe excluding Germany	America	Asia	Others	Total
Net interest income	2,200	716	39	30	–	2,985
Loan loss provisions	– 458	– 380	28	6	–	– 804
Net interest income after loan loss provisions	1,742	336	67	36	–	2,181
Net commission income	1,358	237	22	38	–	1,655
Net trading income and net income from hedge accounting	– 266	460	39	75	–	308
Net investment income	– 37	– 88	–	– 1	–	– 126
Current net income from companies accounted for using the equity method	15	–	2	2	–	19
Other net income	– 127	63	– 1	– 2	–	– 67
Income before loan loss provisions	*3,143*	*1,388*	*101*	*142*	–	*4,774*
Income after loan loss provisions	*2,685*	*1,008*	*129*	*148*	–	*3,970*
Operating expenses	2,689	622	61	51	–	3,423
Operating profit or loss	**– 4**	**386**	**68**	**97**	**–**	**547**
Credit-risk-weighted assets	**113,034**	**52,515**	**3,762**	**3,477**	**–**	**172,788**

In the prior-year period we achieved the following results in the various geographic markets:

1.1.–30.6.2012[1] €m	Germany	Europe excluding Germany	America	Asia	Others	Total
Net interest income	2,450	928	53	47	–	3,478
Loan loss provisions	– 305	– 286	7	– 32	–	– 616
Net interest income after loan loss provisions	2,145	642	60	15	–	2,862
Net commission income	1,391	205	20	17	–	1,633
Net trading income and net income from hedge accounting	2	221	20	5	–	248
Net investment income	– 199	2	1	– 3	–	– 199
Current net income from companies accounted for using the equity method	8	7	3	–	–	18
Other net income	– 125	79	– 4	28	–	– 22
Income before loan loss provisions	*3,527*	*1,442*	*93*	*94*	–	*5,156*
Income after loan loss provisions	*3,222*	*1,156*	*100*	*62*	–	*4,540*
Operating expenses	2,736	663	69	54	–	3,522
Operating profit or loss	**486**	**493**	**31**	**8**	**–**	**1,018**
Credit-risk-weighted assets	**110,563**	**55,780**	**5,285**	**3,434**	**–**	**175,062**

[1] Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 66 ff.).

Credit risk-weighted assets are shown for the geographic segments rather than assets. In accordance with IFRS 8.32, Commerzbank has decided not to provide a breakdown of the Commerzbank Group's total profits by products and services. Neither internal management activities nor management reporting are based on this information.

Notes to the balance sheet

(11) Claims on banks

€m	30.6.2013	31.12.2012	Change in %
Due on demand	42,484	34,492	23.2
With a residual term	71,131	53,642	32.6
up to three months	50,485	34,180	47.7
over three months to one year	12,320	10,597	16.3
over one year to five years	7,945	8,125	– 2.2
over five years	381	740	– 48.5
Total	**113,615**	**88,134**	**28.9**
of which reverse repos and cash collaterals	78,929	55,861	41.3
of which relate to the category:			
Loans and receivables	51,585	53,453	– 3.5
Available-for-sale financial assets	–	–	.
At fair value through profit or loss (fair value option)	62,030	34,681	78.9

Claims on banks after deduction of loan loss provisions amounted to €113,522m (previous year: €88,028m).

(12) Claims on customers

€m	30.6.2013	31.12.2012	Change in %
With an indefinite residual term	39,416	29,308	34.5
With a residual term	245,791	256,892	– 4.3
up to three months	41,673	45,564	– 8.5
over three months to one year	41,958	37,340	12.4
over one year to five years	77,231	84,913	– 9.0
over five years	84,929	89,075	– 4.7
Total	**285,207**	**286,200**	**– 0.3**
of which reverse repos and cash collaterals	50,026	33,924	47.5
of which relate to the category:			
Loans and receivables	237,542	255,157	– 6.9
Available-for-sale financial assets	–	–	.
At fair value through profit or loss (fair value option)	47,665	31,043	53.5

Claims on customers after deduction of loan loss provisions amounted to €278,069m (previous year: €278,546m).

(13) Total lending

€m	30.6.2013	31.12.2012	Change in %
Loans to banks	22,372	21,041	6.3
Loans to customers	235,184	251,807	– 6.6
Total	**257,556**	**272,848**	**– 5.6**

We distinguish loans from claims on banks and customers such that only claims for which a special loan agreement has been concluded with the borrower are shown as loans. Interbank money market transactions and reverse repo transactions, for example, are thus not shown as loans. Acceptance credits are also included in loans to customers.

(14) Loan loss provisions

Provisions for loan losses are made in accordance with rules that apply Group-wide and cover all discernible credit risks. For loan losses that have already occurred but are not yet known, portfolio valuation allowances have been calculated in line with procedures derived from Basel II methodology.

Development of provisioning | €m	2013	2012	Change in %
As at 1.1.	**8,092**	**8,663**	**– 6.6**
Allocations	1,596	1,560	2.3
Deductions	1,582	1,707	– 7.3
Utilisation	721	715	0.8
Reversals	861	992	– 13.2
Changes in group of consolidated companies	–	–	.
Exchange rate changes/reclassifications/unwinding	– 544	– 418	30.1
As at 30.6.	**7,562**	**8,098**	**– 6.6**

With direct write-downs, write-ups and recoveries on written-down claims taken into account, the allocations and reversals recognised in profit or loss resulted in provisions of €804m (30 June 2012: €616m) (see Note 2).

Loan loss provisions | €m	30.6.2013	31.12.2012	Change in %
Specific valuation allowances	6,498	6,993	– 7.1
Portfolio valuation allowances	733	767	– 4.4
Provisions for on-balance-sheet loan losses	**7,231**	**7,760**	**– 6.8**
Specific loan loss provisions	211	212	– 0.5
Portfolio loan loss provisions	120	120	0.0
Provisions for off-balance-sheet loan losses	**331**	**332**	**– 0.3**
Total	**7,562**	**8,092**	**– 6.5**

For claims on banks, loan loss provisions amounted to €93m (previous year: €106m) and for claims on customers to €7,138m (previous year: €7,654m).

(15) Trading assets

The Group's trading activities include trading in:

- Bonds, notes and other interest-rate-related securities
- Shares and other equity-related securities and units in investment funds
- Promissory note loans and other claims
- Foreign currencies and precious metals
- Derivative financial instruments
- Other trading assets

Other assets held for trading comprise positive fair values of loans for syndication and emission permits as well as loans and money market trading transactions.

All the items in the trading portfolio are reported at fair value.

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

€m	30.6.2013	31.12.2012	Change in %
Bonds, notes and other interest-rate-related securities	19,528	18,381	6.2
Promissory note loans	1,373	1,366	0.5
Shares, other equity-related securities and units in investment funds	23,384	17,759	31.7
Positive fair values of derivative financial instruments	80,042	106,400	– 24.8
Currency-related derivative transactions	11,578	12,939	– 10.5
Interest-rate-related derivative transactions	62,845	89,139	– 29.5
Other derivative transactions	5,619	4,322	30.0
Other trading assets	213	238	– 10.5
Total	**124,540**	**144,144**	**– 13.6**

Other transactions involving positive fair values of derivative financial instruments consist mainly of €2,833m in equity derivatives (previous year: €1,917m) and €2,223m in credit derivatives (previous year: €2,104m).

(16) Financial investments

Financial investments are financial instruments not assigned to any other balance sheet item. They comprise bonds, notes and other interest-rate-related securities, shares and other equity-related securities not used for trading purposes, as well as units in investment funds, equity holdings (including companies not accounted for using the equity method and joint ventures) and holdings in non-consolidated subsidiaries.

€m	30.6.2013	31.12.2012	Change in %
Bonds, notes and other interest-rate-related securities[1]	84,024	87,548	– 4.0
Shares, other equity-related securities and units in investment funds	1,159	1,299	– 10.8
Equity holdings	134	138	– 2.9
Holdings in non-consolidated subsidiaries	138	157	– 12.1
Total	**85,455**	**89,142**	**– 4.1**
of which relate to the category:			
Loans and receivables[1]	48,351	52,427	– 7.8
Available-for-sale financial assets	34,621	34,268	1.0
of which measured at amortised cost	211	423	– 50.1
At fair value through profit or loss (fair value option)	2,483	2,447	1.5

[1] Reduced by portfolio valuation allowances for reclassified securities of €105m (previous year: €149m).

In its press release of 13 October 2008, the IASB issued an amendment to IAS 39 relating to the reclassification of financial instruments. In accordance with the amendment, securities in the Public Finance portfolio for which there was no active market were reclassified from the IAS 39 available-for-sale financial assets category to the IAS 39 loans and receivables category in the financial years 2008 and 2009. The fair value at the date of reclassification was recognised as the new carrying amount of these securities.

The revaluation reserve after deferred taxes for all the securities reclassified in financial years 2008 and 2009 was €– 0.6bn as at 30 June 2013 (previous year: €– 0.7bn). Without these reclassifications, the revaluation reserve for these portfolios after deferred taxes would have been €– 3.4bn (previous year: €– 4.2bn) as at 30 June 2013; the carrying amount of these portfolios on the balance sheet date was €46.0bn (previous year: €50.0bn) and fair value was €41.9bn (previous year: €45.0bn).

(17) Intangible assets

€m	30.6.2013	31.12.2012	Change in %
Goodwill	2,080	2,080	0.0
Other intangible assets	1,001	971	3.1
Customer relationships	416	438	– 5.0
Brand names	–	–	.
In-house developed software	369	349	5.7
Other	216	184	17.4
Total	**3,081**	**3,051**	**1.0**

(18) Fixed assets

€m	30.6.2013	31.12.2012	Change in %
Land and buildings	1,219	851	43.2
Office furniture and equipment	481	521	– 7.7
Total	**1,700**	**1,372**	**23.9**

(19) Other assets

€m	30.6.2013	31.12.2012	Change in %
Collection items	11	311	– 96.5
Precious metals	541	666	– 18.8
Leased equipment	833	851	– 2.1
Accrued and deferred items	397	256	55.1
Initial/variation margins receivable	241	296	– 18.6
Other assets[1]	1,899	1,191	59.4
Total	**3,922**	**3,571**	**9.8**

[1] Prior-year figures restated due to the first-time application of the amended IAS 19 (see page 66 ff.).

(20) Liabilities to banks

€m	30.6.2013	31.12.2012	Change in %
Due on demand	56,541	43,089	31.2
With a residual term	67,845	67,153	1.0
up to three months	38,210	21,670	76.3
over three months to one year	5,793	5,382	7.6
over one year to five years	12,814	27,396	− 53.2
over five years	11,028	12,705	− 13.2
Total	**124,386**	**110,242**	**12.8**
of which repos und cash collaterals	51,139	23,850	.
of which relate to the category:			
Liabilities measured at amortised cost	74,478	90,206	− 17.4
At fair value through profit or loss (fair value option)	49,908	20,036	.

(21) Liabilities to customers

€m	30.6.2013	31.12.2012	Change in %
Savings deposits	5,825	12,960	− 55.1
With an agreed period of notice of			
three months	5,722	10,807	− 47.1
over three months	103	2,153	− 95.2
Other liabilities to customers	284,760	252,882	12.6
Due on demand	162,078	142,377	13.8
With a residual term	122,682	110,505	11.0
up to three months	62,018	50,556	22.7
over three months to one year	19,061	14,610	30.5
over one year to five years	15,330	16,049	− 4.5
over five years	26,273	29,290	− 10.3
Total	**290,585**	**265,842**	**9.3**
of which repos und cash collaterals	58,351	31,997	82.4
of which relate to the category:			
Liabilities measured at amortised cost	224,468	228,643	− 1.8
At fair value through profit or loss (fair value option)	66,117	37,199	77.7

(22) Securitised liabilities

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

€m	30.6.2013	31.12.2012	Change in %
Bonds and notes issued	67,908	78,855	– 13.9
of which Mortgage Pfandbriefe	19,614	21,530	– 8.9
Public Pfandbriefe	20,879	27,758	– 24.8
Money market instruments issued	1,892	466	.
Own acceptances and promissory notes outstanding	2	11	– 81.8
Total	**69,802**	**79,332**	**– 12.0**
of which relate to the category:			
Liabilities measured at amortised cost	66,826	75,903	– 12.0
At fair value through profit or loss (fair value option)	2,976	3,429	– 13.2

Residual maturities of securitised liabilities | €m	30.6.2013	31.12.2012	Change in %
Due on demand	–	–	.
With a residual term	69,802	79,332	– 12.0
up to three months	4,704	8,301	– 43.3
over three months to one year	14,308	9,662	48.1
over one year to five years	40,406	47,302	– 14.6
over five years	10,384	14,067	– 26.2
Total	**69,802**	**79,332**	**– 12.0**

In the first six months of 2013, material new issues with a total volume of €6.7bn were floated. In the same period the volume of redemptions and repurchases amounted to €1.4bn and the volume of bonds maturing to €14.1bn.

(23) Trading liabilities

Trading liabilities show the negative fair values of derivative financial instruments that do not qualify for hedge accounting as well as lending commitments with negative fair values. Own issues in the trading book and delivery commitments arising from short sales of securities are also included under trading liabilities.

€m	30.6.2013	31.12.2012	Change in %
Currency-related derivative transactions	12,713	13,959	– 8.9
Interest-rate-related derivative transactions	59,176	85,503	– 30.8
Other derivative transactions	5,817	5,672	2.6
Certificates and other notes issued	5,034	5,201	– 3.2
Delivery commitments arising from short sales of securities, negative market values of lending commitments and other trading liabilities	8,622	5,776	49.3
Total	**91,362**	**116,111**	**– 21.3**

Other derivative transactions consisted mainly of €3,395m in equity derivatives (previous year: €3,220m) and €2,039m in credit derivatives (previous year: €2,183m).

(24) Provisions

€m	30.6.2013	31.12.2012	Change in %
Provisions for pensions and similar commitments[1]	831	1,050	– 20.9
Other provisions	3,186	3,049	4.5
Total	**4,017**	**4,099**	**– 2.0**

[1] Prior-year figures restated due to the first-time application of the amended IAS 19 (see page 66 ff.).

Following restatement due to the retrospective application of the amended IAS 19, provisions were €4,107m as at 31 December 2011 or 1 January 2012 respectively.

(25) Other liabilities

€m	30.6.2013	31.12.2012	Change in %
Liabilities attributable to film funds	1,831	1,915	– 4.4
Liabilities attributable to non-controlling interests	2,572	2,441	5.4
Accrued and deferred items	533	439	21.4
Variation margins payable	137	162	– 15.4
Other liabilities	1,469	1,566	– 6.2
Total	**6,542**	**6,523**	**0.3**

(26) Subordinated capital

€m	30.6.2013	31.12.2012	Change in %
Subordinated liabilities	10,673	11,186	– 4.6
Profit-sharing certificates	893	865	3.2
Accrued interest, including discounts	– 194	– 161	20.5
Remeasurement effects	367	426	– 13.8
Total	**11,739**	**12,316**	**– 4.7**
of which relate to the category:			
Liabilities measured at amortised cost	11,729	12,308	– 4.7
At fair value through profit or loss (fair value option)	10	8	25.0

€0.3bn of subordinated liabilities matured in the first six months of 2013. There were no other material changes.

(27) Hybrid capital

€m	30.6.2013	31.12.2012	Change in %
Hybrid capital	2,054	2,057	– 0.1
Accrued interest, including discounts	– 909	– 969	– 6.2
Remeasurement effects	368	509	– 27.7
Total	**1,513**	**1,597**	**– 5.3**
of which relate to the category:			
Liabilities measured at amortised cost	1,513	1,597	– 5.3
At fair value through profit or loss (fair value option)	–	–	.

There were no material changes to report in the first six months of financial year 2013.

Other notes

(28) Capital requirements and capital ratios

€m	30.6.2013	31.12.2012	Change in %
Core Tier I	24,871	24,986	– 0.5
Hybrid capital	1,088	2,259	– 51.8
Total Tier I	**25,959**	**27,245**	**– 4.7**
Tier II capital	10,288	9,878	4.2
Total capital	**36,247**	**37,123**	**– 2.4**

	Capital adequacy requirement		Risk-weighted assets[1]		
€m	30.6.2013	31.12.2012	30.6.2013	31.12.2012	Change in %
Credit risk	13,823	13,967	172,788	174,584	– 1.0
Market risk	946	880	11,825	10,999	7.5
Operational risk	1,734	1,804	21,675	22,552	– 3.9
Total capital requirement	**16,503**	**16,651**	**206,288**	**208,135**	**– 0.9**
Core Tier I	24,871	24,986			
Tier I capital	25,959	27,245			
Total capital	36,247	37,123			
Core Tier I capital ratio (%)	12.1	12.0			
Tier I capital ratio (%)	12.6	13.1			
Total capital ratio (%)	17.6	17.8			

[1] Risk-weighted assets are calculated by multiplying the capital requirements by 12.5.

(29) Contingent liabilities and irrevocable lending commitments

€m	30.6.2013	31.12.2012	Change in %
Contingent liabilities	35,130	35,837	– 2.0
from rediscounted bills of exchange credited to borrowers	3	5	– 40.0
from guarantees and indemnity agreements	35,087	35,783	– 1.9
from other commitments	40	49	– 18.4
Irrevocable lending commitments	51,238	49,747	3.0

Provisions for contingent liabilities and irrevocable lending commitments have been deducted from the respective items.

(30) Derivative transactions

The nominal amounts and fair values of derivative transactions after netting the fair values of derivatives and any variation margins payable on them were as set out below.

The netting volume as at 30 June 2013 totalled €115,708m (previous year: €162,271m). On the assets side, €112,175m of this was attributable to positive fair values and €3,533m to variation margins received. Netting on the liabilities side involved negative fair values of €115,601m and liabilities for variation margin payments of €107m.

	Nominal amount by residual term						Fair values	
30.6.2013 €m	**due on demand**	**up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**more than 5 years**	**Total**	**positive**	**negative**
Foreign-currency-based forward transactions	12	283,931	174,345	179,787	116,861	754,936	12,099	12,817
Interest-based forward transactions	22	519,754	2,525,948	1,902,593	1,641,404	6,589,721	178,918	183,818
Other forward transactions	1,253	55,322	65,857	135,467	17,655	275,554	5,648	5,847
Total	**1,287**	**859,007**	**2,766,150**	**2,217,847**	**1,775,920**	**7,620,211**	**196,665**	**202,482**
of which exchange-traded	–	*33,059*	*66,829*	*25,867*	*12,125*	*137,880*		
Net position in the balance sheet							**84,490**	**86,881**

	Nominal amount by residual term						Fair values	
31.12.2012 €m	**due on demand**	**up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**more than 5 years**	**Total**	**positive**	**negative**
Foreign-currency-based forward transactions	6	283,437	159,023	170,519	118,569	731,554	13,592	14,119
Interest-based forward transactions	16	525,624	2,092,073	2,024,487	1,739,143	6,381,343	253,072	259,183
Other forward transactions	1,013	44,994	76,422	129,138	17,155	268,722	4,354	5,704
Total	**1,035**	**854,055**	**2,327,518**	**2,324,144**	**1,874,867**	**7,381,619**	**271,018**	**279,006**
of which exchange-traded	–	*30,304*	*112,507*	*22,591*	*11,174*	*176,576*		
Net position in the balance sheet							**112,457**	**116,873**

(31) Fair value and fair value hierarchy of financial instruments

Under IAS 39, all financial instruments are initially recognised at fair value; in the case of financial instruments that are not classified as at fair value through profit or loss, fair value plus certain transaction costs. The subsequent measurement of financial instruments classified as at fair value through profit or loss or available-for-sale financial assets are measured at fair value on an ongoing basis. For this purpose, at fair value through profit or loss includes derivatives, instruments held for trading and instruments designated at fair value.

Under IFRS 13, the fair value of an asset is the amount for which it could be sold between knowledgeable, willing, independent parties in an arm's length transaction. The fair value therefore corresponds to a realisable price. For liabilities, fair value is defined as the price which would be paid to transfer the liability in question in an orderly transaction with a third party. The fair value of a liability also reflects non-performance risk. If third parties provide security for our liabilities (e.g. guarantees), this security is not taken into account in the valuation of the liability, as the Bank's repayment obligation remains the same.

The most suitable measure of fair value is the quoted price for an identical instrument in an active market (fair value hierarchy level I). Thus, quoted prices are to be used if they are available. The relevant market for determining the fair value is generally the most active market. To reflect the price at which an asset could be exchanged or a liability settled, asset positions are measured at the bid price and liability positions are measured at the offer price.

If quoted prices are not available, valuation is based on quoted prices for similar instruments in active markets. Where quoted prices are not available for identical or similar financial instruments, fair value is derived using an appropriate valuation model where the data inputs are obtained, as far as possible, from observable market sources (fair value hierarchy level II).

While most valuation techniques rely on data from observable market sources, certain financial instruments are measured using models that incorporate other inputs for which there is insufficient recent observable market data. IFRS 13 recognises the market approach, income approach and cost approach as potential methods of measurement. The market approach relies on measurements based on information about identical or comparable assets and liabilities. The income approach reflects current expectations about future cash flows, expenses and income. The income approach may also include option price models. The cost approach (which may only be applied to non-financial instruments) defines fair value as the current replacement cost of the asset, taking into account the asset's current condition. These valuation methods inherently include a greater level of management judgement. These unobservable inputs may include data that is extrapolated or interpolated, or may be derived by approximation to correlated or historical data. However, such inputs maximise market or third-party inputs and rely as little as possible on company-specific inputs (fair value hierarchy level III).

The fair values which can be realised at a later date can deviate from the fair values as calculated under Level III.

Valuation models must be consistent with accepted economic methodologies for pricing financial instruments and must incorporate all factors that market participants would consider appropriate in setting a price. All fair values are subject to the Group's internal controls and procedures which set out the standards for independently verifying or validating fair values. These controls and procedures are managed by the Independent Price Verification (IPV) Group within the Finance function. The models, inputs and resulting fair values are reviewed regularly by Senior Management and the Risk function.

Fair value hierarchy

Under IFRS 13, financial instruments carried at fair value are assigned to the three levels of the fair value hierarchy as follows (see also measurement of financial instruments above):

- Level I: Financial instruments where the fair value is based on quoted prices for identical financial instruments in an active market;
- Level II: Financial instruments where no quoted prices are available for identical instruments in an active market and the fair value is established using valuation techniques;
- Level III: Financial instruments where valuation techniques are used that incorporate inputs for which there is insufficient observable market data and where these inputs have a more than insignificant impact on the fair value.

The allocation of certain financial instruments to the relevant level is subject to the judgement of management on a systematic basis, particularly if the valuation is based both on observable market data and unobservable market data. An instrument's classification may also change over time to reflect changes in market liquidity and price transparency.

In the tables below the financial instruments reported in the balance sheet at fair value are grouped by balance sheet item and valuation category. They are broken down according to whether fair value is based on quoted market prices (Level I), observable market data (Level II) or unobservable market data (Level III).

Financial assets | €bn		30.6.2013				31.12.2012			
		Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
Claims on banks	At fair value through profit or loss	–	62.0	–	62.0	–	34.7	–	34.7
Claims on customers	At fair value through profit or loss	–	47.4	0.3	47.7	–	30.7	0.3	31.0
Positive fair values of derivative hedging instruments	Hedge accounting	–	4.4	–	4.4	–	6.1	–	6.1
Trading assets	Held for trading	41.0	81.3	2.2	124.5	34.6	107.3	2.2	144.1
of which positive fair values from derivatives		–	79.2	0.8	80.0	–	105.4	1.0	106.4
Financial investments	At fair value through profit or loss	1.6	0.8	0.1	2.5	2.3	–	0.1	2.4
	Available-for-sale financial assets	31.9	1.9	0.8	34.6	30.7	3.0	0.6	34.3
Total		**74.5**	**197.8**	**3.4**	**275.7**	**67.6**	**181.8**	**3.2**	**252.6**

Financial liabilities | €bn		30.6.2013				31.12.2012			
		Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
Liabilities to banks	At fair value through profit or loss	–	49.9	–	49.9	–	20.0	–	20.0
Liabilities to customers	At fair value through profit or loss	–	66.1	–	66.1	–	37.2	–	37.2
Securitised liabilities	At fair value through profit or loss	3.0	–	–	3.0	3.4	–	–	3.4
Negative fair values of derivative hedging instruments	Hedge accounting	–	9.2	–	9.2	–	11.7	–	11.7
Trading liabilities	Held for trading	13.6	77.0	0.8	91.4	10.8	104.5	0.8	116.1
of which negative fair values from derivatives		–	77.0	0.7	77.7	–	104.5	0.7	105.2
Subordinated capital	At fair value through profit or loss	–	–	–	–	–	–	–	–
Total		**16.6**	**202.2**	**0.8**	**219.6**	**14.2**	**173.4**	**0.8**	**188.4**

In the second quarter of 2013 we reclassified €0.1bn of available-for-sale bonds and €0.4bn of securities held for trading from Level I to Level II, as no quoted market prices were available. We also reclassified €0.2bn of available-for-sale bonds and €0.2bn of securities held for trading from Level I to Level III, as neither quoted market prices nor observable market data were available for valuation purposes. The reclassifications were determined on the basis of the holdings on 31 March 2013. Apart from this, there were no other significant reclassifications between Level I, Level II and Level III.

The changes in financial instruments in the Level III category were as follows:

Financial assets €m	Claims on customers	Trading assets	of which positive fair values from derivatives	Financial investments		Total
	At fair value through profit or loss	Held for trading	Held for trading	At fair value through profit or loss	Available-for-sale financial assets	
Fair value as at 1.1.2012	**192**	**4,224**	**2,536**	**163**	**827**	**5,406**
Changes in group of consolidated companies	–	–	–	–	–	–
Gains or losses recognised in the income statement during the period	– 6	– 60	– 48	8	–	– 58
Gains or losses recognised in revaluation reserve	–	–	–	–	–	–
Purchases	–	98	3	–	–	98
Sales	–	– 1,232	– 760	– 18	– 164	– 1,414
Issues	–	–	–	–	–	–
Redemptions	–	– 61	– 1	– 96	– 8	– 165
Reclassification	116	– 794	– 776	– 4	– 10	– 692
Fair value as at 31.12.2012	**302**	**2,175**	**954**	**53**	**645**	**3,175**
Changes in group of consolidated companies	–	–	–	–	–	–
Gains or losses recognised in the income statement during the period	– 22	– 77	18	32	– 8	– 75
of which unrealised gains/losses	– 18	– 65	– 4	– 2	–	– 85
Gains or losses recognised in revaluation reserve	–	–	–	–	25	25
Purchases	–	350	2	47	165	562
Sales	–	–	–	–	–	–
Issues	–	–	–	–	–	–
Redemptions	–	– 31	– 4	– 31	– 3	– 65
Reclassification into level III	–	18	–	–	–	18
Reclassifications out of level III	–	– 218	– 122	–	– 33	– 251
Fair value as at 30.6.2013	**280**	**2,217**	**848**	**101**	**791**	**3,389**

Unrealised gains or losses from financial instruments held for trading purposes (trading assets and derivatives) are included in net trading income. Unrealised gains or losses from claims and financial investments measured at fair value through profit or loss are accounted for in the net gain or loss from applying the fair value option.

Financial liabilities €m	Trading liabilities Held for trading	of which negative fair values from derivatives Held for trading	Total
Fair value as at 1.1.2012	**1,403**	**1,162**	**1,403**
Changes in group of consolidated companies	–	–	–
Gains or losses recognised in the income statement during the period	– 48	– 48	– 48
Purchases	89	89	89
Sales	2	2	2
Issues	–	–	–
Redemptions	– 47	– 47	– 47
Reclassification	– 559	– 476	– 559
Fair value as at 31.12.2012	**840**	**682**	**840**
Changes in group of consolidated companies	–	–	–
Gains or losses recognised in the income statement during the period	– 81	– 81	– 81
of which unrealised gains/losses	– 4	– 4	– 4
Purchases	113	12	113
Sales	–	–	–
Issues	–	–	–
Redemptions	– 37	– 37	– 37
Reclassification into level III	142	142	142
Reclassifications out of level III	– 186	– 56	– 186
Fair value as at 30.6.2013	**791**	**662**	**791**

Unrealised gains or losses from financial instruments held for trading purposes (trading liabilities and derivatives) are included in net trading income.

Sensitivity analysis

Where the value of financial instruments is based on unobservable input parameters (Level III), the precise level of these parameters at the balance sheet date may be derived from a range of reasonable possible alternatives at the discretion of management. In preparing the financial statements, appropriate levels for these unobservable input parameters are chosen which are consistent with existing market evidence and in line with the Group's valuation control approach.

The purpose of this disclosure is to illustrate the potential impact of the relative uncertainty in the fair values of financial instruments with valuations based on unobservable input parameters (Level III). These parameters lie at the extremes of their range of reasonable possible alternatives. In practice, however, it is unlikely that all unobservable parameters would simultaneously lie at the extremes of this range. Consequently, the estimates provided are likely to exceed the actual uncertainty in the fair values of these instruments. The purpose of these figures is not to estimate or predict future changes in fair value. The unobservable parameters were either shifted by 1% to 10% as deemed appropriate by our independent valuation experts for each type of instrument or a measure of standard deviation was applied.

The table below shows the impact on the income statement of reasonable parameter estimates on the edges of these ranges for instruments in the fair value hierarchy Level III. This sensitivity analysis for financial instruments in the fair value hierarchy Level III is broken down by type of instrument:

€m	2013		
	Positive effects on income statement	**Negative effects on income statement**	**Changed parameters**
Derivatives	**69**	**– 71**	
Equity-related transactions	–	–	Cash flow
Credit derivatives	49	– 51	Correlation, discount yield
Interest-rate-related transactions	20	– 20	Mean reversion, correlation
Other transactions	–	–	
Securities	**121**	**– 108**	
Interest-rate-related transactions	121	– 108	Credit spread, discount yield
of which ABS	36	– 24	Yield, recovery rate, credit spread
Equity-related transactions	–	–	
Loans	**–**	**–**	

Day one profit or loss

The Commerzbank Group has entered into transactions where the fair value was calculated using a valuation model and where not all material input parameters are based on observable market parameters. The initial carrying value of such transactions is the transaction price. The difference between the transaction price and the fair value of the valuation model is termed the "day one profit or loss". The day one profit or loss is not recognised in profit or loss immediately, but over the tenor of the respective transaction. As soon as there is a quoted market price on an active market for such transactions or all material input parameters become observable, the accrued day one profit or loss is immediately recognised in net trading income. A cumulated difference between transaction price and model valuation is calculated for all Level III inventory.

Material impacts only result from financial instruments held for trading; the development was as follows:

€m	Day one profit or loss		
	Trading assets	Trading liabilities	Total
Balance as at 1.1.2012	**–**	**3**	**3**
Allocations not recognised in income statement	–	1	1
Reversals recognised in income statement	–	2	2
Balance as at 31.12.2012	**–**	**2**	**2**
Allocations not recognised in income statement	–	–	–
Reversals recognised in income statement	–	2	2
Balance as at 30.6.2013	**–**	**–**	**–**

Below, we provide more information on the fair values of financial instruments which are not recognised at fair value in the balance sheet, but for which a fair value must be disclosed. For the financial instruments reported in the balance sheet at fair value, the accounting methodology is set out in the section on fair value hierarchy.

The nominal value of financial instruments that fall due on a daily basis is taken as their fair value. These instruments include the cash reserve as well as overdrafts and demand deposits in the claims on banks and customers or liabilities to banks and customers items.

Market prices are not available for loans and deposits as there are no organised markets in which these financial instruments are traded. Fair value is determined for these instruments by using recognised mathematical valuation methods with current market parameters.

A discounted cash flow model is used for loans with parameters based on a risk-free yield curve (swap curve), credit spreads and a maturity-based premium to cover liquidity spreads, plus fixed premiums for administrative expenses and the cost of capital.

A risk-free yield curve is also used to determine the fair value of liabilities, with Commerzbank Aktiengesellschaft's own credit spread and a premium for administrative costs being incorporated separately. The model also uses market risk premiums for mortgage Pfandbriefe, public-sector Pfandbriefe and loans taken out by the Bank.

The fair value of securitised liabilities, subordinated liabilities and hybrid capital is determined on the basis of available market prices. A number of different factors, including current market interest rates and the Group's credit rating are taken into account in determining fair value. If market prices are not available, the fair values are determined on the basis of mathematical valuation models (e.g. discounted cash flow or option price models), which are in turn based on yield curves, volatilities, own credit spreads etc. Particularly in cases where the Bank has issued structured debt instruments, which are measured at fair value, the Bank's own credit spread is used in determining fair value.

The table below compares the fair values of the balance sheet items with their carrying amounts:

	Fair value		Carrying amount		Difference	
€bn	30.6.2013	31.12.2012	30.6.2013	31.12.2012	30.6.2013	31.12.2012
Assets						
Cash reserve	11.9	15.8	11.9	15.8	–	–
Claims on banks	113.6	87.9	113.5	88.0	0.1	– 0.1
Claims on customers	280.3	281.5	278.1	278.5	2.2	3.0
Value adjustment portfolio fair value hedges[1]	0.0	0.0	0.1	0.2	– 0.1	– 0.2
Positive fair values of derivative hedging instruments	4.4	6.1	4.4	6.1	–	–
Trading assets	124.5	144.1	124.5	144.1	–	–
Financial investments	81.4	84.3	85.5	89.1	– 4.1	– 4.8
Other assets[2]	18.9	14.1	18.9	14.1	–	–
Liabilities						
Liabilities to banks	124.5	110.3	124.4	110.2	0.1	0.1
Liabilities to customers	290.6	266.1	290.6	265.8	0.0	0.3
Securitised liabilities	72.2	83.0	69.8	79.3	2.4	3.7
Value adjustment portfolio fair value hedges[1]	0.0	0.0	0.8	1.5	– 0.8	– 1.5
Negative fair values of derivative hedging instruments	9.2	11.7	9.2	11.7	–	–
Trading liabilities	91.4	116.1	91.4	116.1	–	–
Subordinated and hybrid capital	13.3	13.2	13.3	13.9	0.0	– 0.7
Other liabilities[2]	11.1	11.0	11.1	11.0	–	–

[1] The fair value adjustments on portfolio fair value hedges are contained in the relevant balance sheet line items for the hedged items.
[2] Prior-year figures restated due to the first-time application of the amended IAS 19 (see page 66 ff.).

(32) Treasury shares

	Number of shares in units[1]	Accounting par value[2] in €1,000	Percentage of share capital
Balance as at 30.6.2013	–	–	–
Largest number acquired during the financial year	536,806	537	0.05
Total shares pledged by customers as collateral as at 30.6.2013	5,103,265	5,103	0.45
Shares acquired during the current financial year	6,072,771	6,073	
Shares disposed of during the current financial year	6,192,106	6,192	

[1] After completion of the 10-to-1 reverse stock split of Commerzbank shares.
[2] Accounting par value per share €1.00.

(33) Related party transactions

As part of its normal business activities, the Commerzbank Group does business with related parties. These include subsidiaries that are controlled but not consolidated for reasons of materiality, companies accounted for using the equity method, equity holdings, external providers of occupational pensions for employees of Commerzbank Aktiengesellschaft, key management personnel and members of their families as well as companies controlled by these persons. Key management personnel refers exclusively to members of Commerzbank Aktiengesellschaft's Board of Managing Directors and Supervisory Board.

As a result of the capital measures carried out in April and May 2013 (reverse stock split, capital increase and redemption of silent participations), the stake held by the German federal government as guarantor of the Financial Market Stabilisation Authority, which administers the Financial Market Stabilisation Fund (SoFFin), in Commerzbank Aktiengesellschaft fell to around 17%. However, besides the size of a stake, other factors (including membership of the supervisory board) which could allow a shareholder to exert a significant influence on Commerzbank Aktiengesellschaft also need to be taken into account. As a result the German federal government and entities controlled by it continue to constitute related parties as defined by IAS 24. In the tables below we present relationships with federal government-controlled entities and agencies separately from relationships with other related parties.

Assets, liabilities and off-balance sheet items involving related parties (excluding federal government-controlled entities) were as follows:

€m	30.6.2013	31.12.2012	Change in %
Claims on banks	116	172	– 32.5
Claims on customers	1,908	1,569	21.6
Trading assets	34	37	– 8.3
Financial investments	12	188	– 93.6
Other assets	169	271	– 37.7
Total	**2,239**	**2,237**	**0.1**
Liabilities to banks	3	–	.
Liabilities to customers	1,521	1,145	32.8
Securitised liabilities	668	–	.
Trading liabilities	1	–	.
Subordinated capital	634	620	2.3
Other liabilities	27	21	29.0
Total	**2,854**	**1,786**	**59.8**
Off-balance-sheet items			
Guarantees and collaterals granted	120	109	10.1
Guarantees and collaterals received	–	8	– 100.0

The following income and expenses arose from loan agreements with, deposits from and services provided in connection with related parties (excluding federal government-controlled entities):

€m	1.1.–30.6.2013	1.1.–30.6.2012	Change in %
Income			
Interest	63	58	8.6
Commission income	12	9	33.3
Goods and services	1	1	0.0
Expenses			
Interest income	24	27	– 11.1
Commission income	3	21	– 85.7
Operating expenses	8	4	.
Goods and services	29	15	93.3
Write-downs/impairments[1]	14	55	– 74.5

[1] Prior-year figures restated.

The Commerzbank Group conducts transactions with federal government-controlled entities as part of its ordinary business activities on standard market terms and conditions.

Assets and liabilities and off-balance-sheet items in connection with federal government-controlled entities changed as follows:

€m	30.6.2013	31.12.2012	Change in %
Cash reserve	3,463	5,637	– 38.6
Claims on banks	123	129	– 4.5
Claims on customers	2,100	2,114	– 0.6
Trading assets	2,474	2,761	– 10.4
Financial investments	4,022	4,066	– 1.1
Total	**12,182**	**14,707**	**– 17.2**
Liabilities to banks	12,715	14,866	– 14.5
Liabilities to customers	319	382	– 16.5
Trading liabilities	2,061	1,312	57.1
Silent participation	–	1,626	– 100.0
Total	**15,096**	**18,186**	**– 17.0**
Off-balance-sheet items			
Guarantees and collaterals granted	253	333	– 24.0
Guarantees and collaterals received	–	–	.

Income and expenses for transactions with federal government-controlled entities were as follows:

€m	1.1.–30.6.2013	1.1.–30.6.2012	Change in %
Income			
Interest income	121	236	– 48.7
Commission income	3	2	50.0
Goods and services	–	2	– 100.0
Expenses			
Interest income	33	28	17.9
Commission income	–	2	– 100.0
Goods and services	–	–	.
Write-downs/impairments	4	–	.

(34) Information on netting of financial instruments

The table below shows the reconciliation of amounts before and after netting, as well as the amounts of existing netting rights which do not satisfy the netting criteria, separately for all recognised financial assets and liabilities which

- are already netted in accordance with IAS 32.42 (financial instruments I) and
- are subject to an enforceable, bilateral master netting agreement or a similar agreement but are not netted in the balance sheet (financial instruments II).

With regard to netting agreements, we conclude master agreements with our counterparties (such as 1992 ISDA Master Agreement Multi-Currency Cross-Border; German Master Agreement for Financial Futures). These netting agreements allow us to offset the positive and negative fair values of the derivatives contracts covered by a master agreement against one another. This netting process reduces the credit risk to a single net claim on the party to the contract (close-out netting).

We apply netting to receivables and liabilities from repurchase agreements (reverse repos and repos) and to positive and negative fair values of derivatives. Netting in the balance sheet concerns transactions with central counterparties.

Assets I €m	**30.6.2013**		**31.12.2012**	
	Reverse repos	**Positive fair values of derivative financial instruments**	**Reverse repos**	**Positive fair values of derivative financial instruments**
Gross amount of financial instruments	111,933	196,665	71,208	271,018
Book values not eligible for netting	10,641	6,085	4,606	9,244
a) Gross amount of financial instruments I & II	101,292	190,580	66,602	261,774
b) Amount netted in the balance sheet for financial instruments I	19,345	112,175	13,323	158,561
c) Net amount of financial instruments I & II = a) – b)	81,947	78,405	53,279	103,213
d) Master agreements not already accounted for in b)				
Amount of financial instruments II which do not fulfil or only partially fulfil the criteria under IAS 32.421	4,514	61,326	4,595	82,974
Fair value of financial collaterals relating to financial instruments I & II not already accounted for in b)2				
Non-cash collaterals[3]	50,253	897	30,891	1,260
Cash collaterals	410	8,668	23	10,678
e) Net amount of financial instruments I & II = c) – d)	26,770	7,514	17,770	8,301
f) Fair value of financial collaterals of central counterparties relating to financial instruments I	25,879	177	13,480	172
g) Net amount of financial instruments I & II = e) – f)	891	7,337	4,290	8,129

[1] Lesser amount of assets and liabilities.
[2] Excluding rights or obligations to return arising from the transfer of securities.
[3] Including financial instruments not reported on the balance sheet (e.g. securities provided as collateral in repo transactions).

Liabilities | €m	30.6.2013		31.12.2012	
	Repos	Negative fair values of derivative financial instruments	Repos	Negative fair values of derivative financial instruments
Gross amount of financial instruments	104,847	202,482	50,185	279,006
Book values not eligible for netting	3,897	4,448	2,843	6,439
a) Gross amount of financial instruments I & II	100,950	198,034	47,342	272,567
b) Amount netted in the balance sheet for financial instruments I	19,345	115,601	13,323	162,133
c) Net amount of financial instruments I & II = a) – b)	81,605	82,433	34,019	110,434
d) Master agreements not already accounted for in b)				
Amount of financial instruments II which do not fulfil or only partially fulfil the criteria under IAS 32.421	4,514	61,326	4,595	82,974
Fair value of financial collaterals relating to financial instruments I & II not already accounted for in b)2				
Non-cash collaterals[3]	42,531	905	13,280	1,876
Cash collaterals	35	17,469	1	22,366
e) Net amount of financial instruments I & II = c) – d)	34,525	2,733	16,143	3,218
f) Fair value of financial collaterals of central counterparties relating to financial instruments I	34,500	177	12,004	172
g) Net amount of financial instruments I & II = e) – f)	25	2,556	4,139	3,046

[1] Lesser amount of assets and liabilities.
[2] Excluding rights or obligations to return arising from the transfer of securities.
[3] Including financial instruments not reported on the balance sheet (e.g. securities provided as collateral in repo transactions).

Boards of Commerzbank Aktiengesellschaft

Supervisory Board

Klaus-Peter Müller
Chairman

Uwe Tschäge[1]
Deputy Chairman

Hans-Hermann Altenschmidt[1]

Dr.-Ing. Burckhard Bergmann
(until 19.4.2013)

Dr. Nikolaus von Bomhard

Karin van Brummelen[1]
(until 19.4.2013)

Gunnar de Buhr[1]
(since 19.4.2013)

Stefan Burghardt[1]
(since 19.4.2013)

Astrid Evers[1]
(until 19.4.2013)

Karl-Heinz Flöther
(since 19.4.2013)

Uwe Foullong[1]
(until 19.4.2013)

Daniel Hampel[1]
(until 19.4.2013)

Dr.-Ing. Otto Happel
(until 19.4.2013)

Beate Hoffmann[1]
(until 19.4.2013)

**Prof. Dr.-Ing. Dr.-Ing. E. h.
Hans-Peter Keitel**

Dr. Markus Kerber
(since 19.4.2013)

Alexandra Krieger[1]

Oliver Leiberich[1]
(since 19.4.2013)

Dr. h. c. Edgar Meister
(until 19.4.2013)

Beate Mensch[1]
(since 19.4.2013)

**Prof. h.c. (CHN) Dr. rer. oec.
Ulrich Middelmann**
(until 2.7.2013)

Dr. Roger Müller
(since 3.7.2013)

Dr. Helmut Perlet

Barbara Priester[1]

Mark Roach[1]

Petra Schadeberg-Herrmann
(since 19.4.2013)

Dr. Marcus Schenck

Margit Schoffer[1]
(since 19.4.2013)

Dr. Gertrude Tumpel-Gugerell

Dr. Walter Seipp
Honorary Chairman

[1] Elected by the Bank's employees.

Board of Managing Directors

Martin Blessing
Chairman

Frank Annuscheit

Markus Beumer

Stephan Engels

Jochen Klösges

Michael Reuther

Dr. Stefan Schmittmann

Ulrich Sieber

Martin Zielke

Responsibility statement by the Board of Managing Directors

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, we confirm that the consolidated interim Group financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and that the interim Group management report provides a true and fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the rest of the financial year.

Frankfurt am Main, 30 July 2013
The Board of Managing Directors

Martin Blessing	Frank Annuscheit	Markus Beumer
Stephan Engels	Jochen Klösges	Michael Reuther
Stefan Schmittmann	Ulrich Sieber	Martin Zielke

The following review report (Bescheinigung nach prüferischer Durchsicht) has been issued in accordance with the applicable rules of the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG) on the condensed consolidated interim financial statements (verkürzter Konzernzwischenabschluss) and the interim group management report (Konzernzwischenlagebericht) of COMMERZBANK Aktiengesellschaft as of and for the six month period ended June 30, 2013, which are part of the half-year financial report (Halbjahresfinanzbericht) according to§ 37w WpHG. The interim group management report (Konzernzwischenlagebericht) is neither included nor incorporated by reference in this Prospectus.

Review report

To COMMERZBANK Aktiengesellschaft,
Frankfurt am Main

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, statement of comprehensive income, condensed statement of cash flows, statement of changes in equity and selected explanatory notes – and the interim group management report of COMMERZBANK Aktiengesellschaft, Frankfurt am Main, for the period from 1 January to 30 June 2013 which are part of the half-year financial report pursuant to § (Article) 37 w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Frankfurt am Main, 31 July 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Peter Goldschmidt	Caroline Gass
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüferin (German Public Auditor)

CONSOLIDATED FINANCIAL STATEMENTS OF COMMERZBANK AKTIENGESELLSCHAFT AS OF DECEMBER 31, 2012

Statement of comprehensive income

Income statement

	Notes	1.1.-31.12.2012	1.1.-31.12.2011	Change in %
			€m	
Interest income	(31)	14,559	17,343	–16.1
Interest expense	(31)	9,020	10,619	–15.1
Net interest income	(31)	5,539	6,724	–17.6
Loan loss provisions	(32)	–1,660	–1,390	19.4
Net interest income after loan loss provisions		3,879	5,334	–27.3
Commission income	(33)	3,711	4,055	–8.5
Commission expense	(33)	520	560	–7.1
Net commission income	(33)	3,191	3,495	–8.7
Net trading income	(34)	1,113	2,109	–47.2
Net income from hedge accounting	(35)	8	–123	.
Net trading income and net income from hedge accounting	(34, 35)	1,121	1,986	–43.6
Net investment income	(36)	81	–3,611	.
Current net income from companies accounted for using the equity method	(37)	46	42	9.5
Other net income	(38)	–77	1,253	.
Operating expenses	(39)	7,025	7,992	–12.1
Impairments of goodwill and brand names		—	—	.
Restructuring expenses	(40)	43	—	.
Net gain or loss from sale of disposal groups		–268	—	.
Pre-tax profit or loss		**905**	**507**	**78.5**
Taxes on income	(41)	796	–240	.
Consolidated profit or loss		**109**	**747**	**–85.4**
Consolidated profit or loss attributable to non-controlling interests		103	109	–5.5
Consolidated profit or loss attributable to Commerzbank shareholders		6	638	–99.1

Earnings per share		1.1.-31.12.2012	1.1.-31.12.2011	Change in %
			€	
Earnings per share	(43)	–0.04	0.18	.

The earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit attributable to Commerz-bank shareholders less the dividend on silent participations. As in the previous year, no conversion or option rights were outstanding during the financial year. The figure for diluted earnings per share was therefore identical to the undiluted figure.

Condensed statement of comprehensive income

	Notes	1.1.-31.12.2012	1.1.-31.12.2011	Change in %
		€m		
Consolidated profit or loss		109	747	−85.4
Change in revaluation reserve	(74)			
Reclassified to income statement		−232	696	.
Change in value not recognised in income statement		1,096	−1,477	.
Change in cash flow hedge reserve	(74)			
Reclassified to income statement		184	213	−13.6
Change in value not recognised in income statement		10	−18	.
Change in currency translation reserve	(74)			
Reclassified to income statement		−175	14	.
Change in value not recognised in income statement		545	−166	.
Change in companies accounted for using the equity method		5	−1	.
Other comprehensive income		1,433	−739	.
Total comprehensive income		**1,542**	**8**	**.**
Comprehensive income attributable to non-controlling interests		212	47	.
Comprehensive income attributable to Commerzbank shareholders		1,330	−39	.

The breakdown of other comprehensive income for the 2012 financial year was as follows:

Other comprehensive income	1.1.–31.12.2012		
	Before taxes	**Taxes**	**After taxes**
		€m	
Change in revaluation reserve	1,173	−309	864
Change in cash flow hedge reserve	277	−83	194
Change in currency translation reserve	370	—	370
Change in companies accounted for using the equity method	5	—	5
Other comprehensive income	**1,825**	**−392**	**1,433**

In the previous year, other comprehensive income developed as follows:

Other comprehensive income	1.1.–31.12.2011		
	Before taxes	**Taxes**	**After taxes**
		€m	
Change in revaluation reserve	−1,007	226	−781
Change in cash flow hedge reserve	289	−94	195
Change in currency translation reserve	−152	—	−152
Change in companies accounted for using the equity method	−1	—	−1
Other comprehensive income	**−871**	**132**	**−739**

Balance sheet

Assets	Notes	31.12.2012	31.12.2011	Change in %
		€m		
Cash reserve	(7, 46)	15,755	6,075	.
Claims on banks	(8, 9, 10, 47, 49, 50, 80)	88,028	87,790	0.3
of which pledged as collateral	(79)	45	77	−41.6
Claims on customers	(8, 9, 10, 48, 49, 50, 80)	278,546	296,586	−6.1
of which pledged as collateral	(79)	—	—	.
Value adjustment portfolio fair value hedges	(11, 51)	202	147	37.4
Positive fair values of derivative hedging instruments	(12, 52)	6,057	5,132	18.0
Trading assets	(13, 53, 80)	144,144	155,700	−7.4
of which pledged as collateral	(79)	12,680	16,025	−20.9
Financial investments	(14, 54, 80)	89,142	94,523	−5.7
of which pledged as collateral	(79)	2,495	3,062	−18.5
Holdings in companies accounted for using the equity method	(4, 55)	744	694	7.2
Intangible assets	(15, 56)	3,051	3,038	0.4
Fixed assets	(16, 57)	1,372	1,399	−1.9
Investment properties	(18, 59)	637	808	−21.2
Non-current assets and disposal groups held for sale	(19, 60)	757	1,759	−57.0
Current tax assets	(26, 58)	790	716	10.3
Deferred tax assets	(26, 58)	3,015	4,154	−27.4
Other assets	(17, 61)	3,638	3,242	12.2
Total		**635,878**	**661,763**	**−3.9**

Liabilities and equity	Notes	31.12.2012	31.12.2011	Change in %
		€m		
Liabilities to banks	(10, 20, 62, 80)	110,242	98,481	11.9
Liabilities to customers	(10, 20, 63, 80)	265,842	255,344	4.1
Securitised liabilities	(20, 64, 80)	79,332	105,673	−24.9
Value adjustment portfolio fair value hedges	(11, 65)	1,467	938	56.4
Negative fair values of derivative hedging instruments	(21, 66)	11,739	11,427	2.7
Trading liabilities	(22, 67, 80)	116,111	137,847	−15.8
Provisions	(23, 24, 68)	3,259	3,761	−13.3
Current tax liabilities	(26, 69)	324	680	−52.4
Deferred tax liabilities	(26, 69)	90	189	−52.4
Liabilities from disposal groups held for sale	(19, 70)	2	592	−99.7
Other liabilities	(71)	6,523	6,568	−0.7
Subordinated capital	(27, 72, 80)	12,316	13,285	−7.3
Hybrid capital	(27, 73, 80)	1,597	2,175	−26.6
Equity	(30, 74, 75, 76)	27,034	24,803	9.0
Subscribed capital	(74)	5,828	5,113	14.0
Capital reserve	(74)	11,681	11,158	4.7
Retained earnings	(74)	8,614	8,822	−2.4
Silent participations	(74)	2,376	2,687	−11.6
Other reserves	(5, 6, 14, 74)	−2,353	−3,676	−36.0
Total before non-controlling interests		26,146	24,104	8.5
Non-controlling interests	(74)	888	699	27.0
Total		**635,878**	**661,763**	**−3.9**

Statement of changes in equity

	Subscribed capital	Capital reserve	Retained earnings	Silent participations	Other reserves: Revaluation reserve	Other reserves: Cash flow hedge reserve	Other reserves: Currency translation reserve	Total before non-controlling interests	Non-controlling interests	Equity
					€m					
Equity as at 1.1.2011	**3,047**	**1,507**	**9,140**	**17,178**	**– 1,731**	**– 1,005**	**– 263**	**27,873**	**785**	**28,658**
Total comprehensive income	—	—	638	—	– 780	195	– 92	– 39	47	8
Consolidated profit or loss			638					638	109	747
Change in revaluation reserve					– 780			– 780	– 1	– 781
Change in cash flow hedge reserve						195		195		195
Change in currency translation reserve							– 91	– 91	– 61	– 152
Change in companies accounted for using the equity method							– 1	– 1		– 1
Dividend paid on silent participations								—		
Dividend paid on shares								—	– 26	– 26
Change in accounting par value	– 2,142	2,142						—		—
Capital increases	4,184	7,470						11,654		11,654
Withdrawal from retained earnings			– 873					– 873		– 873
Decrease in silent participations				– 14,491				– 14,491		– 14,491
Changes in ownership interests			38					38	– 57	– 19
Other changes[1]	24	39	– 121					– 58	– 50	– 108
Equity as at 31.12.2011	**5,113**	**11,158**	**8,822**	**2,687**	**– 2,511**	**– 810**	**– 355**	**24,104**	**699**	**24,803**
Total comprehensive income	—	—	6	—	813	194	142	1,155	207	1,362
Consolidated profit or loss			6					6	103	109
Change in revaluation reserve					813			813	51	864
Change in cash flow hedge reserve						194		194		194
Change in currency translation reserve							137	137	53	190
Change in companies accounted for using the equity method							5	5		5
Dividend paid on silent participations			– 221					– 221		– 221
Dividend paid on shares								—	– 16	– 16
Capital increases	717	498						1,215	– 2	1,213
Withdrawal from retained earnings								—		–
Decrease in silent participations				– 311				– 311		– 311
Changes in ownership interests			– 5					– 5	– 2	– 7
Other changes[1]	– 2	25	12		–1		175	209	2	211
Equity as at 31.12.2012	**5,828**	**11,681**	**8,614**	**2,376**	**– 1,699**	**– 616**	**– 38**	**26,146**	**888**	**27,034**

1 Including change in treasury shares, change in derivatives on own equity instruments and changes in the group of consolidated companies.

In March 2012 we increased our share capital for non-cash contributions from authorised capital by 7% (360,509,967 shares), with shareholders' pre-emptive rights excluded. The new shares were subscribed in their entirety and paid for by non-cash contributions of hybrid, subordinate and other financial instruments issued by Commerzbank Aktiengesellschaft and companies within the Commerzbank Group. The nominal value of the financial instruments returned was €1.0bn and it generated non-recurring income of €0.1bn within the income statement. Subscribed capital increased by €0.4bn and the capital reserve by €0.3bn as a result. The costs incurred for the capital increase were €11m, which were recognised in the capital reserve.

The Financial Market Stabilisation Fund (SoFFin) subsequently converted a portion of its silent participations into shares in order to maintain its stake in Commerzbank of 25% plus 1 share. Thus silent participations with a nominal value of €0.2bn were converted into 120,169,989 shares from conditional capital.

In January 2012, Commerzbank approved a package of measures to meet the new higher capital requirements of the European Banking Authority (EBA) by 30 June 2012. These measures included paying the individual variable compensation entitlements of non pay-scale staff for 2011 in Commerzbank shares. In June 2012 these payments were made by issuing 176,553,636 shares from authorised capital. This led to an increase of €177m in subscribed capital and an increase of €37m in capital reserves.

The Financial Market Stabilisation Fund (SoFFin) subsequently converted a portion of its silent participations into shares in order to maintain its stake in Commerzbank of 25% plus 1 share. Thus silent participations with a nominal value of €80m were converted into 58,851,212 shares from conditional capital.

As a result, the subscribed capital of Commerzbank Aktiengesellschaft pursuant to the Bank's articles of association stood at €5,830m as at 31 December 2012 and was divided into 5,829,513,857 no-par-value shares with an accounting par value per share of €1.00. After deducting the 1,193,353 treasury shares held by the Bank as at 31 December 2012, the subscribed capital amounted to €5,828m.

The Bank made use of the authorisation approved by the Annual General Meeting of 23 May 2012 to purchase its own shares for the purpose of securities trading, pursuant to Art. 71 (1) no. 7 of the German Companies Act (Aktiengesetz). Gains and losses from trading in the Bank's own shares were recognised directly in equity.

There was no impact on the other reserves from assets held for sale and disposal groups.

Other changes in the statement of changes in equity also include the reclassification to the income statement of the currency translation reserve of €175m resulting in particular from the sale of Bank Forum in the 2012 financial year.

€– 3m of the changes in ownership interests of €– 5m in the 2012 financial year resulted from the purchase of additional shares in already consolidated companies. The effect from the disposal of shares in subsidiaries that continue to be consolidated was €– 2m.

No dividend is being paid for 2012, since other retained earnings including the distributable profit of Commerzbank Aktiengesellschaft in its parent company accounts did not exceed the distribution limit laid down in Art. 268 (8) of the German Commercial Code (HGB).

A dividend of €221m on the silent participations reported in equity will however be paid because the agreement mandates such a payment if it does not lead to Commerzbank reporting a net loss.

Further details on equity are contained in Notes 74, 75 and 76.

Cash flow statement

	Notes	2012	2011
		€m	
Consolidated profit or loss		**109**	**747**
Non-cash positions in consolidated profit or loss and reconciliation with cash flow from operating activities:			
Write-downs, depreciation, adjustments, write-ups on fixed and other assets, changes in provisions and net changes due to hedge accounting		–21	4,006
Change in other non-cash positions		–3,628	–12,194
Gain or loss on disposal of assets	(36)	–147	343
Net gain or loss on the sale of fixed assets	(38)	—	—
Other adjustments	(31)	–6,247	–7,373
Sub-total		**–9,934**	**–14,471**
Change in assets and liabilities from operating activities after adjustment for non-cash positions:			
Claims on banks	(47)	–557	22,924
Claims on customers	(48)	18,258	32,373
Trading securities	(53)	–4,300	12,393
Other assets from operating activities	(54-57, 59-61)	–121	1,906
Liabilities to banks	(62)	11,723	–39,144
Liabilities to customers	(63)	10,534	–7,483
Securitised liabilities	(64)	–26,186	–25,683
Net cash from contributions into plan assets	(68)	–412	–438
Other liabilities from operating activities	(65-71)	–26	–4,502
Interest received	(31)	11,997	14,294
Dividends received	(31)	221	115
Interest paid	(31)	–5,971	–7,036
Income tax paid	(41)	271	–29
Net cash from operating activities		**5,497**	**–14,781**
Proceeds from the sale of:			
Financial investments and investments in companies accounted for using the equity method	(36, 37, 54, 55)	5,503	17,783
Fixed assets	(38, 57)	63	74
Payments for the acquisition of:			
Financial investments and investments in companies accounted for using the equity method	(36, 37, 54, 55)	–157	–335
Fixed assets	(38, 57)	–457	–296
Effects from changes in the group of consolidated companies			
Cash flow from acquisitions less cash reserves acquired	(46)	—	—
Cash flow from disposals less cash reserves disposed of	(46)	—	83
Net cash from investing activities		**4,952**	**17,309**
Proceeds from capital increases	(74)	927	–2,774
Dividends paid	(74)	—	—
Net cash from changes in ownership interests in consolidated companies		–7	–58
Net cash from other financing activities (subordinated capital)	(72, 73)	–1,546	–1,632
Net cash from financing activities		**–626**	**–4,464**
Cash and cash equivalents at the end of the previous period		**6,075**	**8,053**
Net cash from operating activities		5,497	–14,781
Net cash from investing activities		4,952	17,309
Net cash from financing activities		–626	–4,464
Effects from exchange rate changes		–40	67
Effects from non-controlling interests		–103	–109
Cash and cash equivalents at the end of the period	**(46)**	**15,755**	**6,075**

The breakdown of cash and cash equivalents was as follows:

	31.12.2012	31.12.2011	Change in %
		€m	
Cash on hand	1,687	1,572	7.3
Balances with central banks	13,678	3,998	.
Debt issued by public-sector borrowers and bills of exchange rediscountable at central banks	390	505	–22.8

Cash and cash equivalents as at 31 December 2012 did not include any amounts from companies consolidated for the first time (previous year: –). There were also no effects from deconsolidations in 2012 (previous year: €– 2m).

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.

Net cash from operating activities includes payments (inflows and outflows) relating to claims on banks and customers and also securities held for trading and other assets. Increases and decreases in liabilities to banks and customers, securitised liabilities and other liabilities also belong to operating activities. The interest and dividend payments resulting from operating activities are similarly reflected in net cash from operating activities.

Changes in net cash from operating activities also result from disposals of consolidated companies. Other assets and liabilities from operating activities include disposals of companies that were classified as held for sale and were sold during the reporting year. The following table provides an overview of the assets and liabilities at the time of disposal.

Assets	**31.12.2012**
	€m
Claims on banks	439
Claims on customers	10
Trading assets	280
Financial investments	466
Fixed assets	—
Other assets	863

Liabilities	**31.12.2012**
	€m
Liabilities to banks	—
Liabilities to customers	—
Securitised liabilities	258
Trading liabilities	13
Other liabilities	625

Net cash from investing activities is made up of cash flows relating to financial investments, intangible assets and fixed assets. The cash flows relating to the acquisition or disposal of subsidiaries are also shown here. Net cash from financing activities consists of the proceeds of capital increases as well as payments made or received on subordinated and hybrid capital. Dividends paid are also reported here.

Cash and cash equivalents consists of items that can be rapidly converted into liquid funds and are subject to a negligible risk of changes in value. It consists of the cash reserve, containing cash on hand, balances held at central banks, debt issued by public-sector borrowers and bills of exchange eligible for rediscounting at central banks (see Note 46). Claims on banks which are due on demand are not included.

The cash flow statement of Commerzbank Group is not very informative. For us the cash flow statement replaces neither liquidity planning nor financial planning, nor is it employed as a management tool.

NOTES

Significant accounting principles

Our consolidated financial statements as at 31 December 2012 were prepared in accordance with Art. 315 a (1) of the German Commercial Code (HGB) and Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (the IAS Regulation). Other regulations for adopting certain international accounting standards on the basis of the International Financial Reporting Standards (IFRS) approved and published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC) have been applied as well. All standards and interpretations which are mandatory within the EU in 2012 have been applied.

As permitted under the regulations, we have not applied standards and interpretations which do not enter into force until the financial year 2013 or later (IFRS 9, 10, 11, 12 and 13, revised IAS 19, 27, 28 and 32 and revised IFRS 7; amendments arising from the annual improvement process of the IASB). The adoption of IFRS 9, which has only been partially published by the IASB and has not yet been approved by the EU, could have significant effects on the Group's accounting and measurement practices. Due to the fact that significant portions of the standard have not yet been finalised and the standard has yet to be adopted by the EU, it is impossible to quantify the effects with any degree of accuracy. The expected changes and effects arising from the first application of the revised IAS 19 for the financial year 2013 are described on page 208. We do not expect any significant changes in the group of consolidated companies or any significant impact on retained earnings from IFRS 10, 11 and 12, which have already been approved but do not need to be applied yet. With regard to the impact on the total assets of the Commerzbank Group, we expect an increase of approximately 0.5% compared with 31 December 2012. Nor do we expect any significant effects on the consolidated financial statements from other standards and interpretations which do not need to be applied yet.

The revised standards and interpretations applied for the first time in the financial year 2012 (revised IAS 12, IFRS 1 and 7, plus amendments from the IASB's annual improvement process) did not have any significant impact on the consolidated financial statements.

In addition to the statement of comprehensive income and the balance sheet, the consolidated financial statements also include the statement of changes in equity, the cash flow statement and the notes. Segment reporting is to be found in the notes (Note 45).

The Group Management Report, including a separate report on forward-looking risks and opportunities (Group Risk Report) pursuant to Art. 315 of the German Commercial Code (HGB), appears on pages 61 to 178 of our annual report.

The reporting currency of the consolidated financial statements is the euro. Unless otherwise indicated, all amounts are shown in millions of euros. In the statement of comprehensive income, the balance sheet, the statement of changes in equity and the cash flow statement, amounts under €500,000.00 are shown as €0m; where an item is €0.00 this is denoted by a dash. In all other notes both amounts rounded down to €0m and zero items are indicated by a dash.

Accounting and measurement policies

(1) Basic principles

The consolidated financial statements are based on the going concern principle. Assets are generally measured at amortised cost, unless a different form of measurement is required by IFRS. This applies in particular to certain financial instruments classified in accordance with IAS 39, investment properties and non-current assets held for sale.

Income and expenses are accounted for on an accrual basis; they are recognised in the income statement for the period to which they are attributable in economic terms. Interest from all contractual agreements relating to financial assets or liabilities is reported in net interest income on an accrual basis or in net trading income if it relates to trading transactions and the funding of these transactions. Dividend income is only recognised where a corresponding legal entitlement exists. Commission income and expenses are recognised in net commission income on the one hand on the basis of the accounting treatment of the associated financial instruments and on the other hand on the basis of the nature of the activity. Commission for services which are performed over a certain period are recognised over the period in which the service is performed. Fees which are associated with the completion of a particular service are recognised at the time of completion of the service. Performance-related fees are recognised when the performance criteria are met. Commission on trading transactions is reported in net trading income.

Borrowing costs that are directly attributable to the acquisition, construction or production of a significant tangible or intangible asset are capitalised in the balance sheet, provided that a period of at least 12 months is required to prepare the asset for its intended use.

Financial assets and liabilities relating to the same business partner are netted and shown in the balance sheet on a net basis if there is a legally enforceable right to net the amounts and the transactions are fulfilled on a net basis or the asset is realised simultaneously with the settlement of the liability. In addition to the netting of positive and negative fair values attributable to derivatives and any variation margins payable on them, this also applies to the netting of claims and liabilities in reverse repo and repo transactions.

For fully consolidated companies and holdings in companies accounted for using the equity method in the Group financial statements we have generally used financial statements prepared as at 31 December 2012. In the case of companies accounted for using the equity method in some cases we use the most recent audited financial statements if the company's financial statements for the last financial year are not yet available at the date the Group financial statements are being prepared.

Where there is an intention to sell subsidiaries and companies accounted for using the equity method, and their sale is highly probable within one year, they are reported separately in the relevant balance sheet items and notes (see Notes 60 and 70) and in the statement of changes in equity in accordance with IFRS 5 until transfer of the shares is completed.

Note 80 contains a breakdown of all balance sheet items into short-term and long-term. Moreover, residual maturities are reported in the Commerzbank Group for all financial instruments with contractual maturity dates (see Notes 78 and 80).

The consolidated financial statements include values which are determined, as permitted, on the basis of estimates and judgements. The estimates and judgements used are based on past experience and other factors, such as planning and expectations or forecasts of future events that are considered likely as far as we know today. The estimates and judgements themselves and the underlying estimation methods and judgement factors are reviewed regularly and compared with actual results. In our view the parameters we have used are reasonable and appropriate. Estimates of pension obligations, goodwill and the market value of investment properties among other items are subject to uncertainty.

Pension obligations are measured based on the projected-unit-credit method for defined benefit pension plans. In measuring such obligations, assumptions have to be made regarding long-term trends for salaries, pensions and average life expectancy in particular. Changes in the underlying assumptions from year to year and divergences from the actual effects each year are reported under actuarial gains and losses (see Note 68 Provisions on the impact of changes in parameters).

The impairment test for goodwill, which must be carried out at least once a year, uses the recognised discounted cash flow method. This is based on the future cash flows projected in management's latest planning figures. An analysis of the uncertainties surrounding the estimation of goodwill and fair value of financial instruments is set out in Notes 15 and 82, respectively.

For uncertainties relating to the market value of real estate held as a financial investment we carry out analyses based on the parameters of the property yield and the land value (see Note 59).

Estimates of deferred taxes, loan loss provisions and the measurement of the fair value of financial instruments on the basis of valuation models are to a large extent also subject to uncertainty.

For loan loss provisions please refer to the Group Risk Report.

The assumptions and parameters underlying the estimates we have made are based on the exercise of appropriate judgement by management. This applies in particular to the appropriate selection and use of parameters, assumptions and modelling techniques when valuing financial instruments for which there are no market prices and no comparative parameters observable on the market. Where differing valuation models lead to a range of different potential valuations, management uses its judgement to determine the choice of the model to be used.

The following items in the financial statements are also subject to the judgement of management:

- The reclassification of certain financial assets from the category of available-for-sale financial instruments to the category loans and receivables (see Note 5).
- The impairment of loans and the recognition of provisions for off-balance-sheet lending exposures (in particular the choice of criteria and the assessment of whether collateral is impaired, see Note 9).
- Impairment testing of other financial assets such as holdings in companies accounted for using the equity method and non-current assets held for sale (in particular the choice of criteria used to determine whether an asset is impaired; see Note 19).
- Impairment testing of non-financial assets such as goodwill and other intangible assets (in particular the criteria used to determine the recoverable amount, see Note 15).

- Impairment testing of deferred tax assets in accordance with IAS 12.24 ff. (in particular determining the methodology used for tax planning and to assess the probability that the expected future tax effects will actually occur; see Note 26),
- The recognition of provisions for uncertain liabilities (see Note 23).

Uniform accounting and measurement methods explained in the notes below are used throughout the Commerzbank Group in preparing the financial statements.

(2) Changes to accounting and measurement policies

In essence we have employed the same accounting policies as for the Group financial statements for the year ended 31 December 2011.

Currency translation gains or losses from the consolidation of the capital accounts reported in the currency translation reserve were previously only recognised in profit or loss on the full disposal and related deconsolidation of companies reporting in foreign currencies.

In order to achieve a more accurate presentation of the currency translation reserve in the Commerzbank Group, since 1 April 2012 the currency translation reserve has also taken account of partial disposals of companies reporting in a foreign currency. Even if an equity holding in a foreign currency is reduced without being fully deconsolidated, the effect of this partial reduction on the currency translation reserve is recognised in profit or loss, as a rule within net investment income. However, no restatements for the previous financial year were required, as no partial disposals or partial reductions of equity holdings have taken place to date.

With the implementation of the provisions of German Accounting Standard (DRS) 17 for the Remuneration Report as at 31 December 2012, we decided to adjust the presentation in line with IAS 24. Note 95 presents the transition from effort-based total remuneration in accordance with IAS 24.17 to total compensation in accordance with DRS 17. The Remuneration Report presents the information broken down by individual. The prior-year figures have been restated accordingly.

In the 2012 financial year we also made a change to the estimated valuation parameters for an issue of a structured product. The valuation effect of €35m had a positive impact on net trading income. We also refined our valuation models for collateralised derivatives in line with a change in discounting conventions on the market. This led to an expense of €119m within net trading income in the current financial year.

(3) Consolidated companies

The Group financial statements include all material subsidiaries in which Commerzbank Aktiengesellschaft directly or indirectly holds more than 50% of the voting rights or exercises a controlling influence by other means. These also include significant special purpose entities and funds that are controlled as defined by SIC 12. Significant associates and jointly controlled entities are accounted for using the equity method.

Subsidiaries, associates and jointly controlled entities of minor significance for the Group's financial position have not been fully consolidated or not accounted for using the equity method; instead, they are reported under financial investments as holdings in non-consolidated subsidiaries or equity holdings. The total assets of the non-significant subsidiaries amount to less than 0.1% of the Group's aggregated assets (previous year: 0.1%).

A full list of all ownership interests of the Commerzbank Group is contained in Note 102. The following material companies were consolidated for the first time in 2012:

Name of company	Equity share and voting rights	Acquisition cost	Assets	Liabilities
	%		€m	
ASBERGIA Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf	100.0	0.0	70.7	70.7
Bosphorus Investments Ltd., Dublin	0.0	0.0	101.9	101.9
BRE Agent Ubezpieczeniowy, Warsaw	100.0	0.0	1.5	0.0
Brussels Urban Invest S.A., Brussels	100.0	7.7	26.5	20.1
CFS Commerz Funds Solutions S.A., Luxembourg	100.0	5.0	12.3	4.7
Coco Finance II–1 Ltd., Dublin	0.0	0.0	156.8	156.8
Commerz Pearl Limited, London	100.0	0.0	0.0	0.0
Commerz Property GmbH, Frankfurt/Main	100.0	70.5	70.5	0.0
Commerz Transaction Services Ost GmbH, Halle (Saale)	100.0	0.1	0.1	0.0
ComStage ETF MSCI Emerging Markets Leveraged 2x Daily TRN, Luxembourg	0.0	10.3	10.5	1.3
COSMO Finance II–2 Ltd., Dublin	0.0	0.0	193.1	193.1
Loxodrome Inc., George Town, Grand Cayman	0.0	0.0	43.2	43.2
Number X Real Estate GmbH, Eschborn	100.0	8.8	8.8	0.0
Olympic Investment Fund II, Luxembourg	100.0	120.4	105.8	0.0
Property Invest Ferdinando di Savoia S.r.l., Milan	100.0	3.1	12.4	8.2
Property Invest Roma S.r.l., Milan	100.0	2.1	1.5	0.8
Riverbank Trustees Limited, London	100.0	0.2	0.2	0.0
Sterling Energy II LLC, New York	100.0	42.6	42.6	0.0
Zelos Belgium I SA, Forest, Belgium	100.0	0.0	12.2	12.7
Zelos Belgium II SA, Forest, Belgium	100.0	0.0	11.0	11.3
Zelos Belgium III SA, Forest, Belgium	100.0	0.0	10.8	10.9
Zelos Belgium IV SA, Forest, Belgium	100.0	0.0	12.0	12.3
Zelos Luxembourg S.C.S., Luxembourg	100.0	0.0	0.0	0.0

The first-time consolidations did not give rise to any goodwill. Negative differences were reported in the income statement as at the date of acquisition in accordance with IFRS 3.34. The first-time consolidations involved companies that have exceeded our materiality thresholds for consolidation, as well as additional purchases of existing holdings or entities newly formed in the course of structured financing transactions, for example.

Subsequent measurement of the reserves and liabilities from the acquisition of Dresdner Bank uncovered in 2009 led to an expense of €388m before tax or €232m after tax being recognised in the income statement in the current financial year. The main effects derive from the imputation of interest to the subordinated and hybrid capital.

The following companies were sold or liquidated and are therefore no longer consolidated:

- Disposals
  - Commerzbank Europe Finance (Ireland) plc, Dublin
  - Dresdner Kleinwort Pfandbriefe Investments II, Inc., Wilmington/Delaware
  - Dresdner Kleinwort Wasserstein (Argentina) S.A., Buenos Aires
  - FM LeasingPartner GmbH, Bissendorf
  - Limited Liability Company "ABRIO", Kiev, Ukraine
  - Limited Liability Company "ACUS", Kiev, Ukraine
  - Limited Liability Company "CLIOS", Kiev, Ukraine
  - Limited Liability Company "FESTLAND", Kiev, Ukraine

- Limited Liability Company "MERUS", Kiev, Ukraine
- Limited Liability Company "MODUS CAPITAL", Kiev, Ukraine
- Limited Liability Company "RIDOS", Kiev, Ukraine
- Limited Liability Company "SANTOS CAPITAL", Kiev, Ukraine
- Limited Liability Company "VALIDUS", Kiev, Ukraine
- Olympic Investment Fund, Luxembourg
- PUBLIC JOINT STOCK COMPANY "BANK FORUM", Kiev, Ukraine

The proceeds from the sale of these companies amounted to roughly €0.9bn. This amount was paid entirely in cash. The gain on the disposal amounted to € – 269m and was almost entirely reported under the result from the sale of groups held for sale (€ – 268m).

- Liquidations (including companies which have ceased operating activities and entities that have permanently fallen below our materiality threshold for consolidation or were no longer subject to a consolidation requirement)
  - BRE Gold Fund, Warsaw
  - CBK SICAV, Hesperange, Luxembourg
  - Commerzbank Leasing December (7) Limited, Edinburgh
  - Commerzbank Leasing (Guernsey) Limited, St. Peter Port, Guernsey
  - Commerzbank Leasing September (6) Limited, London
  - Commerzbank (South East Asia) Ltd., Singapore
  - CoSMO Finance 2007–1 Ltd., Dublin
  - CoSMO Finance 2008–1 Ltd., Dublin
  - GIE Dresdner Kleinwort France i.L., Paris[1]
  - Gresham Bond, Luxembourg
  - Grundbesitzgesellschaft Berlin Rungestr. 22–24 mbH, Eschborn
  - Langham Nominees Ltd, St. Peter Port, Guernsey
  - Marlyna Ltd, London
  - Messestadt Riem "Office am See" I GmbH, Eschborn[1]
  - Messestadt Riem "Office am See" III GmbH, Eschborn[1]
  - Millstone II LLC, Dover/Delaware
  - RCL Securitisation GmbH, Frankfurt/Main
  - Silver Tower 125 Inc., George Town, Grand Cayman
  - TARA Immobiliengesellschaft mbH, Eschborn[1]
  - TIGNATO Beteiligungsgesellschaft mbH & Co. KölnTurm MediaPark KG, Eschborn[1]
  - Victoria Capital (Ireland) Public Limited Company, Luxembourg
  - Victoria Capital Holdings S.A., Luxembourg
  - Victoria Capital S.A., Luxembourg

The following companies were merged into a Commerzbank Group consolidated company during the current financial year:

- Commerz Real Baumanagement GmbH, Düsseldorf
- Commerz Real Mietkauf GmbH, Düsseldorf
- Deutsche Schiffsbank Aktiengesellschaft, Hamburg/Bremen
- Forum Immobiliengesellschaft mbH, Eschborn
- Futura Hochausprojektgesellschaft mbH, Eschborn
- Hibernia Beta Beteiligungsgesellschaft mit beschränkter Haftung, Frankfurt/Main

[1] Fell below materiality threshold.

– Hibernia Sigma Beteiligungsgesellschaft mit beschränkter Haftung, Frankfurt/Main
– Messestadt Riem "Office am See" II GmbH, Eschborn
– Süddeutsche Industrie-Beteiligungs-GmbH, Frankfurt/Main
– Unica Immobiliengesellschaft mbH, Eschborn

No companies were added to the group of companies accounted for using the equity method in 2012.

The following companies are no longer accounted for using the equity method:

– 36th Street CO-INVESTMENT, L.P., Wilmington, Delaware
– GIE Céline Bail, Paris
– GIE Morgane Bail, Paris
– MM Cogène 2, Paris
– RECAP Alta Phoenix Lofts Investment, L.P., New York
– RECAP/Commerz Greenwich Park Investment, L.P, New York
– Servicing Advisors Deutschland GmbH, Frankfurt/Main
– Southwestern Co-Investment, L.P., New York

In August 2012 our subsidiary Eurohypo Aktiengesellschaft changed its name to Hypothekenbank Frankfurt Aktiengesellschaft. The abolition of the Eurohypo brand name resulted from the European Commission's decision in March 2012 to change its previous requirement for Commerzbank to sell Eurohypo into a requirement to wind the company down.

(4) Principles of consolidation

Subsidiaries are companies in which Commerzbank Aktiengesellschaft directly or indirectly holds the majority of the voting rights or where it has power to determine their financial and operating policies in another way and thus exercise control over them so as to obtain benefits from their activities. Consolidation takes effect from the date on which the Group acquires the majority of the voting rights or gains control over the company concerned.

For the consolidation of capital, we remeasure the assets and liabilities of subsidiaries completely every year, regardless of the percentage share of equity at the time of acquisition. The assets and liabilities remeasured at fair value are included in the consolidated balance sheet net of deferred taxes; identified hidden reserves and liabilities are accounted for in accordance with the applicable standards in subsequent reporting periods. Any difference over net assets on remeasurement is recognised as goodwill.

Associated companies are entities over which Commerzbank Aktiengesellschaft has a significant direct or indirect influence. A significant influence is assumed to exist where the share of voting rights is between 20% and 50%. Additional criteria for judging whether there is significant influence include substantial business transactions with the entity in question, membership of a management or supervisory board, or involvement in setting the entity's business policies.

Jointly controlled entities are companies over which we exercise joint control together with another company. Joint control may arise as a result of each company holding equal voting rights or based on contractual agreements.

Associated companies and jointly controlled entities are ordinarily accounted for using the equity method and are reported in the balance sheet under holdings in companies accounted for using the equity method.

The acquisition cost of these investments including goodwill is determined at the time of their initial consolidation, applying by analogy the same rules as for subsidiaries. For material associated companies and jointly controlled entities appropriate adjustments are made to the carrying value in the accounts.

Holdings in subsidiaries not consolidated for reasons of immateriality and holdings in associated companies and jointly controlled entities which, because of their immateriality, are not accounted for using the equity method are shown under financial investments at their fair value or, if this cannot be reliably established, at cost.

Subsidiaries are deconsolidated as of the date on which the Bank loses its control over them. Equity accounting for holdings in associated companies ends on the date that the share of voting rights falls below 20% or other possibilities of exercising significant influence over the associated company cease to apply. Equity accounting for joint ventures ends on the date the joint management of the venture comes to an end.

The obligation to consolidate special purpose entities under certain circumstances derives from SIC 12. This stipulates that consolidation is required if the special purpose entity is controlled by the parent company. This may be the case if, in substance,

- the activities of the special purpose entity are conducted on behalf of the entity according to its specific business needs so that the entity obtains benefits from the operations of the special purpose entity;
- the entity has the decision-making powers to obtain the majority of the benefits of the activities of the special purpose entity or, by setting up an autopilot mechanism, the entity had delegated these decision-making powers;
- the entity has rights to obtain the majority of the benefits of the special purpose entity and therefore may be exposed to risks incident to the activities of the special purpose entity;
- the entity retains the majority of the residual or ownership risks related to the special purpose entity or its assets in order to obtain benefits from its activities.

In the Commerzbank Group the obligation to consolidate special purpose entities is examined by means of a process that includes transactions where we form a special purpose entity with or without the involvement of third parties, and transactions in which we enter into contractual relations with an already existing special purpose entity with or without the involvement of third parties. The decision to consolidate is regularly reviewed by us. All consolidated special purpose entities and special purpose entities that have not been consolidated for materiality reasons are listed in Note 102.

There are generally no restrictions on the ability of special purpose entities to transfer financial resources such as cash dividends on equity instruments or payments of interest and principal on debt instruments to Commerzbank. On the one hand, this applies to special purpose entities where Commerzbank holds voting shares by virtue of company law which enable it to control all operating decisions including the transfer of financial resources. On the other hand, there are no restrictions with regard to special purpose entities where Commerzbank does not hold shares by virtue of company law but has a right to financial transfers on the basis of debt contracts with the special purpose entities.

All receivables and liabilities as well as income and expenses based on intra-group business relationships are eliminated when liabilities and income and expenses are consolidated. Intragroup interim profits or losses are eliminated unless they are of minor importance.

(5) Financial instruments: Recognition and measurement (IAS 39)

In accordance with IAS 39 all financial investments and liabilities – which also include derivative financial instruments – must be recognised in the balance sheet. A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. On initial recognition financial instruments are measured at fair value; as a rule, this is the transaction price at the time they are acquired.

Depending on their respective category, financial instruments are recognised in the balance sheet subsequently either at (amortised) cost or fair value. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction on the balance sheet date. Fair value is determined by the price established for the financial instrument in an active market (mark to market principle; fair value hierarchy level I). If no market prices are available, valuation is based on quoted prices for similar instruments in active markets. In cases where no quoted prices are available for identical or similar financial instruments, fair value is established with the aid of valuation models which use market parameters to the maximum extent possible (mark to model; fair value hierarchy level II). If insufficient recent observable market data is available to establish fair value, parameters which are not observable on the market will be used in the valuation models. These parameters may include data derived by approximation from historical data or similar methods (fair value hierarchy level III). Please refer to Note 82 for a detailed explanation of the fair value hierarchies.

The following section provides an overview of how the rules of IAS 39, in their latest version, have been applied within the Group:

a) Recognition and derecognition of financial instruments

A financial asset or a financial liability is generally recognised in the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. For regular way purchases or sales of financial assets in the cash market the trading and settlement dates normally differ. These regular way cash market purchases and sales may be recognised using either trade date or settlement date accounting. The Group uses trade date accounting for all regular way purchases and sales of financial assets both on recognition and derecognition.

The derecognition rules of IAS 39 are based both on the concept of risks and rewards and on the concept of control. However, when deciding whether an asset qualifies for derecognition, the evaluation of the transfer of the risks and rewards of ownership takes precedence over the evaluation of the transfer of control.

If the risks and rewards are transferred only partially and control over the asset is retained, the continuing involvement approach is used. The financial asset continues to be recognised to the extent of the Group's continuing involvement and special accounting policies apply. The extent of the continuing involvement is the extent to which the Group is exposed to changes in the value of the transferred asset. A financial liability (or part of a financial liability) is derecognised when it is extinguished, i.e. when the obligations arising from the contract are discharged or cancelled or expire. The repurchase of own debt instruments is also a transfer of financial liabilities that qualifies for derecognition. Any differences between the carrying value of the liability (including discounts and premiums) and the purchase price are recognised in profit or loss; if the asset is sold again at a later date a new financial liability is recognised at cost equal to the price at which the asset was sold. Differences between this cost and the repayment amount are allocated over the term of the debt instrument using the effective interest rate method.

b) Classification of financial assets and liabilities and their measurement

Below we set out an overview of the categories defined in IAS 39. These are: loans and receivables, held-to-maturity financial assets, financial assets or liabilities at fair value through profit or loss, available-for-sale financial assets and other financial liabilities.

- Loans and receivables:

  Non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market 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 readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. Measurement of these assets is at amortised cost. If there is impairment, this is recognised in profit or loss when determining the amortised cost. Premiums and discounts are recognised in net interest income over the life of the asset.

  In the case of reclassified securities contained in the loans and receivables category the fair value at the date of reclassification is taken as the new carrying amount. The revaluation reserve net of deferred taxes existing at this point remains in the other reserves within equity and is amortised over the remaining term of the reclassified securities.

  For financial assets classified as loans and receivables impairments are recognised in the same way as for lending business (see Note 9). Impairment of these financial instruments is included in net investment income and deducted directly from the financial investments. If the indicators for impairment of particular securities cease to apply or no longer suggest an impairment, the impairment of the securities must be reversed through profit or loss, but to no more than the level of amortised cost. Similarly, an improved risk environment can lead to the reversal of an impairment that was previously recognised at the portfolio level.

- Held-to-maturity financial assets:

  Non-derivative financial assets with fixed or determinable payments and fixed maturity may be included in this category if the entity has the positive intention and ability to hold them to maturity. Measurement of these assets is at amortised cost. If there is impairment, this is recognised in profit or loss when determining the amortised cost. Premiums and discounts are recognised in net interest income over the life of the asset. In the 2012 financial year Commerzbank Group again made no use of the held-to-maturity financial assets category.

- Financial assets or financial liabilities at fair value through profit or loss; this category comprises two sub-categories:

  – Financial assets or liabilities held for trading:

    This sub-category includes financial assets and financial liabilities held for trading purposes (trading assets and trading liabilities).

    Derivative financial instruments used for hedging purposes are only reported under trading assets or trading liabilities if they do not meet the conditions for the application of hedge accounting (see below in this note). Otherwise, they are shown as fair values from derivative hedging instruments.

    Trading assets and trading liabilities are measured at their fair value on each balance sheet date.

If the fair value cannot be established on an active market, items are measured by means of comparable prices, indicative prices of pricing service providers or other banks (lead managers) or internal valuation models (net present value or option pricing models). Interest-rate and cross-currency interest-rate derivatives are measured taking account of the fixing frequency for variable payments. In the case of derivative positions costs may be incurred in closing positions in the event of counterparty default if a positive market value remains after offsetting and collateral agreements have been taken into account. These potential replacement costs must be factored in when determining the fair value of trading positions. Commerzbank establishes Counterparty Default Adjustments (CDAs) for these positions, which reflect the expected loss from any potential counterparty default.

Gains or losses on measurement or disposal are recorded under net trading income in the income statement. Net trading income also includes the interest and dividend income and funding costs related to trading positions.

– Financial instruments designated at fair value through profit or loss:

  Under the fair value option it is permissible to voluntarily measure any financial instrument at fair value and to recognise the net result of this valuation in the income statement. The decision as to whether or not to use the fair value option must be made upon acquisition of the financial instrument and is irrevocable. The fair value option may be applied to a financial instrument provided that:

  – an accounting mismatch will be prevented or significantly reduced; or
  – a portfolio of financial instruments is managed, and its performance measured, on a fair value basis; or
  – the financial instrument has one or more embedded derivatives that must be separated.

  Financial instruments for which the fair value option is employed are shown in the appropriate balance sheet item for their respective category. Gains and losses on remeasurement are recognised in profit or loss under net trading income, while interest income and expenses are reported in net interest income. Further details on how and to what extent the fair value option is used in the Commerzbank Group can be found in Note 83.

- Available-for-sale financial assets:

  This category comprises all non-derivative financial assets not assignable to one of the above categories or which have been designated as available-for-sale. Primarily, these are interest-bearing securities, equities and equity holdings. They are measured at fair value. If the fair value cannot be established on an active market, items are measured by means of comparable prices, indicative prices of pricing service providers or other banks (lead managers) or internal valuation models (net present value or option pricing models). If in exceptional cases the fair value of equity instruments cannot be reliably determined, measurement is at amortised cost less any impairments required. Gains and losses on remeasurement are shown net of deferred taxes in equity in a separate item within other reserves (revaluation reserve). Premiums and discounts on debt instruments are recognised in profit or loss under net interest income over the life of the instrument. Interest income, dividends and current profits and losses from equity holdings classified in this category are also reported under net interest income. If the financial assets are sold, the cumulative measurement gain or loss previously recognised in the revaluation reserve is reversed and taken to the income statement.

  In accordance with IAS 39.59 financial instruments in this category must be monitored for any objective indications of a loss (such as breach of contract, loss event, increased likelihood of bankruptcy proceedings or insolvency) incurred after the date of initial recognition that would lead to a reduction in the cash flow arising from them. An impairment exists when the net present value of the expected cash flows is lower than the carrying value of the financial instrument concerned. In the event of an impairment, the net change on remeasurement is no longer recognised in the revaluation reserve in equity but must be taken through the income statement under net investment income as an impairment charge.

  In the Commerzbank Group, equity instruments in the available-for-sale portfolio are written down if their fair value is either significantly lower than their historic cost (≥20%) or has been below historic cost for a considerable period (at least nine months). Besides these quantitative trigger events, the qualitative trigger events cited in IAS 39.59 are also taken into account in the monitoring process. Impairment reversals may not be recognised through profit or loss for equity instruments designated as available-for-sale; instead, they are recognised directly in the revaluation reserve in equity. Impairment reversals are never permitted on unlisted equity instruments for which it is not possible to determine a reliable fair value on a regular basis and that are therefore carried at historic cost less any necessary impairment.

Debt instruments are reviewed individually for impairment if any qualitative trigger events have occurred (IAS 39.59). To operationalise qualitative trigger events, additional indicators for an impairment have been developed in the Commerzbank Group. For example, an impairment charge for debt instruments in this category must generally be recognised if the debtor's rating is CCC or lower (see the Commerzbank master scale in the Risk Report) and the fair value is lower than amortised cost.

If the reasons for an impairment of debt instruments cease to apply, the impairment is reversed through profit or loss, but to no more than the level of amortised cost. Any amount exceeding amortised cost is recognised in the revaluation reserve.

- Other financial liabilities

  All financial liabilities that are not classified as held for trading and to which the fair value option was not applied are allocated to the category other financial liabilities. This category includes liabilities to banks and customers as well as securitised liabilities. Measurement of these assets is at amortised cost. Premiums and discounts are recognised in net interest income over the life of the liability.

c) Net gains or losses

Net gains or losses include fair value measurements recognised in the income statement, impairments, impairment reversals, gains realised on disposal, and subsequent recoveries on written-down financial instruments classified in the respective IAS 39 categories. The components are detailed for each IAS 39 category in the notes on net interest income, loan loss provisions, net trading income and net investment income.

d) Financial guarantee contracts

IAS 39 defines a financial guarantee contract as a contract that requires the issuer to make specified payments that reimburse the holder for a loss incurred because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. This can include, for example, bank guarantees (see Note 88). If Commerzbank is the guarantee holder, the financial guarantee is not recorded in the accounts and only recognised when determining an impairment of a guaranteed asset. As the issuer, the Commerzbank Group recognises the liability arising from a financial guarantee at inception. Initial measurement is at fair value at the time of recognition. In general terms, the fair value of a financial guarantee contract at inception is zero because for fair market contracts the value of the premium agreed normally corresponds to the value of the guarantee obligation (known as the net method). Subsequent measurement is at the higher of amortised cost or the provision that is required to be recognised in accordance with IAS 37 and IAS 39 if payment of the guarantee becomes probable.

If a financial guarantee is a component of a financing commitment where there is an intention to trade, the financial guarantee also has to be classified as held for trading. Such financial guarantees are then treated in accordance with the rules for held-for-trading instruments rather than those set out above (see Note 5b).

e) Embedded derivatives

IAS 39 also regulates the treatment of derivatives embedded in financial instruments (embedded derivatives). These include, for example, reverse convertible bonds (bonds that may be repaid in the form of equities) or bonds with index-linked interest payments. According to IAS 39, under certain conditions the embedded derivative must be shown separately from the host contract as a stand-alone derivative.

Such a separation must be made if the following three conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative under IAS 39; and
- the hybrid (combined) contract is not measured at fair value through profit or loss.

In this case, the separately shown embedded derivative is regarded as part of the trading portfolio and recognised at fair value. Changes on remeasurement are recognised in the income statement under net trading income. The host contract is accounted for and measured applying the rules of the category to which the financial instrument is assigned.

If the above three conditions are not met, the embedded derivative is not shown separately and the hybrid financial instrument or structured product is measured as a whole in accordance with the general provisions of the category to which the financial instrument is assigned.

f) Hedge accounting

IAS 39 contains extensive hedge accounting regulations which apply if it can be shown that the hedging instruments – especially derivatives – are employed to hedge risks in the underlying non-trading transactions.

Two main types of hedge accounting are used:

- Fair value hedge accounting:

  IAS 39 prescribes the use of hedge accounting to avoid accounting mismatches for derivatives which serve to hedge the fair value of assets or liabilities against one or more defined risks. It is above all the Group's issuing and lending business and its securities holdings for liquidity management, where these consist of fixed-income securities, that are subject to interest rate risk. Interest rate swaps are primarily used to hedge these risks.

  In line with the regulations for fair value hedge accounting, the derivative financial instruments used for hedging purposes are recognised at fair value as fair values of derivative hedging instruments. Any changes in the fair value of the hedged asset or hedged liability resulting from an opposite move in the hedged risk are also recognised in profit or loss under net income from hedge accounting. Counterbalancing changes on remeasurement associated with the hedging instruments and the hedged underlying transactions are recognised in the income statement as net income from hedge accounting. Any portion of the changes in fair value that are not attributable to the hedged risk are accounted for in accordance with the rules of the valuation category to which the hedged asset or liability belongs. For interest rate risks fair value hedge accounting can take the form of either a micro fair value hedge or a portfolio fair value hedge.

  - In micro fair value hedge accounting an underlying transaction is linked with one or more hedging transactions in a hedging relationship. The carrying amounts of the hedged transactions are adjusted through profit or loss in the event of changes in fair value attributable to the hedged risk.
  - In a portfolio fair value hedge interest rate risks are hedged at the portfolio level. It is not individual transactions or groups of transactions with a similar risk structure that are hedged, but instead a portfolio of underlying transactions is created grouped by maturity bands in accordance with the expected repayment and interest adjustment dates. Portfolios may contain only assets, only liabilities, or a mixture of both. In this type of hedge accounting, changes in the fair value of the underlying transactions are reported in the balance sheet as a separate asset or liability item. The hedged amount of the underlying transactions is computed in the consolidated financial statements excluding demand or savings deposits (we have thus elected not to use the EU carve-out regulations).

- Cash Flow Hedge Accounting:

  IAS 39 prescribes the use of cash flow hedge accounting to avoid accounting mismatches for derivatives which serve to hedge the risk of a change in future cash flows. Derivatives used in cash flow hedge accounting are measured at fair value. The effective portion of gains and losses are recognised net of deferred taxes in the cash flow hedge reserve under equity. The ineffective portion, on the other hand, is reported in the income statement in net income from hedge accounting. The general accounting rules set out above for the underlying transactions of the hedged cash flows remain unchanged by this.

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

The hedge must be documented at inception. Documentation must include in particular the identification of the hedging instrument, the related hedged item or transaction, the nature of the risk being hedged and how effectiveness of the hedge is assessed. In addition to documentation, IAS 39 requires the effectiveness of a hedge to be demonstrated during the entire term of the hedge in order for hedge accounting rules to be applied. Effectiveness in this context means the relationship between the change in fair value or cash flow of the hedged item and the change in fair value or cash flow of the hedging instrument. If these changes offset each other almost fully, a high degree of effectiveness exists. Proof of effectiveness requires, firstly, that a high degree of effectiveness can be expected from a hedge in the future (prospective effectiveness); secondly, when a hedge exists, it must be regularly demonstrated that it was highly effective during the period under review (retrospective effectiveness). Both the retrospective and prospective effectiveness must be within a range of between 0.8 and 1.25.

Commerzbank uses regression analysis to assess effectiveness in micro fair value hedge accounting. The changes in fair value of the hedged transaction and the hedging instrument are determined by means of historical simulations for the prospective effectiveness test, while the actual changes in fair value are used for the retrospective effectiveness test. Regression analysis is also used for the prospective effectiveness test in portfolio fair value hedge accounting, while the dollar-offset method is used for the retrospective effectiveness test.

(6) Currency translation

Monetary assets and liabilities denominated in foreign currencies and pending spot foreign exchange transactions are translated at the spot mid rate, and foreign exchange forward contracts at the forward rate, on the balance sheet date. Realised income and expenses are normally translated using the spot rate applying on the date of realisation.

Average prices may also be used to translate income and expenses, provided these prices are representative, i.e. the price has not undergone major fluctuations. Hedged expenses and income are translated using the hedge rate. Expenses and income resulting from the translation of balance sheet items are recognised in profit or loss under net trading income.

Non-monetary items such as equity holdings are generally translated at historic exchange rates, if they are measured at amortised cost. If they are measured at fair value, the current rate method of foreign exchange translation is used. Gains and losses on the translation of non-monetary items are recognised either in equity or the income statement depending on the way the net gain or loss is recognised.

Income and expenses in the financial statements of consolidated subsidiaries and companies accounted for using the equity method are translated at the exchange rate prevailing on the transaction date. For simplification purposes a price can be used for translation which represents an approximation of the exchange rate on the transaction date, for example the average price of a period. All differences arising on translation are recognised as a separate component of equity in the currency translation reserve. Translation gains or losses from the consolidation of the capital accounts are also recognised in equity under the currency translation reserve. On the date of the disposal or partial disposal of companies reporting in a foreign currency, the translation gains or losses are recognised in the income statement under net investment income. Even if an equity holding in a foreign currency is reduced without the company being fully deconsolidated, the effect of this partial reduction on the currency translation reserve is recognised in profit or loss (see Note 2).

(7) Cash reserve

The cash reserve comprises cash on hand, balances held at central banks, debt issued by public-sector borrowers and bills of exchange eligible for rediscounting at central banks. With the exception of debt issued by public-sector borrowers, which is shown at its fair value, all the items are stated at their nominal value.

(8) 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 reported at amortised cost. Premiums and discounts are recognised in net interest income over the term of the claim. Claims on banks and customers for which the fair value option is applied are accounted for at fair value. The carrying amounts of claims to which micro fair value hedge accounting is applied are adjusted for changes in fair value attributable to the hedged risk. In portfolio fair value hedge accounting changes in fair value are reported in the balance sheet item value adjustments for portfolio fair value hedges.

(9) Loan loss provisions

We make provision for the particular risks of on- and off-balance sheet lending in the loans and receivables category in the form of specific loan loss provisions (SLLPs), portfolio loan loss provisions (PLLPs) and general loan loss provisions (GLLPs).

When determining provisioning levels the fundamental criteria include whether the claims are in default or not and whether the claims are significant (over €1m) or insignificant (up to €1m). All claims which are in default under the Basel II regulations are identified as in default or non-performing. The following events can be indicative of a customer default:

- Imminent insolvency (over 90 days past due);
- The Bank is assisting in financial rescue/restructuring measures at the customer with or without restructuring contributions;
- The Bank has demanded immediate repayment of its claims;
- The customer is in insolvency proceedings.

For significant claims which are in default we recognise specific loan loss provisions in accordance with uniform standards across the Group. The net present value of the expected future cash flows is used to calculate both specific valuation allowances as well as specific loan loss provisions. In addition to the expected payments the cash flows include the expected proceeds from realising collateral and other recoverable cash flows. The loan loss provision or valuation allowance is therefore equal to the difference between the carrying value of the loan and the net present value of all the expected cash flows. The increase in the net present value over time using the original effective interest rate (unwinding) is recognised as interest income.

A portfolio loan loss provision (PLLP impaired) is recognised for insignificant defaulted claims using internal parameters.

For non-defaulted claims we account for credit risk in the form of general loan loss provisions (GLLPs). The level of the general loan loss provisions, both for on- and off-balance sheet lending, is determined using parameters derived from Basel II methodology.

We deduct the total loan loss provision, insofar as it relates to on-balance sheet claims, directly from the respective asset item. However, the provision for losses in off-balance sheet business (e.g. contingent liabilities, lending commitments) is shown under provisions for lending business.

Unrecoverable accounts for which no specific loan loss provisions have been formed are written off immediately. Amounts recovered on claims written off are recognised in the income statement under loan loss provisions. Impaired claims are (partially) written down, utilising any specific provisions, if such claims prove to be partially or entirely unrecoverable. We also directly write off portions of impaired claims that exceed existing loan loss provisions if they are unrecoverable.

(10) Repurchase agreements and securities lending

Repurchase agreements include repo and reverse repo transactions. Repo transactions combine the spot purchase or sale of securities with their forward sale or repurchase, the counterparty being identical in both cases. The securities sold under repurchase agreements (spot sale) continue to be recognised and measured in the consolidated balance sheet as part of the securities portfolio in accordance with the category to which they are assigned. The securities are not derecognised as we retain all risks and opportunities connected with the ownership of the security sold under the repurchase agreement. The same risks and opportunities therefore apply to financial assets which have been transferred but not derecognised as apply to the non-transferred financial assets described in Note 5.

The inflow of liquidity from the repo transaction is shown in the balance sheet as a liability to either banks or customers, depending on the counterparty. Agreed interest payments are recognised as interest expense in net interest income according to maturity.

The outflows of liquidity arising from reverse repos are accounted for as claims on customers or banks. They are measured either at fair value using the fair value option or at amortised cost. The securities bought under repurchase agreements which underlie the financial transaction (spot purchase) are not carried in the balance sheet and are thus not measured. Agreed interest payments in reverse repos are recognised as interest income within net interest income according to maturity.

We conduct securities lending transactions with other banks and customers in order to meet delivery commitments or to enable us to effect securities repurchase agreements. We report these transactions in a similar manner to securities repurchase transactions. Securities lent remain in our securities portfolio (trading assets or financial investments) and are measured according to the rules of IAS 39. Borrowed securities do not appear in the balance sheet, nor are they measured. In securities lending transactions, the counterparty credit risk can be avoided by obtaining collateral, which may be provided in the form of cash, for example. Collateral furnished for a securities lending transaction is known as cash collateral out and collateral received as cash collateral in. In addition, cash collateral outs are deposited as collateral in connection with derivative transactions. We show cash collateral which we have furnished for securities lending transactions as a claim and collateral received as a liability. Interest and expenses from securities lending transactions are recognised in net interest income according to their maturity.

(11) Value adjustments portfolio for fair value hedges

This item contains interest-rate-related positive and negative changes in the fair value of hedged transactions for which portfolio fair value hedge accounting is used.

(12) Positive fair values of derivative hedging instruments

This item contains derivative financial instruments used for hedging purposes which qualify for hedge accounting and have a positive fair value. The hedging instruments are measured at fair value.

(13) Trading assets

Under trading assets we report financial instruments measured at fair value. These include fixed income and equity securities, promissory note loans and units in investment funds. 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. Lending commitments with a positive fair value allocated to the trading book are also shown in this item.

(14) Financial investments

Financial investments are financial instruments not assigned to any other balance sheet item. Financial investments comprise all bonds, notes and other interest-rate-related securities, shares and other equity-related securities, units in investment funds, equity holdings and holdings in non-consolidated subsidiaries unless they must be treated as assets held for sale as defined by IFRS 5. Holdings in companies not accounted for using the equity method and in jointly controlled entities are reported as financial investments under equity holdings.

Financial instruments from the loans and receivables category contained in financial investments are measured at amortised cost.

Portfolio items classified as available-for-sale financial assets are recognised and measured at their fair value.

Premiums and discounts are recognised in net interest income over the lifetime of the asset. Net interest income also includes interest income from bonds, dividends on shares including shares in unconsolidated affiliated companies and current gains or losses from equity holdings.

If, however, an effective fair value hedge with a derivative financial instrument exists for financial instruments reported in this item, then that portion of the change in fair value attributable to the hedged risk is shown under net income from hedge accounting. Changes in the fair values of financial investments to which the fair value option has been applied are recognised in the net gain or loss from application of the fair value option, which is part of net trading income.

(15) Intangible assets

Intangible assets mainly consist of software, acquired brand names, customer relationships and goodwill. They are recognised at amortised cost. Due to their finite useful economic lives software and customer relationships are written off on a straight line basis over their prospective useful lives. In the case of brands and brand names our assumption is that they can generate cash flows indefinitely. As a result brand names and goodwill with indefinite useful economic lives are tested for impairment at least once a year.

Impairment test methodology

All goodwill and brand names are allocated to the cash-generating units at the time of acquisition. Commerzbank has defined the segments as cash generating units in accordance with IFRS 8. Further details on the segments are provided in Note 45. The expected future economic benefits of these assets are tested at the level of the individual underlying cash generating units at least once annually at each balance sheet date. In the process, the carrying amount of the capital employed in a cash generating unit (including the attributed goodwill) is compared with the recoverable amount of these assets. The recoverable amount is the higher of value in use and fair value less costs to sell. The value in use is based on the expected profitability of the unit and the cost of capital as set out in the medium-term planning for the individual segments approved by the board. If the value in use falls below the carrying amount, the fair value less costs to sell is also calculated. The higher of the two figures is reported.

Assumptions underlying the impairment testing

The discounted cash flow calculations are based on the multi-year planning for the segments. In addition to profitability projections this involves forecasts for risk-weighted assets and capital employed. The main value drivers are receivables volumes, net interest income after loan loss provisions and net commission income. Risk assets are a further sensitive planning parameter. The projections are based on forecasts from the economic research department for the macroeconomic outlook as well as other significant parameters such as movements in interest rates, exchange rates, equity and bond markets.

Planning is based both on management's past experience and an assessment of risks and opportunities based on the forecasts.

Multi-year planning normally has a four-year horizon. For impairment testing the profitability projections from the last planning year were extrapolated out to 2019 in order to reflect the impact of Basel III including the transitional arrangements on capital employed.

In calculating the discounted cash flow we use average risk-adjusted interest rates (before tax) of between 11.1% (previous year: 10.1%) and 11.9% (previous year: 13.2%). A long-term growth rate of 2.0% is assumed for all segments (previous year: 2.0%).

If there are objective indications that the economic benefits originally identified will no longer be realised, an impairment must initially be recognised on the cash-generating unit's goodwill and reported in a separate item in the income statement. Any additional impairment required is divided pro-rata between the remaining assets in the unit.

We amortise acquired customer relationships over a period of ten to fifteen years.

Software is amortised on a straight-line basis over its expected useful economic life of usually two to eight years and sometimes up to sixteen years and charged to operating expenses. Software includes both in-house developed software and acquired software. Where the reason for an impairment recognised in previous financial years ceases to apply, the impairment of intangible assets is reversed to no more than amortised cost. Impairment reversals are not permitted for goodwill.

(16) Fixed assets

The land and buildings, and also office furniture and equipment, shown under this item are recognised at cost, less regular depreciation. Impairments are made in an amount by which the carrying value exceeds the higher of fair value less costs to sell and the value in use of the asset.

Where the reason for recognising an impairment in previous financial years ceases to apply, the impairment is reversed to no more than amortised cost.

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

	Expected useful life years
Buildings	25-50
Office furniture and equipment	2-25

In line with the materiality principle, purchases of low-value fixed assets were recognised immediately as operating expenses. Profits realised on the disposal of fixed assets appear under other income, with losses being shown under other expenses.

(17) 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 incidental to ownership. By contrast, leases where substantially all of the risks and rewards are transferred to the lessee are classified as finance leases. The present value of the lease payments is central to determining the risks and rewards of the lease. If the present value amounts to at least substantially all of the fair value of the leased asset, the lease is classified as a finance lease. The most commonly leased assets are properties and vehicles.

- Operating leases

  If the risks and rewards of ownership remain substantially with the lessor, the asset will continue to be reported on the balance sheet. Leased assets are reported in the consolidated balance sheet under other assets and are shown at cost, less depreciation over their useful economic lives and/or impairments. Unless a different distribution is appropriate in individual cases, we recognise the proceeds from leasing transactions on a straight-line basis over the lifetime of the lease and report them under other net income.

- Finance leases

  If virtually all the risks and rewards relating to the leased asset are transferred to the lessee, the Commerzbank Group recognises a claim on the lessee. The claim is shown at its net investment value at the inception of the lease. Lease payments received are divided into an interest portion and a repayment portion. The income is recognised as interest income through profit or loss for the respective period.

The Group as lessor

Real estate lease agreements have a fixed basic rental period and generally include an option for the lessee to buy. The payments to be made by the lessee are calculated based on the total investment costs less the residual value of the leased asset as determined at the start of the lease agreement. During the fixed basic rental period the lessee bears all the asset-related costs and the third-party costs of the leasing company. The risk of unexpected or partial loss of the leased asset is borne by the lessor.

Lease agreements for moveable assets (vehicles, IT equipment) are structured as partially amortising agreements with an option to purchase and can be terminated. Because the fixed rental period is shorter in relation to the normal length of use in the case of partially amortising agreements, only part of the total investment costs are amortised.

Leases which may be terminated have no fixed rental period. In the event of termination a previously agreed final payment becomes due, which covers the portion of the total investment costs not yet amortised. If notice of termination is not given, the lease rolls over. The risk of unexpected or partial loss of the leased asset is then borne again by the lessor.

The Group as lessee

Expenditure on operating leases is always recorded on a straight-line basis over the life of the lease agreement and reported under operating expenses.

Finance leases where the Commerzbank Group is a lessee are of minor significance.

(18) Investment properties

Investment properties are defined as land and buildings held for the purpose of earning rental income or because they are expected to increase in value. Commerzbank Group also reports properties acquired as a result of the realisation of collateral in this category (rescue purchases).

Investment properties are measured at cost including directly attributable transaction costs on initial recognition in accordance with IAS 40. The fair value model is used for the subsequent measurement of investment property. Fair value is normally determined on the basis of annual valuations conducted by internal experts and on prices currently obtainable in the market. Properties used for commercial purposes are usually measured based on capitalised income; individual residential buildings are generally measured using the cost or sales comparison approach. Gains and losses arising from changes in fair value are shown under other net income in the income statement for the period.

Current income and expenses are recognised in net interest income.

(19) Assets and disposal groups held for sale

Non-current assets and disposal groups that can be sold in their current condition and if their sale is highly probable must be classified as held for sale. These assets must be measured at fair value less costs to sell in cases where this is lower than book value. However, for interest-bearing and non-interest-bearing financial instruments and investment property the only accounting change is the reclassification to the relevant balance sheet items in accordance with IFRS 5. They continue to be measured in accordance with IAS 39 or IAS 40.

If impairments are established as a result of measurement in accordance with IFRS 5, these are recognised in the corresponding position in the income statement, depending on the underlying transaction. Any subsequent write-up is limited to the total of impairments previously recognised.

After the assets have been sold, the gains or losses on disposal are recognised in other net income for non-current assets and usually in net investment income for disposal groups.

(20) Liabilities

If they are not held for trading purposes, financial liabilities are carried at amortised cost. The derivatives embedded in liabilities are separated from their host debt instrument where this is required, measured at fair value and recognised under either trading assets or trading liabilities. In micro fair value hedge accounting, hedged liabilities are adjusted for the change in fair value attributable to the hedged risk. In portfolio fair value hedge accounting the changes in fair value are reported under liabilities as value adjustments for portfolio fair value hedges. Liabilities for which the fair value option is used are recognised at their fair value.

(21) Negative fair values of derivative hedging instruments

This item shows derivative financial instruments that are used for hedging purposes and qualify for hedge accounting if they have a negative fair value. The hedging instruments are measured at fair value.

(22) Trading liabilities

Derivative financial instruments which are not used as hedging instruments in hedge accounting, lending commitments in the trading book which have a negative fair value are reported under trading liabilities. We also report own issues in the trading book and delivery obligations from short sales of securities in this item. Trading liabilities are measured at fair value through profit or loss.

(23) Provisions

A provision must be shown if on the balance sheet date, as the result of an event in the past, a current legal or factual obligation has arisen, an outflow of resources to meet this obligation is likely and it is possible to make a reliable estimate of the amount of this obligation. Accordingly we make provisions for liabilities of an uncertain amount to third parties and anticipated losses arising from pending transactions in the amount of the claims expected.

The different types of provisions are allocated via various items in the income statement. Provisions for lending business are charged to loan loss provisions, provisions for restructuring to restructuring expenses and provisions for legal risks to other net income. Other provisions are generally charged to operating expenses.

Restructuring provisions are recognised if the Commerzbank Group has a detailed formal restructuring plan and has already begun implementing this plan or has announced the main details of the restructuring. The detailed plan must contain information on the departments involved, the approximate number of staff whose jobs are affected by the restructuring, the costs involved and the period during which the restructuring will be carried out. The detailed plan must be communicated in such a way that those affected can expect it to be realised. The restructuring expenses item in the income statement contains further direct restructuring expenses which are not included in the restructuring provision.

Discounting

The amount recognised as a provision represents the best possible estimate of the expense required to meet the current obligation as at the reporting date. The estimate takes account of risks and uncertainties. Provisions are recognised at their net present value if they are long-term.

(24) Provisions for pensions and similar commitments

The company pension arrangements for current and former employees of Commerzbank Aktiengesellschaft and a number of domestic and foreign subsidiaries, together with their surviving dependants, are based on a number of different benefit schemes (both defined benefit and defined contribution plans).

Employees acquire a pension entitlement based on a contribution-related commitment from external pension providers in which a number of external companies participate. To finance this the Group, together with its current employees, pays a fixed amount to the external pension provider (such as BVV Versicherungsverein des Bankgewerbes a.G., Berlin, and BVV Versorgungskasse des Bankgewerbes e.V., Berlin). The level of current and future pension benefits is determined by contributions paid and the return earned on the assets. For these indirect systems the accounting standards laid down in IAS 19 are applied as for a defined contribution plan which means that the contributions paid to the external pension providers are recognised under personnel expenses. No provisions are formed, since the assumption of secondary liability under the law is regarded as unlikely.

The Group also operates defined benefit plans based on a direct pension commitment on the part of Commerzbank, where the level of the pension payment is pre-defined and dependent on factors such as age, salary level and length of service. IAS 19 accounting principles for defined benefit pension plans are applied to these pension schemes, so provisions are created.

For employees entitled to pension benefits who joined Commerzbank Aktiengesellschaft or certain other consolidated companies before 31 December 2004, the pension entitlements are based on the regulations of the Commerzbank modular plan for company pension benefits, known as the CBA. The amount of the benefits under CBA consists of an initial module for the period up to 31 December 2004, plus a benefit module – possibly augmented by a dynamic module – for each contributory year from 2005 onwards. Staff joining the Bank after 1 January 2005 have pension rights under the Commerzbank capital plan for company pension benefits, known as the CKA. The CKA guarantees a minimum benefit on the modular basis, but also offers additional opportunities for higher pension benefits through investing assets in investment funds.

Since 1 January 2010 the direct pension arrangements for staff formerly employed by Dresdner Bank Aktiengesellschaft have also been based on the company pension modules of the CBA.

Furthermore, some foreign subsidiaries and branches, primarily in the UK and the USA, also have defined benefit and defined contribution plans.

In order to meet the direct pension liabilities in Germany, cover assets were transferred to a legally independent trustee, Commerzbank Pension Trust e. V. (CPT). The assets held by CPT and the cover assets for pension obligations in our foreign units qualify as plan assets within the definition of IAS 19.7. Under IAS 19.54 the fair value of the plan assets are netted with the present value of the defined benefit obligations, which results in a corresponding reduction in pension provisions within the Group.

In addition to the above mentioned company pension plans, there is an internally-financed healthcare plan in the UK which entitles members in retirement to reimbursement of medical costs or a contribution to private medical insurance. The resulting obligations are accounted for according to the rules for defined benefit pension plans as specified by IAS 19.

Pension expense reported under personnel expenses for the direct pension commitments consist of two components: the service cost, representing the entitlements earned by members during the financial year; and the interest cost on the present value of the pension obligations, as the time when the pension obligations will have to be met has moved forward by one period. The expected net income from the assets in the scheme reduces pension expense, however. Moreover, the level of pension expense continues to be affected by the amortisation of actuarial gains or losses which have not yet been recognised in the income statement. If the direct pension commitments are changed and this leads to a change in the payment obligation, a past service cost (or income) is reported.

The size of the provision calculated in accordance with IAS 19.54 is therefore as follows:

Present value of the defined-benefit obligation (DBO) for
direct commitments
less fair value of plan assets
less/plus unrecognised actuarial losses/gains
less/plus any past service cost or income which has not yet been recognised

= level of the pension provision

For defined-benefit plans the pension provisions and similar obligations (e.g. age-related short-time working, early retirement and anniversary provisions) are calculated annually by an independent actuary using the projected unit credit method. This calculation is based on biometric assumptions (for example, Heubeck-Richttafeln 2005G), in particular the current yield-based discount rate for high-quality long-term corporate bonds, assumptions regarding staff turnover and career trends as well as expected future rates of salary and pension increases. For German pension obligations, the discount factor is determined using a proprietary Commerzbank model derived from eurozone swap rates with the same maturity adjusted by a spread premium for high-quality corporate bonds.

According to IAS 19.92 ff., any actuarial gains and losses that have not yet been amortised do not have to be recognised until the reporting period in which they exceed the corridor of 10% of the greater of DBO or the fair value of the plan assets at the beginning of the period.

Commerzbank has decided to recognise unrealised actuarial profits and losses faster than the standard amortisation schedules recommended in IAS 19. Above a significance threshold of 75% of the 10% corridor, 20% of the gains and losses within the corridor are amortised.

The corridor method was dropped when the amended IAS 19 became applicable on 1 January 2013. As of that date, actuarial profits and losses are fully recognised in equity without affecting the income statement. Given the interest levels at the end of 2012, we expect a net charge to equity of around €0.7bn and an offsetting increase in pension provisions of around €0.9bn. In addition, the past service cost resulting from retrospective plan changes must be recognised in the income statement immediately and in full. However, this does not result in any additional cost to the Commerzbank Group because to date there has been no past service cost that has not been recognised. As a result of these changes, the offsetting of pension liabilities and plan assets means that the entire net pension liability is recognised in the balance sheet. Another insignificant effect of €–2m results from the fact that partial retirement top-up payments must be accumulated on a straight-line basis up to the end of the working period instead of being recognised in full on the date of acceptance as previously. Furthermore, net interest costs must be calculated pursuant to the amended IAS 19 when pension liabilities are financed through plan assets. This involves calculating the interest on the net debt or net assets (defined benefit obligation less fair value of plan assets) at a uniform interest rate. For the financial year 2012, this would result in an additional charge of around €20m in the income statement compared with the previous use of different interest rates for interest cost and income from plan assets.

(25) Staff remuneration plans

1. Description of the main remuneration plans

a) Commerzbank Incentive Plan (CIP)

The Commerzbank Incentive Plan (CIP) was established in 2011. In addition to a cash component it grants beneficiaries a certain number of Commerzbank shares. The CIP applies to the entire Commerzbank Group.

The mechanism of the new remuneration model for variable remuneration comprises both a short-term incentive (STI) and a long-term incentive (LTI) in various formats. The STI component is designed as compensation for the previous financial year. The LTI component is designed as compensation for a vesting period of four years.

The proportion of the variable remuneration granted in the form of shares depends on the risk-taker group.

- Risk-taker I (executives, members of management)
- Risk-taker II (chairmen of important committees, functions with a significant impact on the bank's overall risk profile)
- Non risk-takers (other staff whose variable remuneration exceeds a certain threshold)

Risk-taker groups I and II differ in the weighting of the STI and LTI. In both cases around half of the short-term and long-term components is paid out in shares. In the non-risk-taker group half of the amount of the long-term component in excess of the threshold is paid in shares.

The different remuneration components are estimated and recognised in profit or loss in the financial year on the basis of plan calculations. The level of variable remuneration and therefore the proportion accounted for by shares per employee is finalised in the annual target attainment meeting (performance appraisal I), which is held in the first three months of the following year. This amount represents the upper limit for variable remuneration for the entire 4-year vesting period. Thereafter it can only be reduced in the annual target attainment meetings as a result of Group-specific quantitative and individual qualitative attainment metrics. The number of shares granted is determined by dividing the shares portion of the variable remuneration by the average Xetra closing price of the Commerzbank share in January and February plus December of the previous year.

In the STI the shares are subject to a 6-month lockup period. In the LTI the beneficiaries gain the right to acquire the shares after performance appraisal II at the end of the vesting period of four years (including the initial financial year), i.e. three years after determining the underlying number of shares. There is again a 6-month lockup period from the date on which the beneficiaries gain the right to acquire the shares.

If Commerzbank has paid dividends during the term of the CIP, an additional cash amount equal to the dividend is paid out when the CIP matures.

For staff in foreign locations where payment in equity instruments is not legally possible, or although possible is unattractive for staff as a result of administrative restrictions, the CIPs will be cash-settled.

b) Share awards

Share awards are a deferred component of variable compensation where non pay-scale employees of Commerzbank Aktiengesellschaft are allocated virtual Commerzbank shares. They entitle the holder to receive the gross cash value of the shares allocated on the award date after the vesting period has elapsed. The amount of the provision for variable compensation and the portion of the variable compensation to be paid in the form of share awards is dependent on the bank's overall performance and is not determined until the spring of the year following the year for which the award is paid. The number of share awards is determined on the date of allocation by dividing the variable compensation amount by the average Xetra closing price of the Commerzbank share for January and February of the year of the award and December of the previous year.

The average Xetra closing price of the Commerzbank share in January and February of the year of payout and December of the previous year are also used to determine the amount paid out. The amount paid out, normally three years from the date of the award, is determined by multiplying this average price by the number of share awards allocated on the award date. If Commerzbank has paid dividends during the term of the award, a cash amount equal to the dividend multiplied by the number of share awards allocated is paid out in addition to the gross cash value of the shares.

The Commerzbank Incentive Plan (CIP) was introduced as a result of the Banking Remuneration Regulation (Instituts-Vergütungsverordnung), which became law in Germany in October 2010. For the financial years from 2011 onwards, share awards are therefore used for selected employees only.

c) Long-Term Performance Plans (LTPs)

Commerzbank operated long-term performance plans (LTPs) for managers and other selected employees until the financial year 2008. These were variable compensation plans linked to the Commerzbank share price and lasting from three to five years, for which a personal investment in Commerzbank shares was necessary. Payment is linked to specific performance criteria of the Commerzbank share. No new LTP has been set up since 2009 and there are no plans to launch any more plans for the foreseeable future. Under the LTP plan for 2008, which is still ongoing, payments geared to the performance of the share price and the index are still theoretically possible until the end of 2013. No payouts were made under LTPs in 2011 and 2012. We do not expect the exercise criteria to be met in 2013 either.

The LTP is accounted for as a cash-settled share-based compensation transaction.

d) BRE Bank S.A.

In 2008, BRE Bank SA launched two share-based remuneration plans for the members of its Management Board. The members of the Management Board of our subsidiary could participate in these plans from 2009 to 2011. The first plan provided for the subscription of BRE Bank shares. The second plan (modified in 2010) allows for an amount to be drawn in cash corresponding to the Commerzbank share value. The last payout will be made in 2015. In 2012 a new share-based programme was established in which members of the Management Board can participate up until 2016. It comprises both a short-term component (cash payment) and a long-term component of pro-rata subscriptions of BRE Bank shares over a period of three years. Similar to the 2008 programme, a given quantity of these shares are issued each year and made available to those entitled for purchase at a pre-determined price below the accounting par value. In all of these programmes, participation is linked to at least the return on equity of the BRE Bank sub-group. The long-term component of the new programme is also coupled with the Management Board member’s performance assessment.

Both plans which entitle the participants to subscribe to BRE Bank shares (2008 and 2012) are classified as share-based payments settled in the form of equity instruments. The second programme from 2008 is accounted for as a cash-settled share-based compensation transaction.

2. Accounting treatment and measurement

The staff compensation plans described here are accounted for under the rules of IFRS 2 – Share-based Payment. IFRS 2 distinguishes between share-based payments settled in the form of equity instruments and those settled in cash. For both forms, however, the granting of share-based payments has to be recognised at fair value in the annual financial statements.

- Equity-settled share-based payment transactions

  The fair value of share-based payments settled in the form of equity instruments is recognised as personnel expense within equity in the capital reserve. The fair value of the STI component is determined on the date on which the rights are granted. The fair value of the LTI component is determined once only on the date of performance appraisal I (March n+1) as an average of the Xetra closing prices in the months January, February and December of the previous year and is recognised in profit or loss on a straight-line basis over the term of the vesting period. The amount recognised as an expense may only be adjusted if our estimate of the number of equity instruments to be finally issued changes.

  If rights cannot be exercised because the conditions for exercise (e.g. a performance target) are not met, no change is made to the amounts already recognised in equity.

- Cash-settled share-based payment transactions

  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 recognised as personnel expense while at the same time being recorded as a provision. The fair value is recalculated on each balance sheet date up to and including the settlement date. Any change in the fair value of the obligation must be recognised through profit or loss. On the date of settlement, therefore, the provision must correspond as closely as possible to the amount payable to the eligible employees. In the case of share awards the portion of the provisions attributable to share awards is reassigned from other personnel provisions to the provision for share awards at the date of the award. The provision is calculated as the product of the number of rights allocated multiplied by the average Xetra closing price of Commerzbank shares in January and February of the year of the award and December of the previous year. The provisions fluctuate on each balance sheet date in parallel with the performance of the Commerzbank Aktiengesellschaft share price. Discounts are not applied for staff natural wastage as the share awards do not lapse on the departure or death of an employee. If Commerzbank pays dividends during the vesting period a cash payment equal to the dividend will be paid out for each share award at the payout date in addition to the payout value of the share awards.

- Measurement

  The closing price of the Commerzbank share on 31 December 2012 was used to measure the provision for the share awards.

  A Monte Carlo model, which simulates rising future share prices, is used to calculate the fair value of the LTP staff compensation plan within the Commerzbank Group. The model is based on the assumption that stock returns are statistically normally distributed around a mean corresponding to a risk-free investment in an interest-bearing security.

  For the second programme of BRE Bank (2008), the equivalent value of the Commerzbank shares is calculated on the basis of the average market price of the share at the time of issue.

(26) Taxes on income

Current tax assets and liabilities are calculated on the basis of the expected payment to or rebate from each fiscal authority using the current tax rates applicable in the relevant country.

Deferred tax assets and liabilities are formed to reflect differences between the IFRS carrying amounts of assets or liabilities and the taxable value, provided that these temporary differences are likely to increase or reduce future taxes on income and there is no rule against disclosing them. In addition, deferred taxes are recognised for both tax loss carryforwards as well as for as yet unused tax credits. The valuation of deferred taxes is based on income tax rates already approved as at 31 December 2012 and applicable upon realisation of the temporary differences.

Deferred tax assets on tax-reducing temporary differences, unused tax losses and unused tax credits are only recognised if and to the extent that it is probable that the same taxable entity will generate tax gains or losses in the foreseeable future with respect to the same fiscal authority.

Deferred tax assets and liabilities are recognised and continued – depending on the reason for the deferral – either under taxes on income in the income statement or directly in equity.

Income tax expenses or income are reported under taxes on income in the income statement.

Deferred tax assets and liabilities have been netted if there is a right to net current taxes on income and the deferred tax assets and liabilities relate to taxes on income levied by the same fiscal authority on the same taxable entity.

Taxable temporary differences relating to shares in Commerzbank group companies for which no deferred income tax liabilities were recognised amount to €115m (previous year: €113m).

The current and deferred tax assets and current and deferred tax liabilities are set out in the balance sheet and detailed in Notes 58 and 69.

(27) Subordinated and hybrid capital

Under subordinated and hybrid capital we show issues of profit-sharing certificates, securitised and non-securitised subordinated liabilities as well as hybrid capital instruments. They are recognised at amortised cost. Premiums and discounts are recognised in net interest income over the lifetime of the instrument.

The carrying amounts of the subordinated and hybrid capital, to which micro fair value hedge accounting is applied, are adjusted for the changes in fair value attributable to the hedged risk. In portfolio fair value hedge accounting the changes in fair value are reported under liabilities as value adjustments for portfolio fair value hedges. Subordinated and hybrid capital to which the fair value option is applied is reported at fair value.

(28) Fiduciary transactions

Fiduciary 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.

(29) Contingent liabilities and irrevocable lending commitments

This item mainly shows contingent liabilities arising from guarantees and indemnity agreements as well as irrevocable lending commitments at their nominal value.

Situations where the reporting company acts as guarantor to the creditor of a third party for the fulfilment of a liability of that third party must be shown as guarantees. Indemnity agreements include contractual obligations that involve taking responsibility for a particular outcome or performance.

All obligations that could incur a credit risk must be shown here as irrevocable lending commitments. These include obligations to grant loans (e.g. lines that have been advised to customers), to buy securities or provide guarantees or acceptances. However, lending commitments attributable to the trading book are reported under trading assets or trading liabilities.

Provisions for risks in respect of contingent liabilities and lending commitments are included in provisions for loan losses.

Income from guarantees is reported in net commission income; the level of this income is determined by the application of agreed rates to the nominal amount of the guarantees.

(30) Treasury shares

Treasury shares held by Commerzbank Aktiengesellschaft on the balance sheet date are deducted directly from equity. Gains or losses on treasury shares are recognised in equity.

Impact of the European sovereign debt crisis

At the emergency eurozone summit on 21 July 2011, the banks and insurance companies agreed to make a contribution to supporting Greece. After completing their negotiations on 21 February 2012 and reaching agreement with the troika on 24 February 2012 the private-sector creditors were offered the opportunity by Greece to participate in a debt swap of Greek bonds. Under this Private Sector Involvement (PSI) creditors were asked to waive €535 per €1,000 nominal of their existing Greek bond holdings. The following bonds were offered in exchange for the remaining nominal €465 per €1,000 bond:

- New Greek sovereign bonds with integrated but detachable GDP warrants[1] with a nominal value of €315 each (term from 11 to 30 years)
- EFSF bonds with a nominal value of €150 each (half with a maturity of 1 year and half with a maturity of 2 years)
- EFSF bonds for accrued interest (6-month maturity)

The Commerzbank Group took part in the exchange in March 2012 and afterwards sold all of the new Greek bonds received in the exchange, including the GDP warrants. The exchange and the subsequent sale resulted in a loss of €69m in the first quarter of the 2012 financial year.

[1] The GDP warrants will lead to an additional payment of 1% of nominal value from 2015 if certain defined GDP growth criteria are met

Notes to the income statement

(31) Net interest income

	2012	2011	Change in %
		€m	
Interest income	14,559	17,343	– 16.1
Interest income from lending and money market transactions and from the securities portfolio (available-for-sale)	876	1,232	– 28.9
Interest income from lending and money market transactions and from the securities portfolio (loans and receivables)	12,856	15,456	– 16.8
Interest income from lending and money market transactions and from the securities portfolio (from applying the fair value option)	101	119	– 15.1
Prepayment penalty fees	139	87	59.8
Gains on the sale of loans and receivables and repurchase of liabilities[1]	264	166	59.0
Dividends from securities	221	115	92.2
Current net income from equity holdings and non-consolidated subsidiaries	21	41	– 48.8
Current income from properties held for sale and from investment properties	69	127	– 45.7
Other interest income	12	—	.
Interest expense	9,020	10,619	– 15.1
Interest expense on subordinated and hybrid capital	891	940	– 5.2
Interest expense on securitised liabilities	2,733	3,584	– 23.7
Interest expense on other liabilities	4,922	5,256	– 6.4
Interest expense from applying the fair value option[2]	50	36	38.9
Losses on the sale of loans and receivables and repurchase of liabilities[1]	103	73	41.1
Current expenses from properties held for sale and from investment properties	54	78	– 30.8
Other interest expense	267	652	– 59.0
Total	**5,539**	**6,724**	**– 17.6**

1 Of which €195m gains and €30m losses on the repurchase of liabilities in the current financial year (previous year: €112m gains and €10m losses).
2 Of which — for subordinated and hybrid capital (previous year: €1m).

There was an unwinding effect of €157m (previous year: €195m) for commitments which have been terminated and impaired commercial real estate loans.

Net interest income included €12m from derivative financial instruments not included in the trading book (previous year: €– 342m).

The breakdown of interest income and interest expense from investment properties was as follows:

	2012	2011	Change in %
		€m	
Rental income	58	61	– 4.9
Other income	—	—	.
Total income	**58**	**61**	**– 4.9**
Building and occupancy expense for rented properties	29	27	7.4
Other expenses	24	33	– 27.3
Total expenses	**53**	**60**	**– 11.7**

(32) Loan loss provisions

The breakdown of loan loss provisions in the income statement was as follows:

	2012	2011	Change in %
		€m	
Allocation to loan loss provisions[1]	−3,133	−3,467	−9.6
Reversals of loan loss provisions[1]	1,709	2,489	−31.3
Direct write-downs	−456	−594	−23.2
Write-ups and amounts recovered on claims written-down	220	182	20.9
Total	**−1,660**	**−1,390**	**19.4**

[1] Gross figures (e.g. migrations between different types of provisions are not netted off).

Loan loss provisions in the Group amounted to €1,660m in 2012. This amount includes a one-off effect from reviewing and updating parameters totalling €69m net. Overall, loan loss provisions in 2012 were €270m higher than in the previous year. The breakdown of the net allocation to provisions was as follows:

	2012	2011	Change in %
		€m	
Specific risks	−1,482	−1,349	9.9
Claims on banks	69	24	.
Claims on customers	−1,688	−1,376	22.7
Off-balance sheet items	137	3	.
Portfolio risks	58	371	−84.4
Claims on banks	17	−20	.
Claims on customers	2	320	−99.4
Off-balance sheet items	39	71	−45.1
Direct write-downs, write-ups and amounts recovered on claims written down	−236	−412	−42.7
Total	**−1,660**	**−1,390**	**19.4**

(33) Net commission income

	2012	2011	Change in %
		€m	
Commission income	**3,711**	**4,055**	**−8.5**
Securities transactions	1,019	1,221	−16.5
Asset management	176	161	9.3
Payment transactions and foreign business	1,365	1,303	4.8
Real estate lending business	152	193	−21.2
Guarantees	238	230	3.5
Net income from syndicated business	152	272	−44.1
Intermediary business	303	325	−6.8
Fiduciary transactions	8	8	0.0
Other income	298	342	−12.9
Commission expense	**520**	**560**	**−7.1**
Securities transactions	170	181	−6.1
Asset management	34	22	54.5
Payment transactions and foreign business	131	131	0.0
Real estate lending business	37	36	2.8
Guarantees	69	86	−19.8
Net income from syndicated business	1	4	−75.0
Intermediary business	67	67	0.0
Fiduciary transactions	3	3	0.0
Other expenses	8	30	−73.3
Net commission income			
Securities transactions	849	1,040	−18.4
Asset management	142	139	2.2
Payment transactions and foreign business	1,234	1,172	5.3
Real estate lending business	115	157	−26.8
Guarantees	169	144	17.4
Net income from syndicated business	151	268	−43.7
Intermediary business	236	258	−8.5
Fiduciary transactions	5	5	0.0
Other	290	312	−7.1
Total	**3,191**	**3,495**	**−8.7**

Commission income included €937m (previous year: €882m) and commission expense included €139m (previous year: €133m) from transactions with financial instruments that were not recognised at fair value through profit or loss.

(34) Net trading income

Net trading income is comprised of three components:

- Net trading gain or loss (this includes trading in securities, promissory note loans, precious metals and derivative instruments plus the net gain or loss on the remeasurement of derivative financial instruments that do not qualify for hedge accounting)
- Net interest income
- Net gain or loss from applying the fair value option

The net gain or loss from applying the fair value option includes the changes in fair value of the underlying derivatives.

	2012	2011	Change in %
		€m	
Net trading gain or loss[1]	473	703	−32.7
Net interest income	974	1,114	−12.6
Net gain or loss from applying the fair value option	−334	292	.
Total	**1,113**	**2,109**	**−47.2**

[1] Including net gain or loss on the remeasurement of derivative financial instruments.

Net interest income from trading was made up of €2,224m in interest income (previous year: €3,694m) and €1,250m in interest expense (previous year: €2,580m) for funding trading transactions. Net interest income from derivative financial instruments is contained in interest income and came to €631m in the year under review (previous year: €102m).

(35) Net income from hedge accounting

Net income from hedge accounting includes gains and losses on the remeasurement of effective hedges in fair value hedge accounting as well as the ineffective portion of effective cash flow hedges. The breakdown was as follows:

	2012	2011	Change in %
		€m	
Fair value hedges			
Changes in fair value attributable to hedging instruments	−155	−3,215	−95.2
Micro fair value hedges	−1,063	−3,721	−71.4
Portfolio fair value hedges	908	506	79.4
Changes in fair value attributable to hedged items	163	3,092	−94.7
Micro fair value hedges	1,103	3,967	−72.2
Portfolio fair value hedges	−940	−875	7.4
Cash flow hedges			
Net gain or loss of effectively hedged cash flow hedges (ineffective part only)	—	—	.
Total	**8**	**−123**	**.**

(36) Net investment income

Net investment income contains gains or losses on the disposal and remeasurement of securities in the loans and receivables and available-for-sale categories, equity holdings, holdings in companies accounted for using the equity method and subsidiaries.

	2012	2011	Change in %
		€m	
Net gain or loss from interest-bearing business	**−150**	**−3,520**	**−95.7**
In the available-for-sale category	125	−343	.
Gains on disposals (including reclassification from revaluation reserve)[1]	391	555	−29.5
Losses on disposals (including reclassification from revaluation reserve)[1]	−263	−576	−54.3
Net remeasurement gain or loss[1]	−3	−322	−99.1
In the loans and receivables category	−275	−3,177	−91.3
Gains on disposals	11	3	.
Losses on disposals	−226	−283	−20.1
Net remeasurement gain or loss[2]	−60	−2,897	−97.9
Net income from equity instruments	**231**	**−91**	**.**
In the available-for-sale category	141	88	60.2
Gains on disposals (including reclassification from revaluation reserve)[1]	141	99	42.4
Losses on disposals (including reclassification from revaluation reserve)[1]	–	−11	.
In the available-for-sale category, measured at acquisition cost	157	53	.
Net remeasurement gain or loss[1]	−27	−77	−64.9
Net gain or loss on disposals and remeasurement of companies accounted for using the equity method	−40	−155	−74.2
Total	**81**	**−3,611**	**.**

[1] This includes a net of €229m (previous year: €88m) of reclassification from the revaluation reserve created in the financial year 2012.

[2] Includes portfolio valuation allowances of €58m (prior year: €40m) for reclassified securities.

(37) Current net income from companies accounted for using the equity method

Current net income from companies accounted for using the equity method was €46m (previous year: €42m). Including the net gain or loss on disposals and remeasurement of companies accounted for using the equity method of €– 40m (previous year: €– 155m), which is included in net investment income, total net income from companies accounted for using the equity method was €6m (previous year: €– 113m).

(38) Other net income

Other net income primarily comprises allocations to and reversals of provisions, income and expenses from operating leases as well as interim expenses and income attributable to hire-purchase agreements. Expenses and income arising from building and architects' fees relate to the construction management of our sub-group Commerz Real. Other taxes are also included in this item.

	2012	2011	Change in %
		€m	
Other material items of expense	**607**	**436**	**39.2**
Allocations to provisions	347	300	15.7
Operating lease expenses	213	91	.
Expenses arising from building and architects' services	6	11	– 45.5
Hire-purchase expenses and sublease expense	41	34	20.6
Other material items of income	**522**	**547**	**– 4.6**
Reversals of provisions	232	375	– 38.1
Operating lease income	232	116	.
Income from building and architects' services	11	12	– 8.3
Hire-purchase proceeds and sublease income	40	34	17.6
Income from disposal of fixed assets	7	10	– 30.0
Balance of sundry other expenses/income[1]	8	1,142	– 99.3
Other net income	**– 77**	**1,253**	**.**

[1] Of which: €39m (previous year: €– 9m) attributable to exchange rate movements.

The reversals of provisions and allocations to provisions in other net income were impacted in 2012 by changes to our estimates of litigation losses.

(39) Operating expenses

The Group's operating expenses of €7,025m (previous year: €7,992m) consisted of personnel expenses of €3,956m (previous year: €4,178m), other operating expense of €2,664m (previous year: €3,340m) and depreciation and amortisation of office furniture and equipment, property and other intangible assets of €405m (previous year: €474m). The breakdown of operating expenses was as follows:

Personnel expenses

	2012	2011	Change in %
		€m	
Wages and salaries	3,729	3,797	– 1.8
Expenses for pensions and similar employee benefits	227	381	– 40.4
Total	**3,956**	**4,178**	**– 5.3**

Personnel expenses included €488m expenses for social security contributions (previous year: €483m).

Operating expenses

	2012	2011	Change in %
		€m	
Occupancy expenses	818	817	0.1
IT expenses	473	926	– 48.9
Workplace and information expenses	280	321	– 12.8
Compulsory contributions	169	164	3.0
Advisory, audit and other expenses required to comply with company law	293	364	– 19.5
Travel, representation and advertising expenses	274	343	– 20.1
Personnel-related operating expenses	111	154	– 27.9
Other operating expenses	246	251	– 2.0
Total	**2,664**	**3,340**	**– 20.2**

The fees for the group auditors (PricewaterhouseCoopers Aktiengesellschaft, Frankfurt, Germany) amounted to €26.0m excluding VAT for the financial year 2012, of which €251,000 was attributable to services provided during the financial year 2011.

Auditors' fees	**2012**	**2011**	Change in %
		€1,000	
Audit of financial statements	15,945	17,876	–10.8
Provision of other certificates or assessments	5,211	8,763	–40.5
Tax consulting services	3,247	2,090	55.4
Other services	1,641	6,528	–74.9
Total	**26,044**	**35,257**	**–26.1**

Depreciation and amortisation of office furniture and equipment, property and other intangible assets were as follows:

	2012	**2011**	Change in %
		€m	
Office furniture and equipment	172	192	–10.4
Property	55	43	27.9
Other intangible assets	178	239	–25.5
Total	**405**	**474**	**–14.6**

The amortisation of other intangible assets included impairment charges of €1m (previous year €30m). There was an impairment charge on property of €17m (previous year: €5m).

(40) Restructuring expenses

	2012	**2011**	Change in %
		€m	
Expenses for restructuring measures introduced	43	—	.
Total	**43**	**—**	**.**

The restructuring expenses in financial year 2012 resulted from the realignment of the Group in compliance with the European Commission requirement to wind down Hypothekenbank Frankfurt Aktiengesellschaft (formerly Eurohypo Aktiengesellschaft), combined with the decision to exit ship finance and commercial real estate lending. These expenses primarily involved personnel costs.

(41) Taxes on income

The breakdown of income tax expense was as follows:

	2012	**2011**	Change in %
		€m	
Current taxes on income	127	29	.
Tax expense or income for the current year	207	197	5.1
Tax expense or income for the previous year	–80	–168	–52.4
Deferred taxes on income	669	–269	.
Tax expense or income due to change in temporary differences and loss carryforwards	157	56	.
Tax rate differences	–4	5	.
Tax expense due to write-offs of deferred taxes previously recognised on loss carryfowards	516	170	.
Tax income from previously unrecognised tax loss carryforwards	–	–500	.
Total	**796**	**–240**	**.**

The combined income tax rate applicable to Commerzbank Aktiengesellschaft and its German tax group was 31.2%.

The following reconciliation shows the connection between net pre-tax profit according to IFRS and tax expense in the reporting year.

The Group income tax rate selected as a basis for the reconciliation is made up of the corporate income tax rate of 15.0% applied in Germany, plus the solidarity surcharge of 5.5%, and an average rate of 15.3% for trade tax. This produces a German income tax rate of 31.2% (previous year: 31.2%).

Income tax effects result from discrepancies between the tax rates applying to foreign units. Tax rates outside Germany ranged between 0% (Dubai) and 46% (New York).

As at 31 December 2012 the Group tax rate was 88% (previous year: −47.3%). Tax expense for the full year resulted mainly from the write-down of deferred tax assets for domestic Group companies, the London and New York branches and Hypothekenbank Frankfurt (€673m). In turn, the use of loss carryforwards for which no deferred tax assets had been recognised in previous years (€−130m) and current taxes relating to other periods (€−40m) had a positive effect on the Group tax rate.

	2012	2011
	€m	
Pre-tax profit or loss under IFRS	**905**	**507**
Group's income tax rate (%)	31.2	31.2
Calculated income-tax expense in financial year	**282**	**158**
Effects of differing tax rates and tax rate changes on tax accruals recognised in income	−4	5
Impact of the recognition of deferred taxes on loss carryforwards	673	−500
Effects of non-deductible operating expenses and tax-exempt income	62	−24
Unrecognised deferred tax assets	−42	683
Utilisation of tax carryforwards for which no deferred tax assets had been calculated	−130	−254
Effects of additions and deductions for trade tax	−29	12
Current taxes relating to other periods	−40	−267
Other effects	24	−53
Taxes on income	**796**	**−240**

The table below shows the value of current and deferred taxes resulting from items that were directly credited or debited to equity:

Taxes on income not recognised in the income statement	**31.12.2012**	**31.12.2011**	Change in %
		€m	
Current taxes on income	—	—	.
Deferred taxes on income	1,184	1,559	−24.1
Measurement differences arising from cash flow hedges	233	298	−21.8
Revaluation reserve	713	1,044	−31.7
Loss carryforwards	238	217	9.7
Other	—	—	.
Total	**1,184**	**1,559**	**−24.1**

(42) Net income

Net income consists of remeasurements to fair value, impairments/impairment reversals, realised gains on disposal and subsequent recoveries on written-down financial instruments (see Note 5c). The net interest income table shows the interest components from the net interest income and net trading income notes by IAS 39 category.

	2012	2011	Change in %
		€m	
Net profit or loss from			
Trading assets and liabilities	481	580	−17.1
Applying the fair value option	−334	292	.
Available-for-sale financial assets and holdings in companies accounted for using the equity method	356	−434	.
Loans and receivables	−1,935	−4,567	−57.6
Other financial liabilities	—	—	.

	2012	2011	Change in %
		€m	
Net interest income from			
Financial instruments held for trading	343	1,012	−66.1
Applying the fair value option	51	83	−38.6
Available-for-sale financial assets	876	1,232	−28.9
Loans and receivables	12,856	15,456	−16.8
Other financial liabilities	−8,546	−9,780	−12.6

(43) Earnings per share

	2012	2011	Change in %
Operating profit (€m)	1,216	507	.
Consolidated profit or loss attributable to Commerzbank shareholders (€m)	6	638	.
Average number of ordinary shares issued	5,608,746,850	3,459,978,549	62.1
Operating profit per share (€)	0.18	0.15	20.0
Earnings per share (€)	−0.04	0.18	.

The earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit attributable to Commerzbank shareholders less the dividend on silent participations. As in the previous year, no conversion or option rights were outstanding during the financial year. The figure for diluted earnings per share was therefore identical to the undiluted figure. The breakdown of operating profit is set out in the segment report (Note 45).

(44) Cost/income ratio

	2012	2011	Change in % points
		%	
Cost/income ratio in operating business	71.0	80.8	−9.8

The cost/income ratio is the ratio of operating expenses to income before provisions.

(45) Segment reporting

Segment reporting reflects the results of the operating business segments within the Commerzbank Group. The segment information below is based on IFRS 8 Operating Segments, which adopts the so-called management approach. In accordance with this standard, segment information must be prepared on the basis of the internal reporting information that is evaluated by the chief operating decision maker to assess the performance of the operating segments and make decisions regarding the allocation of resources to the operating segments. Within the Commerzbank Group, the function of chief operating decision maker is exercised by the Board of Managing Directors.

Our segment reporting covers five operating segments plus the Others and Consolidation segment. The Portfolio Restructuring Unit (PRU), which was wound up on 1 July 2012, is shown separately with its results for the first half of the year. This reflects the Commerzbank Group's organisational structure and forms the basis for internal management reporting. The business segments are divided up on the basis of distinctions between products, services and/or customer target groups. The Commerzbank Group reorganised a number of segments in the third quarter of 2012. The structural changes are set out in the reports on the individual segments. Except for the small number of ongoing activities from the closed PRU segment that have been transferred to Corporates & Markets and Non-Core Assets, the prior year figures have been restated accordingly.

- The Private Customers segment was reorganised in several areas in the third quarter of 2012. Its activities comprise Private Customers, Direct Banking and CommerzReal (formerly Asset Management & Leasing). The Private Customers division combines the classic branch business with retail, private banking and corporate customers. The dense national network of local branches offers a full service range of banking products including loan, deposit, security, payment transactions and pension products. Wealth Management provides services to wealthy clients in Germany and abroad and also contains the Group's portfolio management activities. The focus is on services such as securities management/portfolio management, credit management and loans and real estate management. We also provide advice on trust and inheritance issues and corporate investments. Moreover, this segment includes Commerz Direktservice GmbH, which provides call centre services for Commerzbank customers. The Joint Venture Commerz Finanz, which is focused on consumer lending, is managed centrally by the Private Customers segment and also reports its results there. Since 1 July 2012 the private real estate portfolio of the Private Customer portfolio of Hypothekenbank Frankfurt Aktiengesellschaft (formerly Eurohypo Aktiengesellschaft) has been part of the Private Customers division. The Direct Banking division comprises the activities of the comdirect Group. The B2B (ebase) and B2C businesses (comdirect) contained in Direct Banking provide standardised, primarily internet-based advisory and service offerings for customers. CommerzReal has been a division of the Private Customers segment since July 2012 (except for the Warehouse sector). Its products range from open-ended real estate funds (hausinvest), to closed-end funds for real estate, aircraft, ships and renewable energy, institutional investments and structured investments as well as equipment leasing.

- The Mittelstandsbank segment is divided into the three group divisions Mittelstand Germany, Corporate Banking & International and Financial Institutions. The Mittelstand Germany division serves small and mid-sized customers, the public sector and institutional clients. Our comprehensive service offering includes payments and cash management solutions, flexible financing solutions, interest rate and currency management products, professional investment advisory services and innovative investment banking solutions. In the Corporate Banking & International division we concentrate on serving corporate groups with revenues of over €500m (except for multinational corporates, which are handled by Client Relationship Management within the Corporates & Markets segment). Smaller groups with a strong capital market affinity or significant operations outside Germany are also serviced by this division. With our foreign branch offices we act as a strategic partner for both the international activities of our German corporate customers and for international companies with business activities in our home market of Germany. The Corporate Banking & International division also contains the competence centre for companies from the renewable energy sector. With effect from 1 January 2012 the corporate customer business of the branches in the Czech Republic and Slovakia, Commerzbank Eurasija (SAO) in Russia and Commerzbank Zrt. in Hungary was transferred from the Central & Eastern Europe segment to this division. The prior-year figures were restated accordingly. The Financial Institutions division is responsible for relationships with banks and financial institutions in Germany and abroad, as well as with central banks. The strategic focus is on Commerzbank becoming customers' preferred source of trade finance services. Financial Institutions uses a network of over 7,000 correspondent banks, together with business relationships in emerging markets, to support the financing and settlement of the worldwide foreign trade activities of all of the Commerzbank Group's customers, and thus supports other divisions of the Bank in their international strategies.

- The Central & Eastern Europe segment contains the universal banking and direct banking activities in this region in 2012. It includes in particular our Polish subsidiary BRE Bank, which offers banking products for corporate customers as well as financial services for private customers under the mBank and MultiBank brands in Poland, the Czech Republic and Slovakia. Other investments in microfinance banks, which with the exception of one investment were sold during 2012, also belonged to the CEE segment. Furthermore, the sale of Bank Forum to the Ukrainian Smart Group was completed in the fourth quarter. The resulting impairment is reported in net gain or loss from sale of disposal groups.

- Corporates & Markets consists of four main businesses: Equity Markets & Commodities comprises trading and sales of equity and commodity-related financial products. Fixed Income & Currencies includes trading and sales of interest rate, credit and currency instruments. Corporate Finance provides arrangement and advisory services for equity, debt and hybrid instruments, securitisation solutions and mergers & acquisitions. Credit Portfolio Management is responsible for actively managing the credit risk portfolio of Corporates & Markets on a uniform global basis. The assets transferred from the Portfolio Restructuring Unit are also worked out in this division in a value-maximising manner. Corporates & Markets also houses Client Relationship Management, which is responsible for servicing German multinational industrial companies, German and international insurers, private equity investors, sovereign wealth funds and public sector customers.

- The Non-Core Assets (NCA) segment was created with effect from 1 July 2012. The NCA segment groups together the results from the Commercial Real Estate (CRE), CRE Germany, CRE International, Public Finance (including Private Finance Initiatives, which were transferred from the PRU to NCA with effect from 1 July 2012) and Deutsche Schiffsbank (DSB NCA) divisions. CRE Germany, CRE International and Public Finance belong almost entirely to the Commerzbank subsidiary Hypothekenbank Frankfurt Aktiengesellschaft (formerly Eurohypo Aktiengesellschaft). The DSB NCA division contains the ship financing business of the Commerzbank Group, including all ship financing activities of the former Deutsche Schiffsbank Aktiengesellschaft, which was merged with Commerzbank Aktiengesellschaft in May 2012, as well as the Warehouse assets of Commerz Real Aktiengesellschaft.

- The Portfolio Restructuring Unit segment was dissolved as at 1 July 2012. The remaining assets were transferred either to the Corporates & Markets segment or to the Non-Core Assets (NCA) segment. The results of this segment in the first half of 2012 will continue to be reported until the end of 2012. The Portfolio Restructuring Unit was responsible for managing down assets related to proprietary trading and investment activities which no longer fitted into Commerzbank's client-centric strategy and were discontinued in 2009. The segment's goal was to reduce the portfolio in a way that optimised the bank's capital position. The positions managed by this segment initially included asset-backed securities (ABS) without a state guarantee, other structured credit products, proprietary trading positions in corporate or financial bonds and exotic credit derivatives. These positions were primarily transferred from the Corporates & Markets and former Commercial Real Estate segments to the Portfolio Restructuring Unit.

- The Others and Consolidation segment contains the income and expenses which are not attributable to the operational business segments. The Others category within this segment includes equity holdings which are not assigned to the operating segments as well as Group Treasury. The costs of the service units, which – except for integration and restructuring costs – are charged in full to the segments are also shown here. Consolidation includes income and expense items that represent the reconciliation of internal management reporting figures shown in segment reporting with the consolidated financial statements in accordance with IFRS. The costs of the Group management units which are charged in full to the segments, except for integration and restructuring costs, are also reported under this heading.

The performance of each segment is measured in terms of operating profit or loss and pre-tax profit or loss, as well as return on equity and the cost/income ratio. Operating profit or loss is defined as the sum of net interest income after loan loss provisions, net commission income, net trading income and net income from hedge accounting, net investment income, current net income from companies accounted for using the equity method and other net income less operating expenses. As we report pre-tax profits, non-controlling interests are included in the figures for both profit or loss and average capital employed. All the revenue for which a segment is responsible is thus reflected in the pre-tax profit.

The return on equity is calculated as the ratio of profit (both operating and pre-tax) to average capital employed. It shows the return on the capital employed in a given segment. The cost/income ratio in operating business reflects the cost efficiency of the various segments and expresses the relationship of operating expenses to income before loan loss provisions.

Income and expenses are reported in the segments by originating unit and at market prices, with the market interest rate method being used for interest rate operations. The actual funding costs for the segment-specific equity holdings allocated to each segment are shown in net interest income. The Group's return on capital employed is allocated to the net interest income of the various segments in proportion to the average capital employed in the segment. The interest rate used is the long-term risk-free rate on the capital market. The average capital employed is calculated using the Basel II methodology, based on average risk-weighted assets and the capital charges for market risk positions (risk-weighted asset equivalents). At Group level, investors' capital is shown, which is used to calculate the return on equity. In the light of increased regulatory capital requirements, from 2012 the capital requirement for risk-weighted assets assumed for segment reporting purposes is 9%. We have restated the prior-year figures accordingly. The capital allocation for the risks of EU government bonds required by the EBA is shown in the NCA segment.

The segment reporting of the Commerzbank Group shows the segments' pre-tax profit or loss. To reflect the impact on earnings of specific tax-related transactions in the Corporates & Markets segment, the net interest income of Corporates & Markets includes a pre-tax equivalent of the after-tax income from these transactions. When segment reporting is reconciled with the figures from external accounting this pre-tax equivalent is eliminated in Others and Consolidation.

The operating expenses reported under operating profit or loss contain personnel expenses, other operating expenses as well as depreciation and write-downs on fixed assets and other intangible assets. Restructuring expenses are reported below the operating profit line in pre-tax profit or loss. Operating expenses are attributed to the individual segments on the basis of cost causation. The indirect expenses arising in connection with internal services are charged to the user of the service and credited to the segment performing the service. The provision of intra-group services is charged at market prices or at full cost.

The carrying amounts of companies accounted for using the equity method were €744m (previous year: €694m) and are divided over the segments as follows: Private Customers €335m (previous year: €278m), Mittelstandsbank €98m (previous year: €96m), Corporates & Markets €88m (previous year: €85m), Non-Core Assets €139m (previous year: €154m) and Others and Consolidation €84m (previous year: €81m).

Assets of €7.5bn deriving from the dissolved Portfolio Restructuring Unit were attributable to the Corporates & Markets segment as at 31 December 2012 and assets of €920m to Non- Core Assets. The main gains or losses arising from these assets were as follows: €60m net trading income, €37m loan loss provisions and €84m pre-tax profit was attributable to the Corporates & Markets segment, while €37m net trading income and €30m pre-tax profit was attributable to the NCA segment.

The tables below contain information on the segments for the financial years 2012 and 2011.

2012	Private Customers	Mittel-stands-bank	Central & Eastern Europe	Corporates & Markets[1]	Non-Core Assets[1,2]	Portfolio Restructuring Unit[3]	Others and Con-solidation	Group
					€m			
Net interest income	1,835	1,954	482	546	689	42	−9	5,539
Loan loss provisions	−95	−30	−105	−52	−1,374	−3	−1	−1,660
Net interest income after loan loss provisions	1,740	1,924	377	494	−685	39	−10	3,879
Net commission income	1,546	1,061	188	319	104	—	−27	3,191
Net trading income and net income from hedge accounting	3	−22	103	534	−244	146	601	1,121
Net investment income	−4	31	9	208	−323	28	132	81
Current net income from companies accounted for using the equity method	27	6	—	12	−2	—	3	46
Other net income	−57	−14	36	−23	1	—	−20	−77
Income before loan loss provisions	*3,350*	*3,016*	*818*	*1,596*	*225*	*216*	*680*	*9,901*
Income after loan loss provisions	*3,255*	*2,986*	*713*	*1,544*	*−1,149*	*213*	*679*	*8,241*
Operating expenses	3,010	1,337	473	1,347	376	29	453	7,025
Operating profit or loss	**245**	**1,649**	**240**	**197**	**−1,525**	**184**	**226**	**1,216**
Impairments of goodwill and brand names	—	—	—	—	—	—	—	—
Restructuring expenses	—	—	—	—	43	—	—	43
Net gain or loss from sale of disposal groups	—	—	−268	—	—	—	—	−268
Pre-tax profit or loss	**245**	**1,649**	**−28**	**197**	**−1,568**	**184**	**226**	**905**
Assets	**65,511**	**80,747**	**24,825**	**213,781**	**172,158**	**—**	**78,856**	**635,878**
Average capital employed	**3,919**	**5,771**	**1,763**	**3,211**	**10,003**	**1,378**	**3,399**	**29,444**
Operating return on equity (%)	**6.3**	**28.6**	**13.6**	**6.1**	**−15.2**			**4.1**
Cost/income ratio in operating business (%)	**89.9**	**44.3**	**57.8**	**84.4**	**167.1**			**71.0**
Return on equity of pre-tax profit or loss (%)	**6.3**	**28.6**	**−1.6**	**6.1**	**−15.7**			**3.1**
Staff (average headcount)	17,597	5,836	8,444	2,017	760	25	19,119	53,798

1 The remaining holdings of the dissolved Portfolio Restructuring Unit (PRU) segment were transferred on 1 July 2012 to the Corporates & Markets segment or the Non-Core Assets (NCA) segment.

2 The Non-Core Assets (NCA) segment was formed from the former Asset Based Finance segment (refer to the segment report for details).

3 The Portfolio Restructuring Unit (PRU) segment was dissolved on 1 July 2012. The result for the first half of the year was reported up until the end of 2012.

2011	Private Customers	Mittel-stands-bank	Central & Eastern Europe	Corporates & Markets	Non-Core Assets[1]	Portfolio Restructuring Unit	Others and Con-solidation	Group
					€m			
Net interest income	2,107	2,254	573	832	941	49	− 32	6,724
Loan loss provisions	− 61	− 190	− 86	− 146	− 903	− 5	1	− 1,390
Net interest income after loan loss provisions	2,046	2,064	487	686	38	44	− 31	5,334
Net commission income	1,880	1,116	187	300	134	—	− 122	3,495
Net trading income and net income from hedge accounting	—	− 39	247	1,069	123	− 108	694	1,986
Net investment income	− 5	− 45	1	30	− 3,796	4	200	− 3,611
Current net income from companies accounted for using the equity method	20	11	—	15	− 9	—	5	42
Other net income	63	− 4	36	− 12	− 70	− 7	1,247	1,253
Income before loan loss provisions	*4,065*	*3,293*	*1,044*	*2,234*	*− 2,677*	*− 62*	*1,992*	*9,889*
Income after loan loss provisions	*4,004*	*3,103*	*958*	*2,088*	*− 3,580*	*− 67*	*1,993*	*8,499*
Operating expenses	3,528	1,515	531	1,505	438	63	412	7,992
Operating profit or loss	**476**	**1,588**	**427**	**583**	**− 4,018**	**− 130**	**1,581**	**507**
Impairments of goodwill and brand names	—	—	—	—	—	—	—	—
Restructuring expenses	—	—	—	—	—	—	—	—
Pre-tax profit or loss	**476**	**1,588**	**427**	**583**	**− 4,018**	**− 130**	**1,581**	**507**
Assets	**68,293**	**88,406**	**23,035**	**204,921**	**196,809**	**15,768**	**64,531**	**661,763**
Average capital employed	**4,155**	**6,958**	**1,812**	**3,807**	**7,641**	**1,200**	**4,661**	**30,234**
Operating return on equity (%)	**11.5**	**22.8**	**23.6**	**15.3**	**− 52.6**			**1.7**
Cost/income ratio in operating business (%)	**86.8**	**46.0**	**50.9**	**67.4**	**.**			**80.8**
Return on equity of pre-tax profit or loss (%)	**11.5**	**22.8**	**23.6**	**15.3**	**− 52.6**			**1.7**
Staff (average headcount)	18,179	5,900	9,206	1,991	826	32	19,783	55,917

[1] The Non-Core Assets (NCA) segment was formed from the former Asset Based Finance segment (refer to the segment report for details).

Details for Others and Consolidation:

	2012			2011		
	Others	**Consoli-dation**	**Others and Consolidation**	**Others**	**Consoli-dation**	**Others and Consolidation**
			€m			
Net interest income	62	−71	−9	−49	17	−32
Loan loss provisions	−1	—	−1	1	—	1
Net interest income after loan loss provisions	61	−71	−10	−48	17	−31
Net commission income	−26	−1	−27	−119	−3	−122
Net trading income and net income from hedge accounting	576	25	601	643	51	694
Net investment income	144	−12	132	201	−1	200
Current net income from companies accounted for using the equity method	3	—	3	5	—	5
Other net income	−21	1	−20	1,242	5	1,247
Income before loan loss provisions	*738*	*−58*	*680*	*1,923*	*69*	*1,992*
Income after loan loss provisions	*737*	*−58*	*679*	*1,924*	*69*	*1,993*
Operating expenses	461	−8	453	425	−13	412
Operating profit or loss	**276**	**−50**	**226**	**1,499**	**82**	**1,581**
Impairments of goodwill and brand names	—	—	—	—	—	—
Restructuring expenses	—	—	—	—	—	—
Net gain or loss from sale of disposal groups	—	—	—	—	—	—
Pre-tax profit or loss	**276**	**−50**	**226**	**1,499**	**82**	**1,581**
Assets	**78,856**	**—**	**78,856**	**64,531**	**—**	**64,531**

Under Consolidation we report consolidation and reconciliation items between the results of the segments and the Others category on the one hand and the consolidated financial statements on the other. This includes the following items among others:

- Remeasurement effects from the application of hedge accounting to intra-bank transactions as per IAS 39 are shown in Consolidation.
- The pre-tax equivalent of tax-related transactions allocated to net interest income in the Corporates & Markets segment is eliminated again under Consolidation.
- Net remeasurement gains or losses on own bonds and shares incurred in the segments are eliminated under Consolidation.
- Other consolidation effects from intra-group transactions are also reported here.
- Integration and restructuring expenses of the Group management units are reported under Consolidation.

Segmentation on the basis of the location of the branch or group company produced the following breakdown:

2012 financial year	**Germany**	**Europe excluding Germany**	**America**	**Asia**	**Others**	**Total**
			€m			
Net interest income	3,596	1,766	92	85	—	5,539
Loan loss provisions	−899	−769	63	−55	—	−1,660
Net interest income after loan loss provisions	2,697	997	155	30	—	3,879
Net commission income	2,679	434	43	35	—	3,191
Net trading income and net income from hedge accounting	859	187	45	30	—	1,121
Net investment income	−72	143	1	9	—	81
Current net income from companies accounted for using the equity method	31	10	5	—	—	46
Other net income	−135	39	−9	28	—	−77
Income before loan loss provisions	*6,958*	*2,579*	*177*	*187*	—	*9,901*
Income after loan loss provisions	*6,059*	*1,810*	*240*	*132*	—	*8,241*
Operating expenses	5,460	1,327	132	106	—	7,025
Operating profit or loss	**599**	**483**	**108**	**26**	**—**	**1,216**
Credit-risk-weighted assets	**114,945**	**52,256**	**4,043**	**3,340**	**—**	**174,584**

In 2011 we achieved the following results in the various geographical markets:

2011 financial year	**Germany**	**Europe excluding Germany**	**America**	**Asia**	**Others**	**Total**
			€m			
Net interest income	4,377	2,055	197	95	—	6,724
Loan loss provisions	−618	−955	182	1	—	−1,390
Net interest income after loan loss provisions	3,759	1,100	379	96	—	5,334
Net commission income	2,999	401	54	41	—	3,495
Net trading income and net income from hedge accounting	1,374	545	48	19	—	1,986
Net investment income	−3,179	−438	7	−1	—	−3,611
Current net income from companies accounted for using the equity method	33	9	—	—	—	42
Other net income	1,211	35	−3	10	—	1,253
Income before loan loss provisions	*6,815*	*2,607*	*303*	*164*	—	*9,889*
Income after loan loss provisions	*6,197*	*1,652*	*485*	*165*	—	*8,499*
Operating expenses	6,236	1,482	165	109	—	7,992
Operating profit or loss	**−39**	**170**	**320**	**56**	**—**	**507**
Credit-risk-weighted assets	**122,556**	**55,850**	**7,385**	**3,978**	**—**	**189,769**

Around 34% of income before loan loss provisions in Europe was accounted for by our units in the UK (previous year: 43%), 35% by our units in Poland (previous year: 34%) and 15% by our units in Luxembourg (previous year: 7%). Credit risk-weighted assets are shown for the geographical segments rather than non-current assets.

In accordance with IFRS 8.32 Commerzbank has decided not to provide a breakdown of the Commerzbank Group's total profits by products and services. Neither internal management activities nor management reporting are based on this information.

Notes to the balance sheet

(46) Cash reserve

We include the following items in the cash reserve:

	31.12.2012	31.12.2011	Change in %
		€m	
Cash on hand	1,687	1,572	7.3
Balances with central banks	13,678	3,998	.
Debt issued by public-sector borrowers and bills of exchange rediscountable at central banks	390	505	– 22.8
Total	**15,755**	**6,075**	**.**

The balances with central banks include claims on the Bundesbank totalling €5,637m (previous year: (previous year: €1,179m). The average minimum reserve requirement for the period December 2012 to January 2013 amounted to €2,550m (previous year: €2,205m). Minimum reserve requirements are measured on the basis of average credit balances, so there were no restrictions on access to balances held at Deutsche Bundesbank.

(47) Claims on banks

	Total			Due on demand		Other claims	
	31.12.2012	31.12.2011	Change in %	31.12.2012	31.12.2011	31.12.2012	31.12.2011
				€m			
Banks in Germany	25,685	26,721	– 3.9	10,388	10,961	15,297	15,760
Banks outside Germany	62,449	61,311	1.9	24,104	24,906	38,345	36,405
Total	**88,134**	**88,032**	**0.1**	**34,492**	**35,867**	**53,642**	**52,165**
of which relate to the category							
Loans and receivables	53,453	64,253	– 16.8				
Available-for-sale financial assets	—	—	.				
At fair value through profit or loss (fair value option)	34,681	23,779	45.8				

Claims on banks after deduction of loan loss provisions amounted to €88,028m (previous year: €87,790m).

The table below shows a breakdown of claims on banks by main transaction types:

	31.12.2012	31.12.2011	Change in %
		€m	
Reverse repos and cash collaterals	55,861	51,606	8.2
Claims from money market transactions	2,938	2,789	5.3
Promissory note loans	6,641	8,491	– 21.8
Other claims	22,694	25,146	– 9.8
Total	**88,134**	**88,032**	**0.1**

The promissory note loans and other claims on banks include €4,961m of public-sector loans (previous year: €8,205m).

(48) Claims on customers

	31.12.2012	31.12.2011	Change in %
		€m	
Claims on customers in Germany	175,234	192,645	– 9.0
Claims on customers outside Germany	110,966	111,854	– 0.8
Total	**286,200**	**304,499**	**– 6.0**
of which relate to the category			
Loans and receivables	255,157	280,636	– 9.1
Available-for-sale financial assets	—	—	.
At fair value through profit or loss (fair value option)	31,043	23,863	30.1

Claims on customers after deduction of loan loss provisions amounted to €278,546m (previous year: €296,586m). The table below shows a breakdown of claims on customers by main transaction types:

	31.12.2012	31.12.2011	Change in %
		€m	
Reverse repos and cash collaterals	33,924	26,042	30.3
Claims from money market transactions	7,292	8,022	–9.1
Promissory note loans	20,208	21,601	–6.4
Mortgages and other claims secured by property charges	100,863	117,952	–14.5
Other claims	123,913	130,882	–5.3
Total	**286,200**	**304,499**	**–6.0**

The promissory note loans and other claims on banks include €21,396m of public-sector loans (previous year: €27,690m).

(49) Total lending

	31.12.2012	31.12.2011	Change in %
		€m	
Loans to banks	21,041	26,082	–19.3
Loans to customers	251,807	277,831	–9.4
Total	**272,848**	**303,913**	**–10.2**

We distinguish loans from claims on banks and customers such that only claims for which a special loan agreement has been concluded with the borrower are shown as loans. Interbank money market transactions and reverse repo transactions, for example, are thus not shown as loans. Acceptance credits are also included in loans to customers.

(50) Loan loss provisions

Provisions for loan losses are made in accordance with rules that apply Group-wide and cover all discernible credit risks. For loan losses which have already occurred but are not yet known, we have calculated portfolio valuation allowances in line with procedures derived from the Basel II methodology. The breakdown of loan loss provisions was as follows:

	As at 1.1.2012	Allocations	Reversals	Utilisation	Change in the group of consolidated companies	Exchange rate changes/ reclassifications	As at 31.12.2012
				€m			
Provisions for on-balance sheet loan losses	8,155	2,993	1,393	1,479	–406	–110	7,760
Claims on banks	242	11	97	80	3	27	106
Claims on customers	7,913	2,982	1,296	1,399	–409	–137	7,654
Provisions for off-balance sheet loan losses	508	140	316	—	—	—	332
Total	**8,663**	**3,133**	**1,709**	**1,479**	**–406**	**–110**	**8,092**

With direct write-downs, write-ups and recoveries on claims written down taken into account, the allocations and reversals recognised in profit or loss resulted in loan loss provisions of €1,660m (previous year: €1,390m).

	Valuation allowances for specific risks		Valuation allowances for portfolio risks		Valuation allowances total		
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	Change in %
				€m			
As at 1.1.	**7,366**	**8,361**	**789**	**1,096**	**8,155**	**9,457**	**−13.8**
Allocations	2,685	2,893	308	162	2,993	3,055	−2.0
Disposals	2,545	3,669	327	463	2,872	4,132	−30.5
of which utilised	1,479	2,129	—	—	1,479	2,129	−30.5
of which reversals	1,066	1,540	327	463	1,393	2,003	−30.5
Changes in the group of consolidated companies	−401	−53	−5	−1	−406	−54	.
Exchange rate changes/ reclassifications	−112	−166	2	−5	−110	−171	−35.7
As at 31.12.	**6,993**	**7,366**	**767**	**789**	**7,760**	**8,155**	**−4.8**

	Provisions for specific risks		Provisions for portfolio risks		Provisions for lending business		
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	Change in %
				€m			
As at 1.1.	**349**	**384**	**159**	**231**	**508**	**615**	**−17.4**
Allocations	107	357	33	55	140	412	−66.0
Disposals	244	368	72	125	316	493	−35.9
of which utilised	—	7	—	—	—	7	.
of which reversals	244	361	72	125	316	486	−35.0
Changes in the group of consolidated companies	—	—	—	—	—	—	.
Exchange rate changes/ reclassifications	—	−24	—	−2	—	−26	.
As at 31.12.	**212**	**349**	**120**	**159**	**332**	**508**	**−34.6**

The loan loss provisions for default risks by customer group were as follows as at 31 December 2012:

	Specific valuation allowances and provisions for lending business	Loan losses[1] in 2012	Net allocation[2] to valuation allowances and provisions in lending business
		€m	
Customers in Germany	**3,285**	**1,092**	**616**
Corporate customers	2,638	605	495
Manufacturing	781	184	– 17
Construction	48	12	7
Trading	205	75	19
Services and others	1,604	334	486
Private customers	647	487	121
Customers outside Germany	**3,851**	**744**	**935**
Corporate and retail customers	3,849	744	933
Public sector	2	—	2
Provisions for customer credit risk	**7,136**	**1,836**	**1,551**
Banks in Germany	—	—	– 58
Banks outside Germany	69	99	– 11
Provisions for bank credit risk	**69**	**99**	**– 69**
Total	**7,205**	**1,935**	**1,482**

1 Direct write-downs, utilised valuation allowances and utilised loan loss provisions.
2 Allocations less reversals.

Credit defaults and net allocations to loan loss provisions were counterbalanced by income of €1m from write-ups (previous year: €1m) and €219m from recoveries on claims that had been written down (previous year: €181m). The table below presents the key loan loss provision ratios:

	2012	2011
	%	
Allocation ratio[1]	0.57	0.44
Default ratio[2]	0.59	0.81
Provision cover ratio[3]	2.79	2.74

1 Net loan loss provisions (new loan loss provisions less reversals of valuation allowances and loan loss provisions, plus the balance of direct write-downs, write-ups and recoveries on previously written-down claims) as a percentage of total lending.
2 Credit defaults (utilised valuation allowances and loan loss provisions, plus the net balance of direct write-downs, write-ups and recoveries on previously written-down claims) as a percentage of total lending.
3 Total loan loss provisions (valuation allowances and loan loss provisions) as a percentage of total lending; total lending = claims under special credit agreements with borrowers (Note 49).

(51) Value adjustments for portfolio fair value hedges

The adjustment to the fair value of underlying transactions hedged against interest rate risk was €202m (previous year: €147m). A matching liability from hedging transactions is shown on the other side of the balance sheet under negative fair values attributable to derivative hedging instruments.

(52) Positive fair values of derivative hedging instruments

The positive fair values of derivatives which are used to hedge underlying transactions against interest rate risk are shown under this item.

	31.12.2012	31.12.2011	Change in %
		€m	
Positive fair values of micro fair value hedges	5,663	4,989	13.5
Positive fair values of fair value hedges	394	143	.
Total	**6,057**	**5,132**	**18.0**

(53) Trading assets

The Group's trading activities include trading in:

- Bonds, notes and other interest-rate-related securities
- Shares, other equity-related securities and units in investment funds
- Promissory note loans
- Foreign currencies and precious metals
- Derivative financial instruments
- Other trading assets

Other trading assets comprise positive fair values of loans to be syndicated, lending commitments, emission rights as well as loans and money market trading transactions.

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

	31.12.2012	31.12.2011	Change in %
		€m	
Bonds, notes and other interest-rate-related securities	18,381	20,903	– 12.1
Money market instruments	3,020	2,731	10.6
issued by public-sector borrowers	2,170	2,334	– 7.0
issued by other borrowers	850	397	.
Bonds and notes	15,361	18,172	– 15.5
issued by public-sector borrowers	5,328	6,607	– 19.4
issued by other borrowers	10,033	11,565	– 13.2
Promissory note loans	1,366	1,063	28.5
Shares, other equity-related securities and units in investment funds	17,759	9,703	83.0
Equities	13,357	4,205	.
Units in investment funds	4,338	5,464	– 20.6
Other equity-related securities	64	34	88.2
Positive fair values of derivative financial instruments	106,400	123,607	– 13.9
Currency-related derivative transactions	12,939	17,515	– 26.1
Interest-rate-related derivative transactions	89,139	98,365	– 9.4
Other derivative transactions	4,322	7,727	– 44.1
Other trading assets	238	424	– 43.9
Total	**144,144**	**155,700**	**– 7.4**

Of the bonds, notes and other interest-rate-related securities and shares, other equity-related securities and units in investment funds €28,084m were listed on a stock exchange (previous year: €20,470m). Other fair values of derivative financial instruments consisted mainly of €1,917m in equity derivatives (previous year: €3,303m) and €2,104m in credit derivatives (previous year: €4,060m).

(54) Financial investments

Financial investments are financial instruments not assigned to any other balance sheet item. They comprise bonds, notes and other interest-rate-related securities, shares and other equity-related securities not used for trading purposes, as well as units in investment funds, equity holdings (including companies not accounted for using the equity method and joint ventures) and holdings in non-consolidated subsidiaries.

	31.12.2012	31.12.2011	Change in %
		€m	
Bonds, notes and other interest-rate-related securities[1]	87,548	92,526	−5.4
Money market instruments	2,504	2,084	20.2
issued by public-sector borrowers	479	364	31.6
issued by other borrowers	2,025	1,720	17.7
Bonds and notes	85,044	90,442	−6.0
issued by public-sector borrowers	43,061	42,831	0.5
issued by other borrowers	41,983	47,611	−11.8
Shares, other equity-related securities and units in investment funds	1,299	1,506	−13.7
Equities	175	289	−39.4
Units in investment funds	956	1,125	−15.0
Other equity-related securities	168	92	82.6
Equity holdings	138	347	−60.2
of which in banks	29	64	−54.7
Holdings in non-consolidated subsidiaries	157	144	9.0
of which in banks	—	—	.
Total	**89,142**	**94,523**	**−5.7**
of which relate to the category			
Loans and receivables	52,427	60,618	−13.5
Available-for-sale financial assets	34,268	30,587	12.0
of which measured at amortised cost	423	456	−7.2
At fair value through profit or loss (fair value option)	2,447	3,318	−26.3

1 Reduced by portfolio valuation allowances for reclassified securities of €149m (previous year: €91m).

As at 31 December 2012 the financial investments included €423m (previous year: €456m) of equity-related securities which are predominantly unlisted (e.g. shareholdings in limited companies) and are measured at cost, as we do not have any reliable data to calculate fair value for these assets.

The table below shows the listed holdings contained in financial investments. The available-for-sale financial investments and investments for which the fair value option is applied are listed with their fair values. Financial investments in the loans and receivables category are shown at amortised cost.

	31.12.2012	31.12.2011	Change in %
		€m	
Bonds, notes and other interest-rate-related securities	76,109	79,040	−3.7
Shares, other equity-related securities and units in investment funds	680	894	−23.9
Equity holdings	3	10	−70.0
Total	**76,792**	**79,944**	**−3.9**

In its press release of 13 October 2008, the IASB issued an amendment to IAS 39 relating to the reclassification of financial instruments. In accordance with the amendment, securities in the Public Finance portfolio for which there was no active market were reclassified from the available-for-sale financial assets category to the loans and receivables category in the financial years 2008 and 2009. In respect of the reclassified holdings we had the intention and ability at the reclassification date to hold the securities for the foreseeable future or to final maturity. The securities concerned are primarily issued by public-sector borrowers (including European and North American local authorities and publicly guaranteed asset-backed securities) and financial institutions.

The revaluation reserve after deferred taxes for all the securities reclassified in financial years 2008 and 2009 was €−0.7bn as at 31 December 2012 (previous year: €−0.8bn). This negative amount will be dissolved over the remaining lifetime of the reclassified securities. If these reclassifications had not been carried out in 2008 and 2009, there would have been a revaluation reserve after deferred taxes of €−4.2bn for the reclassified securities as at 31 December 2012 (previous year: €−4.3bn); the change compared with a year ago was therefore €0.1bn (change 31 December 2010 to 31 December 2011: €−1.5bn).

In addition to the portfolio valuation allowances of €58m (previous year €40m), a net €1.1bn was recognised in the income statement for the reclassified securities in the current financial year (previous year: €1.5bn plus €−1.9bn of impairments on reclassified Greek government bonds).

As at 31 December 2012 the carrying amount of the reclassified securities was €50.0bn (previous year: €57.6bn), fair value was €45.0bn (previous year: €52.6bn) and the cumulative portfolio valuation allowances were €149m (previous year: €91m) respectively. The transactions had average effective interest rates of between 0.4% and 13.1% (previous year: between 0.5% and 14.3%) and are expected to generate a cash inflow of €58.2bn (previous year: €70.2bn).

Changes in equity holdings and holdings in non-consolidated subsidiaries:

	Equity holdings		Holdings in non-consolidated subsidiaries	
	2012	**2011**	**2012**	**2011**
		€m		
Fair value as at 1.1.	**347**	**807**	**144**	**124**
Acquisition cost as at 1.1.	518	878	608	343
Exchange rate changes	1	1	10	−1
Additions	23	163	29	21
Disposals	270	229	7	26
Reclassifications to non-current assets and disposal groups held for sale	—	−294	—	—
Other reclassifications/changes in the group of consolidated companies	—	−1	−45	271
Acquisition cost as at 31.12.	272	518	595	608
Write-ups	—	—	—	—
Cumulative write-downs as at 1.1.	272	326	464	219
Exchange rate changes	1	1	7	—
Additions	11	8	12	4
Disposals	151	2	4	18
Reclassifications to non-current assets and disposal groups held for sale	—	−61	—	—
Other reclassifications/changes in the group of consolidated companies	—	—	−41	259
Cumulative write-downs as at 31.12.	133	272	438	464
Cumulative changes from remeasurement to fair value	−1	101	—	—
Fair value as at 31.12.	**138**	**347**	**157**	**144**

(55) Holdings in companies accounted for using the equity method

	2012	2011
	€m	
Fair value as at 1.1.	**694**	**737**
Acquisition cost as at 1.1.	933	821
Exchange rate changes	–1	—
Additions	69	125
Disposals	65	27
Reclassifications to non-current assets and disposal groups held for sale	—	—
Other reclassifications/changes in the group of consolidated companies	—	14
Acquisition cost as at 31.12.	936	933
Write-ups	23	—
Cumulative write-downs as at 1.1.	304	156
Exchange rate changes	—	—
Additions	64	158
Disposals	49	10
Reclassifications to non-current assets and disposal groups held for sale	—	—
Other reclassifications/changes in the group of consolidated companies	—	—
Cumulative write-downs as at 31.12.	319	304
Cumulative changes from remeasurement using the equity method	104	65
Fair value as at 31.12.	**744**	**694**
of which holdings in banks	398	339

The fair values include €59m (previous year: €106m) from holdings in listed companies accounted for using the equity method; the corresponding market value as at 31 December 2012 was €69m (previous year: €103m).

In the Commerzbank Group, losses attributable to companies accounted for using the equity method are only recognised up to the level of the equity book value. In three cases (previous year: seven) the equity book value was €0. Losses in excess of this amount were not recognised, since there is no obligation to offset excess losses. Future profits are first offset against unrecognised losses.

Where there are obligations arising from contingent liabilities towards discontinued operations at companies accounted for using the equity method, the Commerzbank Group is liable to the extent of its respective ownership interest. Our share in the total assets, liabilities, contingent liabilities, income and expenses of our holdings in companies accounted for using the equity method was as follows:

	31.12.2012	31.12.2011	Change in %
		€m	
Assets	5,335	4,603	15.9
Liabilities	4,350	3,860	12.7
Income	423	413	2.4
Expenses	368	547	–32.7
Contingent liabilities	378	403	–6.2

There were no discontinued operations at companies accounted for using the equity method.

Our share in the total assets, liabilities, income and expenses of associated companies and jointly controlled entities which are of minor significance was as follows:

	31.12.2012	31.12.2011	Change in %
		€m	
Assets	477	542	–12.0
Liabilities	508	588	–13.6
Income	74	134	–44.8
Expenses	65	129	–49.6

(56) Intangible assets

	31.12.2012	31.12.2011	Change in %
		€m	
Goodwill	2,080	2,088	–0.4
Other intangible assets	971	950	2.2
Customer relationships	438	495	–11.5
Brand names	—	9	.
In-house developed software	349	243	43.6
Other	184	203	–9.4
Total	**3,051**	**3,038**	**0.4**

Acquired software accounted for €181m (previous year: €198m) of the other item.

	Goodwill		Brand names	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
		€m		
Private Customers	1,079	1,079	—	—
Mittelstandsbank[1]	633	569	—	—
Central & Eastern Europe[1]	227	299	—	9
Corporates & Markets	138	138	—	—
Non-Core Assets	—	—	—	—
Portfolio Restructuring Unit	—	—	—	—
Others and Consolidation	3	3	—	—
Total	**2,080**	**2,088**	**—**	**9**

1 As a result of the partial restructuring of the segments in 2012, €64m was reclassified from the Central & Eastern Europe segment to the Mittelstandsbank segment (see segment reporting, Note 45).

The impairment testing of goodwill did not identify any impairments in the financial year 2012. When testing for impairment, beta factors were applied for the detailed planning phase, as shown in the following table.

	Private Customers	Mittelstands-bank	Corporates & Markets	Central & Eastern Europe
Beta factor assumptions	1.50	1.50	1.50	1.50

Varying the beta factors to 1.0 and 2.0 for the detailed planning phase produced the following ratios of excess or deficient cover to carrying amount:

		Private Customers	Mittelstands-bank	Corporates & Markets	Central & Eastern Europe
Realistic value	Beta factor assumptions	18.0%	120.7%	37.0%	63.8%
Sensitivity analysis	Beta 1.00	29.7%	143.2%	49.1%	84.5%
	Beta 2.00	7.8%	101.0%	26.3%	45.7%

There was no impact on goodwill within the sensitivities. Intangible assets changed as follows:

	Goodwill		In-house developed software		Brand names and customer relationships		Other intangible assets	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
					€m			
Carrying amount as at 1.1.	**2,088**	**2,081**	**243**	**219**	**504**	**555**	**203**	**246**
Cost of acquisition/ production as at 1.1.	2,856	2,850	773	825	989	987	1,543	1,797
Exchange rate changes	−2	7	6	−7	—	—	17	−21
Additions	—	—	152	120	—	—	69	79
Disposals	—	1	94	179	—	—	48	290
Reclassifications/ changes in the group of consolidated companies	−6	—	—	14	−24	2	−5	−22
Cost of acquisition/ production as at 31.12.	2,848	2,856	837	773	965	989	1,576	1,543
Write-ups	—	—	—	—	—	—	—	—
Cumulative write-downs as at 1.1.	768	769	530	606	485	432	1,340	1,551
Exchange rate changes	—	—	6	−6	—	—	11	−11
Additions	—	—	46	89	50	51	82	100
of which unscheduled	—	—	—	27	—	1	1	1
Disposals	—	1	94	172	—	—	40	279
Reclassifications/ changes in the group of consolidated companies	—	—	—	13	−8	2	−1	−21
Cumulative write-downs as at 31.12.	768	768	488	530	527	485	1,392	1,340
Carrying amount as at 31.12.	**2,080**	**2,088**	**349**	**243**	**438**	**504**	**184**	**203**
Borrowing costs capitalised in the current financial year	—	—	—	—	—	—	—	—
Range of interest rates used (%)	—	—	—	—	—	—	—	—

(57) Fixed assets

	Land and buildings		Office furniture and equipment	
	2012	**2011**	**2012**	**2011**
	€m			
Carrying amount as at 1.1.	**794**	**874**	**605**	**716**
Cost of acquisition/production as at 1.1.	1,262	1,329	2,815	3,488
Exchange rate changes	13	– 16	19	– 18
Additions	156	29	118	125
Disposals	34	27	339	693
Reclassifications to non-current assets and disposal groups held for sale	—	– 7	—	128
Other reclassifications/changes in the group of consolidated companies	– 49	– 46	– 15	– 215
Cost of acquisition/production as at 31.12.	1,348	1,262	2,598	2,815
Write-ups	—	—	—	—
Cumulative write-downs as at 1.1.	468	455	2,210	2,772
Exchange rate changes	5	– 6	14	– 10
Additions	55	43	172	192
of which unscheduled	17	5	2	—
Disposals	18	10	300	653
Reclassifications to non-current assets and disposal groups held for sale	– 4	—	—	33
Other reclassifications/changes in the group of consolidated companies	– 9	– 14	– 19	– 124
Cumulative write-downs as at 31.12.	497	468	2,077	2,210
Carrying amount as at 31.12.	**851**	**794**	**521**	**605**
Borrowing costs capitalised in the current financial year	—	—	—	—
Range of interest rates used (%)	—	—	—	—

The total value of fixed assets in the Commerzbank Group was €1,372m (previous year: €1,399m). None of these assets were pledged as collateral (previous year: €0.1m). Beyond this there were no restrictions with regard to rights of disposal relating to our fixed assets.

(58) Tax assets

	31.12.2012	**31.12.2011**	Change in %
		€m	
Current tax assets	**790**	**716**	**10.3**
in Germany	742	620	19.7
outside Germany	48	96	– 50.0
Deferred tax assets	**3,015**	**4,154**	**– 27.4**
Tax assets recognised in income statement	1,803	2,583	– 30.2
Tax assets not recognised in income statement	1,212	1,571	– 22.9
Total	**3,805**	**4,870**	**– 21.9**

Deferred tax assets represent the potential income tax charge arising from temporary differences between the values assigned to assets and liabilities in the Group balance sheet in accordance with IFRS and their values for tax accounting purposes as reported by the group companies in accordance with the local tax regulations, as well as future income tax relief arising from tax carryforwards and as yet unused tax credits. In the year under review we refined the method used to estimate future income tax relief from tax loss carryforwards, which led to a reduction of €75m in the write-downs on deferred tax assets.

For the following tax loss carryforwards no deferred tax assets nor any impairments of existing deferred tax assets were recognised as at 31 December 2012 due to the limited planning horizon and the resulting insufficient probability of their being utilised.

Tax loss carryforwards	**31.12.2012**	**31.12.2011**	Change in %
		€m	
Corporation tax/Federal tax	**11,485**	**11,680**	**−1.7**
Can be carried forward for an unlimited period	10,002	10,417	−4.0
Can be carried forward for a limited period[1]	1,483	1,263	17.4
of which expire in the subsequent reporting period	—	—	.
Trade tax/Local tax	**4,929**	**4,628**	**6.5**
Can be carried forward for an unlimited period	4,171	3,966	5.2
Can be carried forward for a limited period[1]	758	662	14.5
of which expire in the subsequent reporting period	—	—	.

1 Expiry after ten years.

Deferred tax assets are recognised mainly for German tax group, the London branch and UK subsidiaries. Deferred tax assets were recognised in connection with the following items:

	31.12.2012	**31.12.2011**	Change in %
		€m	
Fair values of derivative hedging instruments	558	819	−31.9
Trading assets and liabilities	414	714	−42.0
Claims on banks and customers	30	35	−14.3
Financial investments	96	140	−31.4
Provisions	18	45	−60.0
Liabilities to banks and customers	91	109	−16.5
Other balance sheet items	136	259	−47.5
Tax loss carryforwards	1,672	2,033	−17.8
Total	**3,015**	**4,154**	**−27.4**

(59) Investment properties

Investment properties stood at €637m (previous year: €808m) and developed as follows:

	2012	**2011**
	€m	
Carrying amount as at 1.1.	**808**	**1,192**
Cost of acquisition/production as at 1.1.	1,217	1,470
Exchange rate changes	−1	—
Additions	56	—
Disposals	180	115
Changes in the group of consolidated companies	−98	4
Reclassifications	54	−142
Cost of acquisition/production as at 31.12.	1,048	1,217
Cumulative changes from remeasurement to fair value	−411	−409
Carrying amount as at 31.12.	**637**	**808**
Borrowing costs capitalised in the current financial year	—	—
Range of interest rates used (%)	—	—

Of the investment properties €116m (previous year: €170m) were acquired in rescue purchases. The additions during the period did not contain any subsequent acquisition costs for significant properties (previous year: €4m). This item does not include any property held under operating lease agreements. There are no restrictions on resale, nor are there any obligations to purchase properties that need to be reported here.

In the sensitivity analyses we assume a 50 bp upward or downward move in the property yield for investment properties and a 20% rise or fall in the land value for building land. For the main investment properties this would cause market value to fall by around €51m, or rise by €58m, respectively. There were no significant holdings of building land in 2012 and therefore no sensitivity analysis was carried out.

(60) Non-current assets and disposal groups held for sale

The balance sheet item non-current assets and disposal groups held for sale broke down as follows:

	31.12.2012	31.12.2011	Change in %
		€m	
Claims on banks	—	10	.
Claims on customers	495	158	.
Financial investments	212	378	–43.9
Fixed assets	29	65	–55.4
Other assets	21	1,148	–98.2
Total	**757**	**1,759**	**–57.0**

In all cases of non-current assets and disposal groups held for sale, sales agreements have either already been concluded or will be concluded shortly. The contracts are expected to be fulfilled in 2013. The following subsidiaries in the Non-Core Assets segment are affected:

- CG New Venture 2 Verwaltungsgesellschaft mbH, Wiesbaden
- CG New Venture 4 GmbH & Co. KG, Wiesbaden
- GO German Office GmbH, Wiesbaden

Receivables and investment fund units are also held for sale in the Non-Core Assets and Private Customers segments.

The liabilities of disposal groups held for sale are described in Note 70.

Due to the global crisis on the shipping market in 2012 a sale of the following special purpose entities

- MS "CPO Alicante" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Ancona" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Bilbao" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Marseille" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Palermo" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Toulon" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Valencia" Offen Reederei GmbH & Co.KG, Hamburg

was no longer considered likely within the next year. As a result the underlying ships have been reported as leased assets under other assets since 1 January 2012 and are carried at amortised cost in accordance with IAS 17. Most of the associated liabilities are now reported under liabilities to banks at amortised cost. A sale of the real estate company Property Invest Italy Srl, Milan, and of claims in the Mittelstandsbank segment are also no longer expected in the foreseeable future. The underlying real estate assets have consequently been reported as investment property at fair value since December 2012 and the receivables are reported in the claims on customers at amortised cost.

We sold one of the disposal groups held for sale in the previous year as planned in the year under review.

(61) Other assets

Other assets mainly comprise the following items:

	31.12.2012	31.12.2011	Change in %
		€m	
Collection items	311	253	22.9
Precious metals	666	882	–24.5
Leased equipment	851	209	.
Accrued and deferred items	256	304	–15.8
Initial/variation margins receivable	296	270	9.6
Other assets	1,258	1,324	–5.0
Total	**3,638**	**3,242**	**12.2**

Changes in leased assets within other assets were as follows:

	2012	2011
	€m	
Carrying amount as at 1.1.	**209**	**221**
Cost of acquisition/production as at 1.1.	377	364
Exchange rate changes	6	– 6
Additions	55	62
Disposals	12	43
Changes in the group of consolidated companies	1	—
Reclassifications	790	—
Cost of acquisition/production as at 31.12.	1,217	377
Cumulative write-downs as at 1.1.	168	143
Exchange rate changes	2	– 2
Additions	108	41
of which unscheduled	47	—
Disposals	8	14
Changes in the group of consolidated companies	—	—
Reclassifications	96	—
Cumulative write-downs as at 31.12.	366	168
Cumulative changes from remeasurement to fair value	—	—
Carrying amount as at 31.12.	**851**	**209**

(62) Liabilities to banks

	Total		
	31.12.2012	31.12.2011	Change in %
	€m		
Banks in Germany	42,613	45,302	– 5.9
Banks outside Germany	67,629	53,179	27.2
Total	**110,242**	**98,481**	**11.9**
of which relate to the category			
Liabilities measured at amortised cost	90,206	85,451	5.6
At fair value through profit or loss (fair value option)	20,036	13,030	53.8

	Due on demand		Other liabilities	
of which	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	€m			
Banks in Germany	7,746	8,358	34,867	36,944
Banks outside Germany	35,343	25,483	32,286	27,696
Total	**43,089**	**33,841**	**67,153**	**64,640**

The table below shows a breakdown of liabilities to banks by main transaction types:

	31.12.2012	31.12.2011	Change in %
	€m		
Repos and cash collaterals	23,850	18,985	25.6
Liabilities from money market transactions	41,062	25,286	62.4
Other liabilities	45,330	54,210	– 16.4
Total	**110,242**	**98,481**	**11.9**

(63) Liabilities to customers

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

	Total		
	31.12.2012	**31.12.2011**	Change in %
		€m	
Customers in Germany	**204,882**	**202,725**	**1.1**
Corporate customers	120,153	127,277	−5.6
Private customers and others	74,214	66,946	10.9
Public sector	10,515	8,502	23.7
Customers outside Germany	**60,960**	**52,619**	**15.9**
Corporate and retail customers	55,276	47,517	16.3
Public sector	5,684	5,102	11.4
Total	**265,842**	**255,344**	**4.1**
of which relate to the category			
Liabilities measured at amortised cost	228,643	223,491	2.3
At fair value through profit or loss (fair value option)	37,199	31,853	16.8

	Savings deposits		Other liabilities			
			due on demand		with agreed term or period of notice	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
			€m			
Customers in Germany	**9,673**	**4,390**	**108,439**	**102,552**	**86,770**	**95,783**
Corporate customers	90	42	48,522	47,971	71,541	79,264
Private customers and others	9,583	4,348	57,266	53,071	7,365	9,527
Public sector	—	—	2,651	1,510	7,864	6,992
Customers outside Germany	**3,287**	**2,472**	**33,938**	**27,179**	**23,735**	**22,968**
Corporate and retail customers	3,286	2,471	32,022	23,715	19,968	21,331
Public sector	1	1	1,916	3,464	3,767	1,637
Total	**12,960**	**6,862**	**142,377**	**129,731**	**110,505**	**118,751**

Savings deposits broke down as follows:

	31.12.2012	**31.12.2011**	Change in %
		€m	
Savings deposits with agreed period of notice of three months	10,807	6,155	75.6
Savings deposits with agreed period of notice of more than three months	2,153	707	.
Total	**12,960**	**6,862**	**88.9**

The table below shows a breakdown of liabilities to customers by main transaction types:

	31.12.2012	**31.12.2011**	Change in %
		€m	
Repos and cash collaterals	31,997	28,209	13.4
Liabilities from money market transactions	42,620	44,232	−3.6
Other liabilities	191,225	182,903	4.5
Total	**265,842**	**255,344**	**4.1**

(64) Securitised liabilities

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

Mortgage Pfandbriefe of €21,530m (previous year: €29,353m) and public Pfandbriefe of €27,758m (previous year: €34,990m) were included in securitised liabilities.

	31.12.2012	31.12.2011	Change in %
		€m	
Bonds and notes issued	78,855	100,311	– 21.4
Money market instruments issued	466	5,224	– 91.1
Own acceptances and promissory notes outstanding	11	138	– 92.0
Total	**79,332**	**105,673**	**– 24.9**
of which relate to the category			
Liabilities measured at amortised cost	75,903	102,593	– 26.0
At fair value through profit or loss (fair value option)	3,429	3,080	11.3

New issues with a total volume of €19.2bn were issued in 2012. In the same period the volume of bonds maturing amounted to €41.3bn and redemptions to €4.3bn.

The table below lists the most important bonds and notes issued in 2012:

Equivalent	Currency	Issuer	Interest rate %	Maturity
€m				
1,000	EUR	Commerzbank Aktiengesellschaft	3.625	2017
500	EUR	BRE Corporate Finance France S.A.	2.750	2015

(65) Value adjustments for portfolio fair value hedges

The adjustment to the fair value of underlying transactions hedged against interest rate risk was €1,467m (previous year: €938m). A matching asset item from hedging transactions is shown on the other side of the balance sheet under positive fair values attributable to derivative hedging instruments.

(66) Negative fair values of derivative hedging instruments

The negative fair values of derivatives used to hedge underlying transactions against interest rate risk are shown under this item.

	31.12.2012	31.12.2011	Change in %
		€m	
Negative fair values of micro fair value hedges	11,604	11,378	2.0
Negative fair values of portfolio fair value hedges	31	26	19.2
Negative fair values of cash flow hedges	104	23	.
Total	**11,739**	**11,427**	**2.7**

(67) Trading liabilities

Trading liabilities show the negative fair values of derivative financial instruments that do not qualify for hedge accounting as well as lending commitments with negative fair values. Own issues in the trading book and delivery commitments arising from short sales of securities are also included under trading liabilities.

	31.12.2012	31.12.2011	Change in %
		€m	
Currency-related derivative transactions	13,959	20,762	– 32.8
Interest-rate-related derivative transactions	85,503	96,736	– 11.6
Other derivative transactions	5,672	8,433	– 32.7
Certificates and other notes issued	5,201	5,789	– 10.2
Delivery commitments arising from short sales of securities, negative market values of lending commitments and other trading liabilities	5,776	6,127	– 5.7
Total	**116,111**	**137,847**	**– 15.8**

Other derivative transactions consisted mainly of €3,220m in equity derivatives (previous year: €3,714m) and €2,183m in credit derivatives (previous year: €4,305m).

(68) Provisions

Provisions broke down as follows:

	31.12.2012	31.12.2011	Change in %
		€m	
Provisions for pensions and similar commitments	210	437	−51.9
Other provisions	3,049	3,324	−8.3
Total	**3,259**	**3,761**	**−13.3**

a) Provisions for pensions and similar commitments

Changes in provisions for pensions and similar commitments were as follows in 2012:

	As at 1.1.2012	Pension payments	Additions	Allocation to plan assets[1]	Reclassifications/ exchange rate changes	Changes in the group of consolidated companies	As at 31.12.2012
				€m			
Pension entitlements of active and former employees and pension entitlements of pensioners	287	244	57	92	73	−1	80
Early retirement	66	24	16	—	—	—	58
Part-time scheme for older staff	84	51	40	1	—	—	72
Total	**437**	**319**	**113**	**93**	**73**	**−1**	**210**

1 If taken into account when setting the level of provisions.

b) Pension obligations

Pension obligations and pension expense are calculated annually by independent actuaries, using the projected unit credit method. The underlying actuarial parameters are based on the norms in the country in which the pension plan was established.

The parameters outside Germany are shown on the basis of weighted averages taking account of the respective relevant pension plans.

	31.12.2012	31.12.2011
	%	
Parameters for pension plans in Germany		
for determining the pension obligation at year-end		
Discount rate	3.8	4.8
Change in salaries	2.5	2.5
Adjustment to pensions	1.8	1.8
for determining pension expense in the financial year		
Discount rate	4.8	4.9
Change in salaries	2.5	2.5
Adjustment to pensions	1.8	1.8
Expected return on plan assets	5.4	5.5
Parameters for pension plans outside Germany		
for determining the pension obligation at year-end		
Discount rate	4.3	4.8
Change in salaries	2.8	3.0
Adjustment to pensions	2.8	2.9
for determining pension expense in the financial year		
Discount rate	4.8	5.3
Change in salaries	3.0	3.2
Adjustment to pensions	2.9	3.2
Expected return on plan assets	4.4	5.3
Parameters for post-employment medical plan		
for determining the benefit obligation at year-end		
Discount rate	4.4	4.8
Health care cost increase rate	5.5	5.7
for determining the expense in the financial year		
Discount rate	4.8	5.4
Health care cost increase rate	5.7	6.0

The pension obligations changed as follows:

	2012	2011
	€m	
Pension obligations as at 1.1.	**6,242**	**6,073**
Service cost	65	68
Interest expense	293	295
Pension payments	– 281	– 283
Actuarial gains (–) or losses (+)	936	36
Experience adjustments	– 4	– 62
Other adjustments	940	98
Changes in the group of consolidated companies	– 1	– 4
Past service cost	1	—
Curtailments/Settlements	—	—
Exchange rate changes	18	31
Other changes	—	26
Pension obligations as at 31.12.	**7,273**	**6,242**
of which completely or partially funded by plan assets	7,133	6,064
of which not funded by plan assets	140	178

The geographical breakdown of the pension obligations was as follows:

	31.12.2012	31.12.2011
	€m	
Germany	6,067	5,157
Europe (excluding Germany)	1,110	989
America	93	94
Asia and others	3	2
Total	**7,273**	**6,242**

A change in the discount rate or the rate of increase in health costs as at 31 December 2012 would have had the following effects:

	Obligation as at 31.12.2012	Expenses in 2013
	€m	
Interest rate sensitivity		
Discount rate +50bp	−548	2
Discount rate −50bp	623	−3
Health care cost increase sensitivity		
Health care cost increase rate +100bp	2	—
Health care cost increase rate −100bp	−2	—

The expenses for pensions and other employee benefits consisted of the following components:

	2012	2011
	€m	
Service cost	65	68
Interest expense	293	295
Expected income from plan assets	−297	−284
Past service cost	1	—
Curtailments/Settlements	—	—
Amortisation of actuarial gains (−) or losses (+)	−5	107
Other	—	—
Expenses for defined benefit plans	57	186
Expenses for defined contribution plans	**89**	**88**
Other pension benefits (early retirement and part-time scheme for older staff)	56	87
Other pension-related expenses	25	19
Exchange rate changes	—	—
Expenses for pensions and similar employee benefits	**227**	**380**

In addition, personnel expense included €242m (previous year: €235m) in employers' contributions to the state pension scheme.

The expected return on plan assets is based on long-term bond yields at the balance sheet date for fixed-interest securities and on past market performance for other investments. The plan assets changed as follows:

	2012	2011
	€m	
Fair value as at 1.1.	**5,730**	**5,194**
Change in the group of consolidated companies	—	—
Employer contributions	92	73
Expected income from plan assets	297	284
Pension payments	−37	−38
Reclassifications	—	33
Exchange rate changes	22	29
Actuarial gains (+) or losses (−)	385	155
Fair value as at 31.12.	**6,489**	**5,730**
Current income from plan assets	682	439

In the financial year 2013 employer contributions of €55m to plan assets for defined benefit pension plans are expected in the Group as well as pension payments of €249m.

The breakdown of the plan assets was as follows:

	31.12.2012	31.12.2011
	%	
Fixed-income securities	77.5	67.3
Equities	11.6	12.8
Investment fund units	0.1	8.8
Liquid assets	1.7	2.8
Others	9.1	8.3

Summary overview of the main components of defined benefit pension plans:

	2012	2011	2010	2009	2008
			€m		
Pension obligation (projected unit credit)	**7,273**	**6,242**	**6,073**	**5,699**	**2,118**
Fair value of plan assets	6,489	5,730	5,194	4,764	2,039
Funded status	**784**	**512**	**879**	**935**	**79**
Unrecognised actuarial gains (+) or losses (−)	−908	−353	−576	−416	33
Past service income (+) or expense (−)	—	—	—	—	—
Recognition of defined benefit assets	204	128	53	33	—
Provisions for pensions	**80**	**287**	**356**	**552**	**112**
Experience adjustments (profits (+) or losses (−)) in current year:					
Pension obligation	4	62	5	−3	−1
Plan assets	385	155	149	98	−181

c) Other provisions

Changes in other provisions:

	As at 1.1.2012	Allocations	Utilisation	Reversals	Reclassification/ change in the group of consolidated companies	As at 31.12.2012
				€m		
Personnel provisions	679	386	451	27	2	589
Restructuring measures	627	46	195	13	3	468
Specific risks in lending business	349	107	—	244	—	212
Portfolio risks in lending business	159	33	—	72	—	120
Bonuses for special savings schemes	31	92	12	—	−1	110
Legal proceedings and recourse claims	822	355	142	113	60	982
Other	657	365	256	146	−52	568
Total	**3,324**	**1,384**	**1,056**	**615**	**12**	**3,049**

The personnel provisions are predominantly short-term in nature, but also include provisions for service anniversaries, which are by their nature long-term and are utilised successively in subsequent reporting periods. They also contain provisions for the long-term cash component of the Commerzbank Incentive Plan which are utilised after the expiry of the 4-year vesting period.

The average residual term of loan loss provisions is based on the residual terms of the contingent liabilities and irrevocable lending commitments set out in Note 88. In the case of legal disputes it is impossible to forecast the duration of proceedings or the amount of the liability with certainty at the date of establishing the provision. The provisions listed under other mostly have a residual term of under one year.

The provisions for restructuring measures derive predominantly from measures relating to the integration of the Dresdner Bank Group and from the realignment of the Group in conjunction with the requirement to wind down Hypotheken-bank Frankfurt Aktiengesellschaft (formerly Eurohypo Aktiengesellschaft). They are largely attributable to the Human Resources and Organisation departments and are mainly spread over a term of up to four years, with the majority expected to be utilised by the end of 2013.

(69) Tax liabilities

	31.12.2012	31.12.2011	Change in %
		€m	
Current tax liabilities	**324**	**680**	**–52.4**
Tax liabilities to tax authorities	4	5	–20.0
Provisions for income tax	320	675	–52.6
Deferred tax liabilities	**90**	**189**	**–52.4**
Tax liabilities recognised in income statement	62	176	–64.8
Tax liabilities not recognised in income statement	28	13	.
Total	**414**	**869**	**–52.4**

Provisions for taxes on income are potential tax liabilities which have not yet been formally assessed and potential liabilities for risks associated with tax audits. The liabilities to tax authorities represent payment obligations in respect of current taxes towards German and foreign tax authorities.

Deferred tax liabilities represent the potential income tax charge arising from temporary differences between the values assigned to assets and liabilities in the consolidated balance sheet in accordance with IFRS and their values for tax accounting purposes as reported by the group companies in accordance with the local tax regulations. They were recognised in connection with the following items:

	31.12.2012	31.12.2011	Change in %
		€m	
Trading assets and liabilities	16	38	–57.9
Fair values of derivative hedging instruments	32	56	–42.9
Financial investments	12	25	–52.0
Claims on banks and customers	6	12	–50.0
Liabilities to banks and customers	1	19	–94.7
Other balance sheet items	23	39	–41.0
Total	**90**	**189**	**–52.4**

(70) Liabilities from disposal groups held for sale

The breakdown of liabilities from disposal groups held for sale was as follows:

	31.12.2012	31.12.2011	Change in %
		€m	
Liabilities to banks	—	484	.
Liabilities to customers	2	11	–81.8
Negative fair values of derivative hedging instruments	—	97	.
Total	**2**	**592**	**–99.7**

(71) Other liabilities

	31.12.2012	31.12.2011	Change in %
		€m	
Liabilities attributable to film funds	1,915	1,952	–1.9
Liabilities attributable to non-controlling interests	2,441	2,576	–5.2
Accrued and deferred items	439	484	–9.3
Variation margins payable	162	108	50.0
Other liabilities	1,566	1,448	8.1
Total	**6,523**	**6,568**	**–0.7**

(72) Subordinated capital

Subordinated liabilities and profit-sharing certificates are equity within the meaning of Art. 10 (5) and (5a) of the German Banking Act (KWG) in the new version and were broken down as follows:

	31.12.2012	31.12.2011	Change in %
		€m	
Subordinated liabilities	**11,186**	**12,094**	**– 7.5**
of which maturing within 2 years	1,629	1,701	– 4.2
Profit-sharing certificates outstanding	**865**	**975**	**– 11.3**
of which maturing within 2 years	12	36	– 66.7
Accrued interest, including discounts[1]	– 161	– 165	– 2.4
Remeasurement effects	426	381	11.8
Total	**12,316**	**13,285**	**– 7.3**
of which relate to the category			
Liabilities measured at amortised cost	12,308	13,261	– 7.2
At fair value through profit or loss (fair value option)	8	24	– 66.7

1 Including the impact of the adjustment of fair values of subordinated capital at the date of acquisition of Dresdner Bank.

In 2012, the volume of subordinated liabilities maturing amounted to €1.1bn, redemptions to €0.1bn and new issues to €0.3bn. €0.1m of profit-sharing certificates were redeemed.

The claims of creditors to repayment of these liabilities are subordinate to those of other creditors. The issuer cannot be obliged to repay the liability before the maturity date. In the event of insolvency or winding-up, subordinated liabilities may only be repaid after the claims of all senior creditors have been satisfied.

In the year under review, the interest expense of the Group for subordinated liabilities totalled €663m (previous year: €682m). Interest accruals for interest not yet paid totalled €312m (previous year: €321m).

The following major subordinated liabilities were outstanding at the end of 2012:

Start of maturity	€m	Currency in m	Issuer	Interest rate %	Maturity
2011	1,254	1,254 EUR	Commerzbank Aktiengesellschaft	6.375	2019
2011	1,250	1,250 EUR	Commerzbank Aktiengesellschaft	7.750	2021
2007	600	600 EUR	Commerzbank Aktiengesellschaft	1.120[1]	2017
2008	500	500 EUR	Commerzbank Aktiengesellschaft	6.250	2014
2006	492	492 EUR	Commerzbank Aktiengesellschaft	1.081[1]	2016
2009	379	500 USD	Commerzbank Aktiengesellschaft	7.250	2015
2011	322	322 EUR	Commerzbank Aktiengesellschaft	5.000	2018
2011	300	300 EUR	Commerzbank Aktiengesellschaft	5.000	2018
2003	250	250 EUR	Hypothekenbank Frankfurt Aktiengesellschaft[2]	5.000	2016
2009	250	250 EUR	Commerzbank Aktiengesellschaft	5.000	2017
2006	228	300 CAD	Commerzbank Aktiengesellschaft	2.159[1]	2016
2003	220	220 EUR	Hypothekenbank Frankfurt Aktiengesellschaft[2]	5.000	2014
2007	196	196 EUR	Commerzbank Aktiengesellschaft	2.039	2017
1999	184	150 GBP	Commerzbank Aktiengesellschaft	6.625	2019
2012	177	177 EUR	Commerzbank Aktiengesellschaft	10.000	2017
2012	170	170 EUR	Commerzbank Aktiengesellschaft	9.500	2019

1 Floating interest rate.
2 Formerly Eurohypo Aktiengesellschaft.

Part of the profit-sharing certificate capital of the Commerzbank Group participates fully in losses. Interest payments are made only if the issuing institution earns a distributable profit. The claims of holders of profit-sharing certificates for the repayment of principal are subordinate to those of other creditors.

Interest expense on the outstanding profit-sharing certificates in the 2012 financial year amounted to €102m (previous year: €107m). Interest accruals for interest not yet paid totalled €221m (previous year: €194m).

At year-end 2012, the following major profit-sharing certificate was outstanding:

Start of maturity	€m	Currency in m	Issuer	Interest rate %	Maturity
2006	662	662 EUR	Commerzbank Aktiengesellschaft	5.386	2015

(73) Hybrid capital

	31.12.2012	31.12.2011	Change in %
		€m	
Hybrid capital	2,057	2,830	–27.3
Accrued interest, including discounts[1]	–969	–1,131	–14.3
Remeasurement effects	509	476	6.9
Total	**1,597**	**2,175**	**–26.6**
of which relate to the category			
Liabilities measured at amortised cost	1,597	2,175	–26.6
At fair value through profit or loss (fair value option)	—	—	.

[1] Including the impact of the adjustment of fair values of hybrid capital at the date of acquisition of Dresdner Bank.

At the end of 2012, the following hybrid capital instruments were outstanding:

Start of maturity	€m	Currency in m	Issuer	Interest rate %	Maturity
1999	758	1,000 USD	Dresdner Capital LLC I	8.151	2031
2006	416	416 EUR	Commerzbank Aktiengesellschaft	5.386	for an unlimited period
2006	186	186 EUR	Commerzbank Capital Funding Trust III	2.524	for an unlimited period
2005	152	152 EUR	Eurohypo Capital Funding Trust II	3.486	for an unlimited period
2006	148	148 EUR	Commerzbank Capital Funding Trust I	5.012	for an unlimited period
2003	119	119 EUR	Eurohypo Capital Funding Trust I	6.445	for an unlimited period
2006	114	93 GBP	Commerzbank Capital Funding Trust II	5.905	for an unlimited period

In financial year 2012 interest of €126m was payable on hybrid capital (previous year: €152m). Hybrid capital forms part of the Bank's liable equity capital. Interest payments are due in accordance with the issue conditions of the instrument. The claims of holders of hybrid instruments for repayment of their capital are subordinate to the claims of creditors of the liabilities reported under subordinated liabilities and profit-sharing certificates.

In March 2012, parts of the Trust Preferred Securities (TruPS) of Commerzbank Capital Funding Trust I and II and Eurohypo Capital Funding Trust I were repurchased. TruPS with a nominal value of €1.0bn were then paid in as non-cash contributions in return for payment in shares (see page 187). This repurchase increased our Core Tier I capital by €0.8bn. Beyond this there were no significant changes.

(74) Equity structure

	31.12.2012	31.12.2011	Change in %
		€m	
a) Subscribed capital	5,828	5,113	14.0
b) Capital reserve	11,681	11,158	4.7
c) Retained earnings	8,614	8,822	–2.4
d) Silent participations	2,376	2,687	–11.6
Other reserves	–2,353	–3,676	–36.0
e)Revaluation reserve	–1,699	–2,511	–32.3
f) Cash flow hedge reserve	–616	–810	–24.0
g)Currency translation reserve	–38	–355	–89.3
Total before non-controlling interests	**26,146**	**24,104**	**8.5**
Non-controlling interests	888	699	27.0
Equity	**27,034**	**24,803**	**9.0**

a) Subscribed capital

The subscribed capital (share capital) of Commerzbank Aktiengesellschaft consists of no-par-value shares, each with an accounting par value of €1.00. The shares are issued in bearer form. Purchases and disposals of treasury shares are added to or deducted from subscribed capital at an accounting par value of €1.00.

	Units
Number of shares outstanding as at 1.1.2012	**5,112,566,043**
plus treasury shares as at 31.12. of the previous year	863,010
Issue of new shares	716,084,804
Number of issued shares as at 31.12.2012	**5,829,513,857**
less treasury shares as at balance sheet date	1,193,353
Number of shares outstanding as at 31.12.2012	**5,828,320,504**

Before the treasury shares held by Commerzbank were deducted, the subscribed capital amounted to €5.830m. There are no preferential rights or restrictions on the payment of dividends at Commerzbank Aktiengesellschaft. All shares in issue are fully paid up. The value of issued, outstanding and authorised shares was as follows:

	31.12.2012		**31.12.2011**	
	€m	1,000 units	€m	1,000 units
Issued shares	5,829.5	5,829,514	5,113.4	5,113,429
./. Treasury shares	1.2	1,193	0.9	863
= Shares outstanding	5,828.3	5,828,321	5,112.6	5,112,566
Shares not yet issued from authorised capital	5,068.0	5,068,000	2,000.0	2,000,000
Total	**10,896.3**	**10,896,321**	**7,112.6**	**7,112,566**

The number of authorised shares was 10.897.514,000 (previous year: 7.113.429,000 units). The accounting par value of the authorised shares was €10.897,5m (previous year: €7.113,5m).

As at 31 December 2012, 32,223,000 shares had been pledged with the Group as collateral (previous year: 30,306,000 shares). This represents 0,6% (previous year: 0.6%) of the shares outstanding as at the balance sheet date.

Securities transactions in treasury shares pursuant to Art. 71 (1), no. 7 of the German Companies Act (Aktiengesetz) were as follows:

	Number of shares in units	**Accounting par value[1] €1,000**	**Percentage of share capital %**
Balance as at 31.12.2012	1,193,353	1,193	0.02
Largest number acquired during the financial year	38,917,378	38,917	0.67
Total shares pledged by customers as collateral as at 31.12.2012	32,223,091	32,223	0.55
Shares acquired during the financial year	860,165,799	860,166	—
Shares disposed of during the financial year	859,835,456	859,835	—

1 Accounting par value per share €1.00.

The Bank has given an undertaking to the Financial Market Stabilisation Fund (SoFFin), represented by the Financial Market Stabilisation Authority (FMSA), that neither it nor any of its affiliated companies will buy back shares or other components of its liable equity capital (except as specified under Art. 71 (1) no. 2 and no. 4 (purchase on behalf of another party), no. 7 or no. 8 of the German Companies Act/Aktiengesetz).

b) Capital reserve

The capital reserve shows, in addition to premiums from the issue of shares, fair values of share-based remuneration transactions in equity instruments that have not yet been exercised. If bonds and notes are issued for conversion and option rights entitling holders to purchase shares, the amounts realised are recognised in the capital reserve.

In addition, costs arising in connection with capital increases, which must be shown as a deduction from equity in accordance with IAS 32.35, are deducted from the capital reserve.

For the resale of treasury shares, the difference between the accounting par value and the market value of the share is recognised in the capital reserve, if the latter exceeds the original acquisition costs of these shares.

c) Retained earnings

Retained earnings consist of the statutory reserve and other reserves. The statutory reserve contains reserves which are mandated by German law; in the parent company financial statements, the amounts assigned to this reserve may not be distributed. The total amount of retained earnings stated in the balance sheet resulted from other retained earnings of €8,614m (previous year: €8,822m). There were no statutory reserves as at 31 December 2012 or 31 December 2011.

For purchases of treasury shares, the difference between the acquisition costs and the accounting par value is recognised in retained earnings. The resale of treasury shares is reported as a mirror-image of the purchase of treasury shares.

d) Silent participations

The contributions of SoFFin, represented by the FMSA, were reduced by €0.3bn from €1.9bn to €1.6bn over the course of the year through a number of capital measures (see page 187). The silent participations are based on the agreement dated 19 December 2008, most recently amended on 29 June 2012, and the supplementary agreement dated 3 June 2009 on the establishment of a silent partnership concluded between SoFFin, represented by the FMSA, and Commerzbank Aktiengesellschaft. Interest of 9% p.a. will be paid on the participations, which are eligible in full as Tier I capital. The repayment will be at par. The interest rate on the silent participations rises in years when a dividend is paid. The additional interest to be paid in such cases is based on the total cash dividend. For approximately every €5.9m of cash dividend paid, the interest rate will rise by 0.01 percentage points.

SoFFin participates in any net loss in proportion to the ratio of the book value of the silent participation to the overall book value of all of the Company’s liable capital participating in the net loss (Art. 10 (2a), (4) and (5) German Banking Act). After a reduction the silent participation will be written up again in the following financial years to its full original nominal value, provided that this does not thereby cause or increase a net loss.

Furthermore, Commerzbank Aktiengesellschaft and Allianz SE concluded an agreement on 3 June 2009 on the establishment of a silent partnership, on the basis of which Allianz, through a subsidiary, provided Commerzbank Aktiengesellschaft with a silent participation of €750m. The silent participation comes with a profit participation consisting of fixed interest of 9% p.a. on the nominal participation amount plus additional dividend-linked remuneration of 0.01% p.a. for approximately each €5.9m of cash dividends paid.

Under IFRS the silent participations must be recognised separately within equity, and the interest paid on the silent participations set off directly against equity without affecting the income statement. Interest is only payable on the silent participations if the Company reports a net profit in its separate accounts under the German Commercial Code (HGB). This condition was met in 2012, and the dividend amounted to €221m (previous year: —).

e) Revaluation reserve

Gains or losses from revaluing financial investments at fair value are recognised in the revaluation reserve net of deferred taxes. Gains or losses are recognised in the income statement only if the asset has been disposed of or impaired.

f) Cash flow hedge reserve

The net gain or loss on remeasuring the effective part of cash flow hedges is reported in this equity item after deduction of deferred taxes. We ended cash flow hedge accounting in the financial year 2009 with only a few exceptions and since then have been using micro hedge accounting and portfolio fair value hedge accounting to manage interest rate risks. From the date of this change, the cash flow hedge reserve reported in equity and the associated hedging transactions have been amortised in net interest income over the residual term of the hedging transactions. This has no impact on net income.

g) Currency translation reserve

The reserve from currency translation relates to translation gains and losses arising upon the consolidation of the capital accounts. This includes exchange rate differences arising from the consolidation of subsidiaries and companies accounted for using the equity method.

(75) Conditional capital

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

	Conditional capital 1.1.2012	Additions	Expirations/ Utilisations	Authorisation expired	Conditional capital[1] 31.12.2012	of which Used conditional capital	of which Conditional capital still available
				€m			
Convertible bonds/ bonds with warrants/profit-sharing certificates	1,553	3,685	179	665	4,394	—	4,394
Total	**1,553**	**3,685**	**179**	**665**	**4,394**	**—**	**4,394**

1 The conditional capital in the amount of €1,644m is to enable the issuance of shares in the event of the exercise of conversion rights granted to the Financial Market Stabilisation Fund SoFFin, established under the German Financial Market Stabilisation Act and represented by the Financial Market Stabilisation Authority, as silent partner in the Company. The conditional capital increase will only be carried out to the extent that SoFFin exercises these conversion rights.

As resolved at the Annual General Meeting of 23 May 2012, the Company's share capital shall be conditionally increased by up to €2,750,000,000.00, divided into up to 2,750,000,000 bearer shares with no par value (Conditional Capital 2012/I in accordance with Art. 4 (4) of the Articles of Association). The conditional capital increase will only be carried out to the extent that holders/creditors of convertible bonds or warrants attached to bonds or profit-sharing certificates with warrants issued or guaranteed until 22 May 2017 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) of the German Companies Act)) on the basis of the authorisation resolved at the Annual General Meeting dated 23 May 2012 (Authorisation 2012) exercise their conversion/option rights or fulfil their related conversion or option obligations, and other forms of settlement are not chosen.

As resolved at the Annual General Meeting of 23 May 2012, the Company's share capital shall be conditionally increased by up to €935,000,000.00, divided into 935,000,000 bearer shares with no par value (Conditional Capital 2012/II in accordance with Art. 4 (8) of the Articles of Association). The conditional capital increase is to enable the issuance of shares in the event of the exercise of the conversion rights granted to the Financial Market Stabilisation Fund, established under the Financial Market Stabilisation Act and represented by the Financial Market Stabilisation Authority, as silent partner in the Company. The conditional capital increase will only be carried out to the extent that the Financial Market Stabilisation Fund exercises the conversion right.

As resolved at the Annual General Meeting of 6 May 2011, the Company's share capital shall be conditionally increased by up to €709,312,132.00, divided into 709,312,132 bearer shares with no par value (Conditional Capital 2011/III in accordance with Art. 4 (5) of the Articles of Association). The conditional capital increase is to enable the issuance of shares in the event of the exercise of the conversion rights granted to the Financial Market Stabilisation Fund, established under the Financial Market Stabilisation Act and represented by the Financial Market Stabilisation Authority, as silent partner in the Company. The conditional capital increase will only be carried out to the extent that the Financial Market Stabilisation Fund exercises the conversion right.

(76) Authorised capital

Date of AGM resolution	Original amount	Used in previous years for capital increases	Used in 2012 for capital increases	Authorisation expired	Residual amount	Date of expiry
	€m	€m	€m	€m	€m	
6.5.2011	2,000	—	537	—	1,463	5.5.2016
23.5.2012	1,150	—	—	—	1,150	22.5.2017
23.5.2012	2,455	—	—	—	2,455	22.5.2017
Total	**5,605**	**—**	**537**	**—**	**5,068**	

The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to increase the Company's share capital until 5 May 2016 through the issuance of new shares with no par value in exchange for cash or contributions in kind, in either one or several tranches, but not exceeding a maximum amount of €1,462,936,397.00 (Authorised Capital 2011 in accordance with Art 4 (3) of the Articles of Association). In principle, shareholders shall be offered subscription rights. The statutory subscription right may also be granted in such a manner that the new shares are underwritten by a bank or a syndicate of banks under an obligation to offer them for subscription to shareholders of Commerzbank Aktiengesellschaft. However, the Board of Managing Directors is authorised to exclude subscription rights, with the approval of the Supervisory Board, in the following cases:

- in order to exclude fractional amounts from subscription rights;
- to the extent necessary to grant 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) of the Stock Corporation Act), subscription rights in the amount to which they would be entitled after exercising their conversion or option rights or fulfilling their corresponding conversion or option obligation;
- in order to issue shares up to the amount of €20,000,000.00 to employees of Commerzbank Aktiengesellschaft or of companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (Group companies as defined in Art. 18 (1) of the Stock Corporation Act);
- in order to increase the share capital in exchange for contributions in kind;
- in the event of capital increases for cash, if the issue price of the new shares is not significantly lower than the market price for identical shares of the Company at the time the issue price is determined. The shares issued with the exclusion of subscription rights pursuant to Articles 203 (1), 186 (3) sentence 4 of the Stock Corporation Act on the basis of this authorisation may not exceed a total of 10% of the share capital of the Company, either at the time the authorisation becomes effective or at the time the authorisation is exercised, whichever amount is lower. The upper limit of 10% of the share capital is reduced by the proportional amount of share capital corresponding to those of the Company's own shares that are sold during the period of validity of Authorised Capital 2011, while excluding shareholders' subscription rights in accordance with Art. 71 (1) no. 8 sentence 5 and Art. 186 (3) sentence 4 of the Stock Corporation Act. The upper limit is further reduced by the proportional amount of share capital corresponding to those shares that must be issued to service options and convertible bonds with option or conversion rights or with option or conversion obligations, provided such bonds are issued during the period of validity of Authorised Capital 2011, while excluding subscription rights subject to appropriate application of Art. 186 (3) sentence 4 of the Stock Corporation Act.

The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to increase the Company's share capital until 22 May 2017 through the issuance of new shares with no par value for cash or contributions in kind, in either one or several tranches, but not exceeding a maximum amount of €1,150,000,000.00 (Authorised Capital 2012/I in accordance with Art. 4 (6) of the Articles of Association). In principle, shareholders shall be offered subscription rights. The statutory subscription right may also be granted in such a manner that the new shares are underwritten by a bank or a syndicate of banks under an obligation to offer them for subscription to shareholders of Commerzbank Aktiengesellschaft. However, the Board of Managing Directors is authorised to exclude subscription rights, with the approval of the Supervisory Board, in the following cases:

- in order to exclude fractional amounts from subscription rights;
- to the extent necessary to grant 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) of the Stock Corporation Act), subscription rights in the amount to which they would be entitled after exercising their conversion or option rights or fulfilling their corresponding conversion or option obligation;
- in order to issue shares to the Board of Managing Directors, members of management or the employees of Commerzbank Aktiengesellschaft or of companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (Group companies as defined in Art. 18 (1) of the German Companies Act) in exchange for contributions in kind through contribution of claims to variable remuneration components, bonuses or similar claims against the Company or Group companies.

The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to increase the Company's share capital until 22 May 2017 through the issuance of new shares with no par value in exchange for cash and/or the partial or full contribution of the silent participations from silent partnerships entered into by AZ-Arges Vermögensverwaltungs-gesellschaft mbH and the Financial Market Stabilisation Fund, in either one or several tranches, but not exceeding a maximum amount of €2,455,000,000.00 (Authorised Capital 2012/II in accordance with Art. 4 (7) of the Articles of Association). The Board of Managing Directors may make use of this authorisation to issue shares against cash contributions only in order to use the funds thus flowing into the Company, after deduction of the issuing costs, for the full or partial repayment of existing silent participations. In this connection, the funds flowing into the Company from a capital increase are always to be used predominantly for the repayment of the existing silent participation of the Financial Market Stabilisation Fund. In principle, shareholders shall be offered subscription rights. The statutory subscription right may also be granted in such a manner that the new shares are underwritten by a bank or a syndicate of banks under an obligation to offer them for subscription to shareholders of Commerzbank Aktiengesellschaft. AZ-Arges Vermögensverwaltungsgesellschaft mbH and the Financial Market Stabilisation Fund, represented by the Financial Market Stabilisation Authority, may be granted the right, in the event of the exercise of their subscription rights, to contribute silent participations from silent partnerships entered into by AZ-Arges Vermögens-verwaltungsgesellschaft mbH and the Financial Market Stabilisation Fund in the corresponding amount for payment of the subscription price for each share subscribed to, instead of a cash contribution. The Board of Managing Directors is authorised to exclude the subscription right of the shareholders, with the approval of the Supervisory Board, in the following cases:

- in order to exclude fractional amounts from subscription rights;
- in order to admit exclusively AZ-Arges Vermögensverwalt-ungsgesellschaft mbH and/or the Financial Market Stabilisation Fund, represented by the Financial Market Stabilisation Authority, to subscription against partial or full contribution of the silent participations from silent partnerships entered into by AZ-Arges Vermögensverwalt-ungsgesellschaft mbH or the Financial Market Stabilisation Fund.

The Board of Managing Directors is authorised to determine the further details of the capital increases and their implementation.

(77) The Bank's foreign currency position

As at 31 December 2012 the Commerzbank Group had the following foreign currency assets and liabilities (excluding fair values of derivatives):

	31.12.2012					31.12.2011	Change in %
	USD	**PLN**	**GBP**	**Others**	**Total**	**Total**	
				€m			
Cash reserve	6,064	914	67	1,512	8,557	3,768	.
Claims on banks	18,143	431	2,150	2,620	23,344	27,151	−14.0
Claims on customers	33,308	8,364	14,448	16,569	72,689	81,917	−11.3
Trading assets	12,250	325	2,243	1,983	16,801	22,149	−24.1
Financial investments	16,224	4,809	1,921	2,462	25,416	28,678	−11.4
Other balance sheet items	1,317	726	438	220	2,701	1,689	59.9
Foreign currency assets	**87,306**	**15,569**	**21,267**	**25,366**	**149,508**	**165,352**	**−9.6**
Liabilities to banks	26,870	634	3,704	4,345	35,553	33,891	4.9
Liabilities to customers	15,222	11,153	3,563	4,263	34,201	37,755	−9.4
Securitised liabilities	6,592	692	445	7,838	15,567	19,349	−19.5
Trading liabilities	1,172	32	562	1,103	2,869	3,297	−13.0
Other balance sheet items	1,800	442	659	898	3,799	3,759	1.1
Foreign currency liabilities	**51,656**	**12,953**	**8,933**	**18,447**	**91,989**	**98,051**	**−6.2**

The open balance sheet positions outside the trading business are matched by corresponding foreign exchange forward contracts and currency swaps with matching maturities.

Notes on financial instruments

(78) Derivative transactions

The Commerzbank Group conducts transactions with derivative financial instruments, as explained below.

A derivative is a financial instrument with a value determined by a so-called underlying asset. The underlying asset may, for example, be an interest rate, commodity price, share price, foreign exchange rate or bond price. The financial instrument does not require any or only a low initial net investment compared to other contracts with a similar response to changes in market factors. It is settled at a future date.

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

The nominal amount shows the volume traded by the Bank. The positive and negative fair values listed in the table, however, are the expenses which would be incurred by the Bank or the counterparty to replace the contracts originally concluded with transactions of an equivalent financial value. From the Bank's point of view, a positive fair value thus indicates the maximum potential counterparty-specific default risk that existed from derivative transactions on the balance sheet date.

In order to minimise both the economic and regulatory credit risk arising from these instruments, we conclude master agreements (bilateral netting agreements) with our counter-parties (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-mitigating techniques only where we consider them enforceable in the jurisdiction in question, if the counterparty becomes insolvent. We obtain legal opinions from various international law firms in order to verify enforceability.

Similar to the master agreements are the collateral agreements (e.g. collateralisation 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 exposure.

The table below shows the nominal amounts and the fair values of the derivative business broken down by interest rate-based contracts, currency-based contracts and contracts based on other price risks and the maturity structure of these transactions. The fair values are the sum totals of the positive and negative amounts per contract and are shown without deducting collateral and without taking account of any netting agreements, because these work on a cross-product basis. By definition, no positive fair values exist for options which have been written. The nominal amount represents the gross volume of all sales and purchases. The maturity dates listed for the transactions are based on the term to maturity of the contracts and not the maturity of the underlying. The table below also shows the fair value of derivatives based on the net method of presentation as set out in Note 1. The netting volume as at 31 December 2012 totalled €162,271m (previous year: €194,925m). On the assets side, €158,561m of this was attributable to positive fair values (previous year: €193,561m) and €3,710m to margins payable (previous year: €1,364m). Netting on the liabilities side involved negative fair values of €162,133m (previous year: €194,753m) and €138m in margins payable (previous year: €172m).

31.12.2012	Nominal amount Residual terms due on demand	up to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total	Fair value positive	negative
				€m				
Foreign-currency-based forward transactions								
OTC products	6	282,388	158,932	170,518	118,569	730,413	13,592	14,119
Foreign exchange spot and forward contracts	—	223,807	77,333	21,506	616	323,262	4,444	4,516
Interest rate and currency swaps	—	21,531	44,708	134,440	111,055	311,734	7,535	7,999
Currency call options	—	16,710	15,865	6,633	3,305	42,513	1,417	—
Currency put options	—	19,780	19,809	7,183	2,985	49,757	—	1,391
Other foreign exchange contracts	6	560	1,217	756	608	3,147	196	213
Exchange-traded products	—	1,049	91	1	—	1,141	—	—
Currency futures	—	1,033	91	—	—	1,124	—	—
Currency options	—	16	—	1	—	17	—	—
Total	**6**	**283,437**	**159,023**	**170,519**	**118,569**	**731,554**	**13,592**	**14,119**
Interest-based forward transactions								
OTC products	16	523,252	2,004,294	2,019,132	1,728,384	6,275,078	253,072	259,183
Forward rate agreements	—	157,479	1,341,339	7,059	—	1,505,877	501	440
Interest rate swaps	—	362,127	615,895	1,892,321	1,536,202	4,406,545	240,282	246,267
Call options on interest rate futures	—	1,525	26,685	58,753	84,749	171,712	9,799	—
Put options on interest rate futures	—	1,438	16,921	56,885	100,475	175,719	—	10,790
Other interest rate contracts	16	683	3,454	4,114	6,958	15,225	2,490	1,686
Exchange-traded products	—	2,372	87,779	5,355	10,759	106,265	—	—
Interest rate futures	—	1,479	32,940	3,980	8,781	47,180	—	—
Interest rate options	—	893	54,839	1,375	1,978	59,085	—	—
Total	**16**	**525,624**	**2,092,073**	**2,024,487**	**1,739,143**	**6,381,343**	**253,072**	**259,183**
Other forward transactions								
OTC products	1,013	18,111	51,785	111,903	16,740	199,552	4,354	5,704
Structured equity/index products	1,010	8,213	7,403	14,025	1,422	32,073	1,020	1,923
Equity call options	—	1,313	6,230	5,438	144	13,125	896	—
Equity put options	—	1,373	6,395	8,256	1,140	17,164	—	1,297
Credit derivatives	—	5,929	30,475	81,987	13,991	132,382	2,137	2,215
Precious metal contracts	2	723	585	668	—	1,978	59	87
Other transactions	1	560	697	1,529	43	2,830	242	182
Exchange-traded products	—	26,883	24,637	17,235	415	69,170	—	—
Equity futures	—	12,034	261	23	—	12,318	—	—
Equity options	—	11,533	17,042	14,795	415	43,785	—	—
Other futures	—	1,805	2,032	1,008	—	4,845	—	—
Other options	—	1,511	5,302	1,409	—	8,222	—	—
Total	**1,013**	**44,994**	**76,422**	**129,138**	**17,155**	**268,722**	**4,354**	**5,704**
Total pending forward transactions								
OTC products	1,035	823,751	2,215,011	2,301,553	1,863,693	7,205,043	271,018	279,006
Exchange-traded products	—	30,304	112,507	22,591	11,174	176,576	—	—
Total	**1,035**	**854,055**	**2,327,518**	**2,324,144**	**1,874,867**	**7,381,619**	**271,018**	**279,006**
Net position in the balance sheet							**112,457**	**116,873**

31.12.2011	Nominal amount Residual terms due on demand	up to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total	Fair value positive	negative
	€m							
Foreign-currency-based forward transactions								
OTC products	5	367,938	192,056	169,590	104,667	834,256	17,891	20,805
Foreign exchange spot and forward contracts	—	304,435	102,508	26,620	683	434,246	7,621	8,250
Interest rate and currency swaps	—	21,507	49,745	125,972	96,200	293,424	7,881	10,306
Currency call options	—	19,580	17,747	7,881	3,814	49,022	2,065	—
Currency put options	—	22,002	20,255	8,263	3,370	53,890	—	2,078
Other foreign exchange contracts	5	414	1,801	854	600	3,674	324	171
Exchange-traded products	—	547	63	3	—	613	—	—
Currency futures	—	544	63	1	—	608	—	—
Currency options	—	3	—	2	—	5	—	—
Total	**5**	**368,485**	**192,119**	**169,593**	**104,667**	**834,869**	**17,891**	**20,805**
Interest-based forward transactions								
OTC products	7	656,015	2,013,079	2,805,060	2,406,901	7,881,062	296,597	302,788
Forward rate agreements	—	84,028	1,017,256	4,886	—	1,106,170	314	318
Interest rate swaps	—	565,961	946,942	2,671,066	2,225,766	6,409,735	283,700	289,933
Call options on interest rate futures	—	2,587	25,838	63,043	77,493	168,961	9,824	—
Put options on interest rate futures	—	2,818	19,028	58,601	95,768	176,215	—	10,442
Other interest rate contracts	7	621	4,015	7,464	7,874	19,981	2,759	2,095
Exchange-traded products	—	1,406	33,716	2,452	3,902	41,476	—	—
Interest rate futures	—	1,314	25,602	2,438	3,888	33,242	—	—
Interest rate options	—	92	8,114	14	14	8,234	—	—
Total	**7**	**657,421**	**2,046,795**	**2,807,512**	**2,410,803**	**7,922,538**	**296,597**	**302,788**
Other forward transactions								
OTC products	698	24,887	44,681	161,952	21,124	253,342	7,812	8,518
Structured equity index products	693	12,766	8,976	15,165	1,432	39,032	2,059	1,604
Equity call options	—	4,032	6,450	6,029	98	16,609	1,244	—
Equity put options	—	3,850	7,882	9,913	1,348	22,993	—	2,109
Credit derivatives	—	3,077	19,585	129,066	18,194	169,922	4,145	4,390
Precious metal contracts	3	788	1,001	413	—	2,205	92	121
Other transactions	2	374	787	1,366	52	2,581	272	294
Exchange-traded products	—	27,241	30,358	19,179	232	77,010	—	—
Equity futures	—	6,740	638	3	—	7,381	—	—
Equity options	—	14,754	20,539	14,740	232	50,265	—	—
Other futures	—	1,500	1,730	1,060	—	4,290	—	—
Other options	—	4,247	7,451	3,376	—	15,074	—	—
Total	**698**	**52,128**	**75,039**	**181,131**	**21,356**	**330,352**	**7,812**	**8,518**
Total pending forward transactions								
OTC products	710	1,048,840	2,249,816	3,136,602	2,532,692	8,968,660	322,300	332,111
Exchange-traded products	—	29,194	64,137	21,634	4,134	119,099	—	—
Total	**710**	**1,078,034**	**2,313,953**	**3,158,236**	**2,536,826**	**9,087,759**	**322,300**	**332,111**
Net position in the balance sheet							**128,739**	**137,358**

Breakdown of derivatives business by borrower group:

The table below shows the positive and negative fair values of the Commerzbank Group's derivative business broken down by counterparty. The Commerzbank Group conducts derivative business primarily with counterparties with excellent credit ratings. A large portion of the fair values is concentrated in banks and financial institutions based in OECD countries.

	31.12.2012		31.12.2011	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
	€m			
OECD central governments	4,238	3,597	2,957	2,723
OECD banks	95,171	103,702	117,508	132,843
OECD financial institutions	161,583	165,678	190,712	190,841
Other entities, private individuals	9,169	3,488	10,020	3,375
Non-OECD banks	857	2,541	1,103	2,329
Total	**271,018**	**279,006**	**322,300**	**332,111**

As at the balance sheet date, the outstanding volume of the Commerzbank Group's transactions as a protection buyer or seller amounted to €68,634m (previous year: €89,804m) and €63,748m (previous year: €80,118m) respectively. We employ these products, which are used to transfer credit risk, both for arbitrage purposes in trading and in the banking book for diversifying our loan portfolios. The table below shows our risk structure in terms of the various risk assets that have been hedged.

	31.12.2012		31.12.2011	
	Nominal values Buyer of protection	Nominal values Seller of protection	Nominal values Buyer of protection	Nominal values Seller of protection
	€m			
OECD central governments	6,565	6,248	7,731	6,277
OECD banks	6,967	7,135	8,094	8,108
OECD financial institutions	4,474	4,479	7,883	9,174
Other entities, private individuals[1]	49,074	45,131	64,831	55,630
Non-OECD banks	1,554	755	1,265	929
Total	**68,634**	**63,748**	**89,804**	**80,118**

[1] Prior-year figure restated.

Details of derivatives in cash flow hedge accounting:

The nominal values of derivatives used for cash flow hedging until this was ended in 2009 (see Note 74) totalled €184bn as at 31 December 2012 (previous year: €233bn). The table below shows the periods in which these are likely to expire:

	31.12.2012	31.12.2011
	€bn	
Up to 3 months	6	17
More than 3 months up to 1 year	27	31
More than 1 year up to 5 years	135	160
More than 5 years	16	25

Underlying hedged transactions existed in each maturity band with at least the same nominal value.

(79) Transferred financial assets

a) Assets pledged as collateral (own and third-party holdings)

Financial assets were pledged as collateral for the following financial liabilities:

	31.12.2012	31.12.2011	Change in %
		€m	
Liabilities to banks	54,625	41,834	30.6
Liabilities to customers	43,485	29,148	49.2
Securitised liabilities	—	—	.
Other liabilities	17	—	.
Total	**98,127**	**70,982**	**38.2**

The following financial assets (own and third-party holdings) were pledged as collateral for the above-mentioned liabilities, which are shown after netting. Furthermore, own secured bonds amounting to €5,526m which had been bought back were pledged as collateral for financial liabilities to banks.

	31.12.2012	31.12.2011	Change in %
		€m	
Claims on banks and customers	23,691	24,031	−1.4
Trading assets and financial investments	72,300	60,371	19.8
Other assets	17	—	.
Total	**96,008**	**84,402**	**13.8**

The recipient of the collateral has the right under contract or in accordance with customary practice to sell or pledge the following financial assets of the Commerzbank Group to others:

	31.12.2012	31.12.2011	Change in %
		€m	
Claims on banks and customers	45	77	−41.6
Trading assets and financial investments	15,175	19,087	−20.5
Other assets	—	—	.
Total	**15,220**	**19,164**	**−20.6**

Collateral was furnished to borrow funds as part of securities repurchase agreements (repos). Collateral was also furnished for funds borrowed for specific purposes and securities-lending transactions. The transactions were carried out under the standard market terms for securities lending and repurchase transactions.

b) Financial assets which have been transferred but not derecognised (own holdings)

Securities from the Bank's own holdings were pledged as collateral in securities repurchase and lending transactions. These securities were not derecognised as all the risks and opportunities connected with the ownership of these securities were retained within the Commerzbank Group. In addition, own secured bonds amounting to €5,526m which had been bought back were also pledged as collateral for liabilities to central banks. The transferred securities and associated liabilities (before netting) were as follows as at 31 December 2012:

		Financial investments		
	Trading assets Held for trading	**At fair value through profit or loss**	**Available-for-sale financial assets**	**Loans and receivables**
		€m		
Repurchase agreements as a borrower				
Carrying amount of securities transferred	10,609	—	231	2,228
Carrying amount of associated liabilities	11,247	—	239	2,067
Securities lent in securities lending transactions				
Carrying amount of securities transferred	2,071	—	809	—
Carrying amount of associated liabilities	2,204	—	37	—
Securities transferred to central bank (without repo agreements)				
Carrying amount of securities transferred	—	—	—	10,023
Carrying amount of associated liabilities	—	—	—	13,822

The fair values of transactions where the counterparty (protection buyer) only has recourse to the transferred assets were as follows as at 31 December 2012:

		Financial investments		
	Trading assets Held for trading	**At fair value through profit or loss**	**Available-for-sale financial assets**	**Loans and receivables**
		€m		
Repurchase agreements as a borrower				
Fair value of securities transferred	10,609	—	231	2,154
Fair value of associated liabilities	11,247	—	239	2,067
Net position	**−638**	**—**	**−8**	**87**
Securities lent in securities lending transactions				
Fair value of securities transferred	2,071	—	809	—
Fair value of associated liabilities	2,204	—	37	—
Net position	**−133**	**—**	**772**	**–**
Securities transferred to central bank (without repo agreements)				
Fair value of securities transferred	—	—	—	9,963
Fair value of associated liabilities	—	—	—	13,819
Net position	**—**	**—**	**—**	**−3,856**

c) Transferred and derecognised financial assets with continuing involvement

Continuing involvement exists if after a transfer of financial assets the contractual rights and obligations relating to the transferred asset remain within the Commerzbank Group. Continuing involvement may also arise from the assumption of new rights and obligations in connection with the transferred assets. No significant transactions were concluded in the Commerzbank Group where the assets were derecognised in spite of continuing involvement.

(80) Maturities of assets and liabilities

The table below lists all assets and liabilities (except for positive and negative fair values of derivative financial instruments) classified by whether they are short-term or long-term. Please refer to Note 78 for the maturity breakdown of derivatives. The residual term or the time of anticipated realisation or fulfilment is defined as short-term if the period between the reporting date and the instrument's maturity date is less than one year. Financial instruments in trading assets and liabilities without contractual maturities, the cash reserve item, non-current assets and liabilities held for sale and current taxes on income are classified as short-term. By contrast, the items holdings in companies accounted for using the equity method, intangible assets, fixed assets, investment properties and deferred taxes are generally classified as long-term. When classifying other assets and liabilities we make an assessment for the main items. For information on how the maturities of the main types of provisions are classified, please refer to Note 68.

	Short-term	Long-term
	€m	
Cash reserve	15,755	—
Claims on banks	79,174	8,854
Claims on customers	105,328	173,218
Trading assets	24,640	13,104
Financial investments	9,740	79,402
Holdings in companies accounted for using the equity method	—	744
Intangible assets	—	3,051
Fixed assets	—	1,372
Investment properties	—	637
Non-current assets and disposal groups held for sale	757	—
Current tax assets	790	—
Deferred tax assets	—	3,015
Other assets	2,323	1,517
Total	**238,507**	**284,914**
Liabilities to banks	70,141	40,101
Liabilities to customers	220,352	45,490
Securitised liabilities	17,963	61,369
Trading liabilities	8,609	2,368
Provisions	2,633	626
Current tax liabilities	324	—
Deferred tax liabilities	—	90
Liabilities from disposal groups held for sale	2	—
Other liabilities	3,634	4,356
Subordinated and hybrid capital	564	13,349
Total	**324,222**	**167,749**

In the maturity breakdown, we show the residual terms of financial instruments that are subject to contractual maturities. The residual term is defined as the period between the balance sheet date and the contractual maturity date of the financial instruments. In the case of financial instruments which are paid in partial amounts, the residual term of each partial amount has been used.

	Residual terms				
31.12.2012	**due on demand and unlimited term**	**up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**more than 5 years**
			€m		
Claims on banks	34,492	34,180	10,597	8,125	740
Claims on customers	29,308	45,564	37,340	84,913	89,075
Bonds, notes and other interest-rate-related securities and promissory note loans in trading assets	100	2,835	3,708	6,312	6,792
Bonds, notes and other interest-rate-related securities held in financial investments	—	5,130	4,610	33,576	44,232
Total	**63,900**	**87,709**	**56,255**	**132,926**	**140,839**
Liabilities to banks	43,089	21,670	5,382	27,396	12,705
Liabilities to customers	142,377	61,999	15,976	16,129	29,361
Securitised liabilities	—	8,301	9,662	47,302	14,067
Trading liabilities	4	843	1,986	1,173	1,195
Subordinated and hybrid capital[1]	—	375	197	5,052	8,484
Total	**185,470**	**93,188**	**33,203**	**97,052**	**65,812**

[1] Excluding interest accruals and discounts (€ – 1,130m) and valuation effects (€935m).

	Residual terms				
31.12.2011	**due on demand and unlimited term**	**up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**more than 5 years**
			€m		
Claims on banks	35,867	30,236	11,475	8,858	1,596
Claims on customers	24,716	49,752	34,677	98,002	97,352
Bonds, notes and other interest-rate-related securities and promissory note loans in trading assets	42	3,617	3,649	6,208	8,450
Bonds, notes and other interest-rate-related securities held in financial investments	4	4,407	5,886	33,092	49,137
Total	**60,629**	**88,012**	**55,687**	**146,160**	**156,535**
Liabilities to banks	33,841	23,526	5,023	22,456	13,635
Liabilities to customers	129,731	62,481	16,543	12,119	34,470
Securitised liabilities	—	17,727	10,433	58,921	18,592
Trading liabilities	1,180	1,132	1,940	1,489	48
Subordinated and hybrid capital[1]	—	—	1,175	3,919	10,805
Total	**164,752**	**104,866**	**35,114**	**98,904**	**77,550**

[1] Excluding interest accruals and discounts (€ – 1,296m) and valuation effects (€857m).

(81) Fair value of financial instruments

Determination of fair value

This note provides more information on the fair values of financial instruments which are not recognised at fair value in the balance sheet, but for which a fair value must be disclosed in accordance with IFRS 7. For the financial instruments reported in the balance sheet at fair value the accounting methodology is set out in the accounting and measurement policies (Notes 2 to 30) and in the sections "Measurement of financial instruments" and "Fair value hierarchy" in Note 82.

The nominal value of financial instruments that fall due on a daily basis is considered as their fair value. These instruments include the cash reserve as well as overdrafts and demand deposits in the claims on banks and customers or liabilities to banks and customers items.

Market prices are not available for loans and deposits as there are no organised markets in which these financial instruments are traded. Fair value is determined for these instruments by using recognised mathematical valuation methods with current market parameters. A discounted cash flow model is used for loans with parameters based on a market yield curve (swap curve), a business-specific risk premium and other premiums to cover liquidity costs, administrative expenses and the cost of capital. The same yield curve is also used to determine the fair value of liabilities, with Commerzbank Aktiengesellschaft's own credit spread plus a premium for administrative costs also being incorporated. The model also uses varying market risk premiums by product category for mortgage Pfandbriefe, public Pfandbriefe and loans taken out by the Bank.

The fair value of securitised liabilities, subordinated liabilities and hybrid capital is determined on the basis of market prices as far as possible. If no market prices are available, the fair values are determined on the basis of mathematical valuation models (e.g. discounted cash flow or option price models), which are in turn based on parameters available on the market, e.g. yield curves, volatilities and Commerzbank's own credit spread. In cases where the Bank has issued structured debt instruments, which are designated in the fair value option, the Bank's own credit risk is recognised in the income statement.

The table below compares the fair values of the balance sheet items with their carrying values:

	Fair value		Carrying amount		Difference	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
			€bn			
Assets						
Cash reserve	15.8	6.1	15.8	6.1	—	—
Claims on banks	87.9	87.6	88.0	87.8	−0.1	−0.2
Reverse repos and cash collaterals	55.9	51.6	55.9	51.6		
Claims from money market transactions	2.9	2.8	2.9	2.8		
Promissory note loans	6.5	8.3	6.6	8.5	−0.1	−0.2
Other claims	22.7	25.1	22.7	25.1	0.0	0.0
Loan loss provisions	−0.1	−0.2	−0.1	−0.2		
Claims on customers	281.5	292.9	278.5	296.6	3.0	−3.7
Reverse repos and cash collaterals	33.9	26.0	33.9	26.0		
Claims from money market transactions	7.3	8.0	7.3	8.0		
Promissory note loans	19.9	21.1	20.2	21.6	−0.3	−0.5
Mortgages and other claims secured by property charges	100.8	115.2	100.9	118.0	−0.1	−2.8
Other claims	127.3	130.5	123.9	130.9	3.4	−0.4
Loan loss provisions	−7.7	−7.9	−7.7	−7.9		
Value adjustment portfolio fair value hedges[1]	0.0	0.0	0.2	0.1	−0.2	−0.1
Positive fair values of derivative hedging instruments	6.1	5.1	6.1	5.1	—	—
Trading assets	144.1	155.7	144.1	155.7	—	—
Financial investments	84.3	89.4	89.1	94.5	−4.8	−5.1
Loans and receivables	47.6	55.5	52.4	60.6	−4.8	−5.1
Available-for-sale	33.9	30.1	33.9	30.1		
Unlisted equity holdings	0.4	0.5	0.4	0.5		
At fair value through profit or loss	2.4	3.3	2.4	3.3		
Other assets	14.0	15.8	14.0	15.8	—	—

1 The fair value adjustments on portfolio fair value hedges are contained in the relevant balance sheet line items for the hedged items.

	Fair value		Carrying amount		Difference	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
			€bn			
Liabilities						
Liabilities to banks	110.3	98.3	110.2	98.5	0.1	−0.2
Repos and cash collaterals	23.8	19.0	23.8	19.0		
Liabilities from money market transactions	41.1	25.3	41.1	25.3		
Other liabilities	45.4	54.0	45.3	54.2	0.1	−0.2
Liabilities to customers	266.1	255.1	265.8	255.3	0.3	−0.2
Repos and cash collaterals	32.0	28.2	32.0	28.2		
Liabilities from money market transactions	42.6	44.2	42.6	44.2		
Other liabilities	191.5	182.7	191.2	182.9	0.3	−0.2
Securitised liabilities	83.0	104.6	79.3	105.7	3.7	−1.1
Measured at amortised cost	79.6	101.5	75.9	102.6	3.7	−1.1
At fair value through profit or loss	3.4	3.1	3.4	3.1		
Value adjustment portfolio fair value hedges[1]	0.0	0.0	1.5	0.9	−1.5	−0.9
Negative fair values of derivative hedging instruments	11.7	11.4	11.7	11.4	—	—
Trading liabilities	116.1	137.8	116.1	137.8	—	—
Subordinated and hybrid capital	13.2	11.8	13.9	15.5	−0.7	−3.7
Other liabilities	10.2	11.8	10.2	11.8	—	—

[1] The fair value adjustments on portfolio fair value hedges are contained in the relevant balance sheet line items for the hedged items.

(82) Information on the fair value hierarchy of financial instruments

Measurement of financial instruments

Under IAS 39, all financial instruments are initially recognised at fair value; in the case of financial instruments that are not classified as at fair value through profit or loss, fair value plus certain transaction costs. The subsequent measurement of those financial instruments that are classified as at fair value through profit or loss or available-for-sale financial assets are measured at fair value on an ongoing basis. For this purpose, at fair value through profit or loss includes derivatives, instruments held for trading and instruments designated at fair value.

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing, independent parties in an arm's length transaction. The most suitable measure of fair value is the quoted price for an identical instrument in an active market (fair value hierarchy Level I). If quoted prices are not available, valuation is based on quoted prices for similar instruments in active markets. To reflect the price at which an asset could be exchanged or a liability settled, asset positions are measured at the bid price and liability positions are measured at the offer price. Where quoted prices are not available for identical or similar financial instruments, fair value is derived using an appropriate valuation model where the data inputs are obtained, as far as possible, from observable market sources (fair value hierarchy Level II).

While most valuation techniques rely on data from observable market sources, certain financial instruments are measured using models that incorporate other inputs for which there is insufficient recent observable market data. These valuations inherently include a greater level of management judgement. These unobservable inputs may include data that is extrapolated, interpolated, or may be derived by approximation to correlated or historical data. However, such inputs maximise market or third-party inputs and rely as little as possible on company-specific inputs (fair value hierarchy Level III).

The fair values which can be realised at a later date can deviate from the fair values as calculated under Level III. Valuation models must be consistent with accepted economic methodologies for pricing financial instruments and must incorporate all factors that market participants would consider appropriate in setting a price. All fair values are subject to the Group's internal controls and procedures which set out the standards for independently verifying or validating fair values. These controls and procedures are managed by the Independent Price Verification (IPV) Group within the Finance function. The models, inputs, and resulting fair values are reviewed regularly by Senior Management and the Risk function.

Fair value hierarchy

Under IFRS 7, financial instruments carried at fair value are assigned to the three levels of the fair value hierarchy as follows (see also "Measurement of financial instruments"):

Level I: Financial instruments where the fair value is based on quoted prices for identical financial instruments in an active market;

Level II: Financial instruments where no quoted prices are available for identical instruments in an active market and the fair value is established using valuation techniques;

Level III: Financial instruments where valuation techniques reused that incorporate inputs for which there is insufficient observable market data and where these inputs have more than a slight impact on the fair value.

The allocation of certain financial instruments to the relevant level is subject to the judgement of management on a systematic basis, particularly if the valuation is based both on observable market data and unobservable market data. An instrument's classification may change over time, to take account of changes in market liquidity and in the interests of price transparency.

In the tables below the financial instruments reported in the balance sheet at fair value are broken down by balance sheet item and valuation method. They are broken down according to whether fair value is based on quoted market prices (Level I), observable market data (Level II) or unobservable market data (Level III).

		31.12.2012				31.12.2011			
Financial assets		**Level I**	**Level II**	**Level III**	**Total**	**Level I**	**Level II**	**Level III**	**Total**
					€bn				
Claims on banks	At fair value through profit or loss	—	34.7	—	34.7	—	23.8	—	23.8
Claims on customers	At fair value through profit or loss	—	30.7	0.3	31.0	—	23.7	0.2	23.9
Positive fair values of derivative hedging instruments	Hedge accounting	—	6.1	—	6.1	—	5.1	—	5.1
Trading assets	Held for trading	34.6	107.3	2.2	144.1	29.7	121.8	4.2	155.7
of which positive fair values from derivatives		—	105.4	1.0	106.4	—	121.1	2.5	123.6
Financial investments	At fair value through profit or loss	2.3	—	0.1	2.4	3.1	—	0.2	3.3
	Available-for-sale financial assets	30.7	3.0	0.6	34.3	27.7	2.1	0.8	30.6
Total		**67.6**	**181.8**	**3.2**	**252.6**	**60.5**	**176.5**	**5.4**	**242.4**

		31.12.2012				31.12.2011			
Financial liabilities		**Level I**	**Level II**	**Level III**	**Total**	**Level I**	**Level II**	**Level III**	**Total**
					€bn				
Liabilities to banks	At fair value through profit or loss	0.0	20.0	—	20.0	0.1	12.9	—	13.0
Liabilities to customers	At fair value through profit or loss	0.0	37.2	—	37.2	1.5	30.4	—	31.9
Securitised liabilities	At fair value through profit or loss	3.4	—	—	3.4	3.1	—	—	3.1
Negative fair values of derivative hedging instruments	Hedge accounting	—	11.7	—	11.7	—	11.4	—	11.4
Trading liabilities	Held for trading	10.8	104.5	0.8	116.1	11.6	124.8	1.4	137.8
of which negative fair values from derivatives		—	104.5	0.7	105.2	—	124.7	1.2	125.9
Subordinated capital	At fair value through profit or loss	—	—	—	—	—	—	—	—
Total		**14.2**	**173.4**	**0.8**	**188.4**	**16.3**	**179.5**	**1.4**	**197.2**

In 2012 we reclassified €0.7bn of available-for-sale securities from Level I to Level II, as no quoted market prices were available. In turn, we reclassified €0.7bn of held-for-trading interest-rate-related securities and €0.4bn of available-for-sale securities from Level II to Level I, as quoted market prices were available again. Improved availability and observability of relevant market data resulted in a further reclassification from Level III to Level II concerning €0.8bn in positive fair values from derivatives and €0.5bn in negative fair values from derivatives. Market data for one structured transaction were no longer available, resulting in a reclassification of €0.1bn from Level II to Level III. Apart from this, there were no other significant reclassifications between Level I, Level II and Level III.

The changes in financial instruments in the Level III category in financial years 2011 and 2012 were as follows:

Financial assets	**Claims on customers**	**Trading assets**	**of which positive fair values from derivatives**	**Financial investments**		**Total**
	At fair value through profit or loss	**Held for trading**	**Held for trading**	**At fair value through profit or loss**	**Available-for-sale financial assets**	
				€m		
Fair value as at 1.1.2011	**214**	**4,004**	**693**	**432**	**1,294**	**5,944**
Changes in the group of consolidated companies	—	—	—	—	—	—
Gains or losses recognised in income statement during the period	—	166	−7	—	—	166
Gains or losses recognised in equity		—	—	—	−11	−11
Purchases	—	234	154	–	456	690
Sales	—	−976	−113	—	−20	−996
Issues	—	—	—	—	—	—
Redemptions	—	−253	−59	—	−622	−875
Reclassifications	−22	1,049	1,868	−269	−270	488
Fair value as at 31.12.2011	**192**	**4,224**	**2,536**	**163**	**827**	**5,406**
Changes in the group of consolidated companies	—	—	—		—	—
Gains or losses recognised in income statement during the period	−2	129	139		—	127
Gains or losses recognised in equity	−4	−189	−187	8	—	−185
Purchases	—	98	3		—	98
Sales	—	−1,232	−760	−18	−164	−1,414
Issues	—	—	—		—	—
Redemptions	—	−61	−1	−96	−8	−165
Reclassifications	116	−794	−776	−4	−10	−692
Fair value as at 31.12.2012	**302**	**2,175**	**954**	**53**	**645**	**3,175**

Financial liabilities	Trading liabilities Held for trading	of which negative fair values from derivatives Held for trading	Total
		€m	
Fair value as at 1.1.2011	**1,291**	**20**	**1,291**
Changes in the group of consolidated companies	—	—	—
Gains or losses recognised in income statement during the period	−32	−24	−32
Gains or losses recognised in equity	—	—	—
Purchases	32	—	32
Sales	−63	−63	−63
Issues	59	59	59
Redemptions	−216	−216	−216
Reclassifications	332	1,386	332
Fair value as at 31.12.2011	**1,403**	**1,162**	**1,403**
Changes in the group of consolidated companies	—	—	—
Gains or losses recognised in income statement during the period	—	—	—
Gains or losses recognised in equity	−48	−48	−48
Purchases	89	89	89
Sales	2	2	2
Issues	—	—	—
Redemptions	−47	−47	−47
Reclassifications	−559	−476	−559
Fair value as at 31.12.2012	**840**	**682**	**840**

Sensitivity analysis

Where the value of financial instruments is based on unobservable input parameters, the precise level of these parameters at the balance sheet date may be derived from a range of reasonable possible alternatives at the judgement of the management. In preparing the financial statements, appropriate levels for these unobservable input parameters are chosen which are consistent with existing market evidence and in line with the Group's valuation control approach.

The purpose of this disclosure is to illustrate the potential impact of the relative uncertainty in the fair values of financial instruments with valuations based on unobservable input parameters. These parameters lie at the extremes of their range of reasonable possible alternatives. In practice, however, it is unlikely that all unobservable parameters would simultaneously lie at the extremes of this range. Consequently, the estimates provided are likely to exceed the actual uncertainty in the fair values of these instruments. The purpose of these figures is not to estimate or predict future changes in fair value. The unobservable parameters were either shifted by 1% to 10% as deemed appropriate by our independent valuation experts for each type of instrument or a measure of standard deviation was applied.

The table below presents the sensitivity analysis by type of instrument:

	2012		
	Positive effects on income statement	Negative effects on income statement	Changed parameters
		€m	
Derivatives	**93**	**−93**	
Equity-related transactions	—	—	Cash flow
Credit derivatives	66	−66	Correlation, discount yield
Interest-rate-related transactions	27	−27	Mean reversion, correlation
Other transactions	—	—	
Securities	**105**	**−73**	
Interest-rate-related transactions	105	−73	Credit spread, discount yield
of which ABS	62	−31	Yield, recovery rate, credit spread
Equity-related transactions	—	—	
Loans	**—**	**—**	

Day One profit or loss

The Commerzbank Group has entered into transactions where the fair value was calculated using a valuation model, where not all material input parameters are observable in the market. The initial carrying value of such transactions is the transaction price. The difference between the transaction price and the fair value of the valuation model is termed the day one profit or loss. The day one profit or loss is not recognised in profit or loss immediately, but over the tenor of the respective transaction. As soon as there is a quoted market price on an active market for such transactions or all material input parameters become observable, the accrued day one profit or loss is immediately recognised in net trading income. A cumulated difference between transaction price and model valuation is calculated for all Level III inventory. Material impacts only result from financial instruments held for trading; the development was as follows:

	2012			2011		
Day one profit or loss	**Trading assets**	**Trading liabilities**	**Total**	**Trading assets**	**Trading liabilities**	**Total**
			€m			
Balance as at 1.1.	**—**	**3**	**3**	**1**	**1**	**2**
Allocations not recognised in income statement	—	1	1	—	3	3
Reversals recognised in income statement	—	2	2	1	1	2
Balance as at 31.12.	**—**	**2**	**2**	**—**	**3**	**3**

(83) Information on financial assets and financial liabilities for which the fair value option is applied

In the Commerzbank Group, the fair value option is primarily used to avoid accounting mismatches arising from securities and loans hedged with interest rate or credit derivatives. This also applies to structured debt instruments we have issued which have been hedged with interest rate or foreign currency derivatives.

The fair value option is also used for financial instruments if their management and performance is evaluated on a fair value basis and for financial instruments with embedded derivatives.

All in all, the net gain or loss from applying the fair value option amounted to €– 334m (previous year: €292m) (see Note 34).

Applying the fair value option in order to avoid accounting mismatches and for financial instruments with embedded derivatives produced the following values as broken down by balance sheet item:

	31.12.2012	**31.12.2011**	Change in %
		€m	
Claims on banks	—	—	.
Claims on customers	521	619	– 15.8
Financial investments	2,237	2,597	– 13.9
Total assets	**2,758**	**3,216**	**– 14.2**
Liabilities to banks	171	34	.
Liabilities to customers	1,791	1,497	19.6
Securitised liabilities	3,429	3,080	11.3
Subordinated and hybrid capital	8	24	– 66.7
Total liabilities	**5,399**	**4,635**	**16.5**

Of the total claims of €521m measured at fair value, €209m (previous year: €266m) were hedged by credit derivatives. In the year under review, the change in the fair value of claims attributable to changes in default risk was €– 5m (previous year: €24m) and amounted cumulatively to €– 153m (previous year: €– 148m).

The change in the fair value of the related risk-limiting credit derivatives amounted to €40m in the financial year 2012 (previous year: €30m) and amounted cumulatively to €38m (previous year: €– 2m).

For liabilities to which the fair value option was applied, the change in fair value for credit risk reasons was €332m for the 2012 financial year (previous year: €– 293m). The cumulative change was €– 27m (previous year: €– 359m). The repayment amount of the financial liabilities measured at fair value was €5,593m (previous year: €4,501m).

The credit risk-specific changes in the fair value of the claims and liabilities were primarily calculated as changes in fair values less value changes resulting from market conditions.

The fair value option was also used for financial instruments if their management and performance is measured on a fair value basis. This applied chiefly to repurchase agreements, money market transactions and cash collaterals paid and received. The following balance sheet items were affected:

	31.12.2012	31.12.2011	Change in %
		€m	
Claims on banks	34,681	23,779	45.8
Claims on customers	30,522	23,244	31.3
Financial investments	210	721	–70.9
Total assets	**65,413**	**47,744**	**37.0**
Liabilities to banks	19,865	12,996	52.9
Liabilities to customers	35,408	30,356	16.6
Securitised liabilities	—	—	.
Subordinated and hybrid capital	—	—	.
Total liabilities	**55,273**	**43,352**	**27.5**

There were no significant changes in the fair values of assets and liabilities arising from default risk, since these consisted of short-term money market transactions and collaterals in securities lending business. Furthermore, for €57,142m of financial assets at fair value through profit or loss (reverse repos after netting; previous year: €40,535m) we received €70,796m (previous year: €48,642m) of securities as collateral to reduce counterparty risk.

The repayment amount of the financial liabilities measured at fair value was €61,916m (previous year: €43,284m).

Other notes

(84) Concentration of credit risk

Concentrations of credit risk may arise through business relations with individual borrowers or groups of borrowers which share a number of features and which are individually able to service debt and are influenced to the same extent by changes in certain overall economic conditions. Besides obtaining collateral and applying a uniform lending policy, the Bank has entered into a number of master netting agreements to minimise credit risks. These give the Bank the right to net claims on and liabilities to a customer in the event of the default or insolvency of that customer. The carrying values of credit risks relating to claims on customers were as follows as at 31 December 2012:

	Claims	
	31.12.2012	31.12.2011
	€m	
Customers in Germany	**175,234**	**192,645**
Corporate customers	87,532	98,876
Manufacturing	24,037	20,833
Construction	1,165	2,264
Trading	7,745	8,706
Services and others	54,585	67,073
Public sector	23,795	25,707
Private customers	63,907	68,062
Customers outside Germany	**110,966**	**111,854**
Corporate and retail customers	102,990	103,059
Public sector	7,976	8,795
Sub-total	**286,200**	**304,499**
Less valuation allowances	–7,654	–7,913
Total	**278,546**	**296,586**

The carrying values of credit risks relating to contingent liabilities and irrevocable lending commitments were as follows as at 31 December 2012:

	Contingent liabilities, irrevocable lending commitments	
	31.12.2012	**31.12.2011**
	€m	
Customers and banks in Germany	**39,398**	**43,288**
Banks	459	749
Corporate customers	34,981	39,769
Manufacturing	21,365	10,939
Construction	1,796	1,091
Trading	4,509	4,217
Services and others	7,311	23,522
Public sector	79	67
Private customers	3,879	2,703
Customers and banks outside Germany	**46,474**	**48,291**
Banks	10,873	9,906
Corporate and retail customers	35,370	37,691
Public sector	231	694
Sub-total	**85,872**	**91,579**
Less provisions	−288	−451
Total	**85,584**	**91,128**

The book values of credit risk concentrations in loans and receivables, contingent liabilities and irrevocable lending commitments listed above do not form the basis for the internal management of credit risk, as credit risk management also takes account of collateral, probabilities of default and other economic factors. To this extent these amounts are therefore not representative of the bank's assessment of its actual credit risk.

(85) Maximum credit risk

The maximum credit risk exposure in accordance with IFRS 7 – excluding collateral or other credit enhancements – is equal to the carrying amount of the relevant assets in each class, or the nominal value in the case of irrevocable lending commitments and contingent liabilities. The table below shows the carrying amounts or nominal values of financial instruments with a potential default risk:

Maximum credit risk	**31.12.2012**	**31.12.2011**	Change in %
		€m	
Bonds, notes and other interest-rate-related securities under	107,295	114,492	−6.3
Trading assets	19,747	21,966	−10.1
Financial investments	87,548	92,526	−5.4
Claims on banks	88,134	88,032	0.1
Claims on customers	286,200	304,499	−6.0
Positive fair values of derivative financial instruments	112,457	128,739	−12.6
Trading assets	106,400	123,607	−13.9
Hedging instruments under IAS 39	6,057	5,132	18.0
Other trading assets	238	424	−43.9
Irrevocable lending commitments	49,747	53,911	−7.7
Contingent liabilities	35,837	37,217	−3.7

The maximum credit risk exposures listed above do not form the basis for the management of credit risk internally, as credit risk management also takes account of collateral, probabilities of default and other economic factors (see the default risk chapter in the Risk Report). These amounts are therefore not representative of the Bank's assessment of its actual credit risk.

(86) Liquidity ratio of Commerzbank Aktiengesellschaft

The liquidity of a bank is considered adequate if the liquidity ratio is not lower than 1. The liquidity ratio is the ratio between the funds available from the reporting date up to the end of the following month (first maturity bracket) and the outflows expected during this period. The standardised approach under the German Liquidity Regulation was used by Commerzbank Aktiengesellschaft in 2012.

As at 31 December 2012 the liquidity ratio calculated by Commerzbank Aktiengesellschaft was 1.38 (previous year: 1.17). Excess liquidity from the first maturity bracket was €68.4bn (previous year: €29.0bn). The following are the liquidity ratios for Commerzbank Aktiengesellschaft in 2012:

	Month-end level		Month-end level
January	1.13	July	1.37
February	1.23	August	1.32
March	1.29	September	1.30
April	1.31	October	1.34
May	1.31	November	1.33
June	1.38	December	1.38

(87) Subordinated assets

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

	31.12.2012	31.12.2011	Change in %
		€m	
Claims on banks	50	56	–10.7
Claims on customers	510	564	–9.6
Trading assets	188	147	27.9
Financial investments	466	519	–10.2
Total	**1,214**	**1,286**	**–5.6**
of which on or in banks in which an equity holding exists	—	—	.

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

(88) Contingent liabilities and irrevocable lending commitments

The Commerzbank Group extends credit facilities to its customers, granting them rapid access to funds to meet their short-term and long-term financing needs. The credit facilities can be provided in different forms, as shown in the following examples:

- Guarantees, where the Group guarantees the repayment of a loan borrowed by a customer from another party;
- Standby letters of credit, which enhance a customer's credit standing and enable the customer to obtain trade finance at a lower cost;
- Documentary credits for trade finance payments, which are made on behalf of a customer and where the Group is reimbursed at a later date;
- Standby facilities for short-term debt instruments and debt paper issued on a revolving basis, which enable customers to issue money market paper or medium-term debt instruments when needed without having to go through the normal issue procedure every time.

Customers' total exposure under loans and guarantees may be secured by collateral. In addition third parties may have sub-participations in irrevocable lending commitments and guarantees.

The figures listed in the table below would only have to be written off, if all customers utilised their facilities completely and then defaulted (and there was no collateral). However, in practice the majority of these facilities expire without ever being utilised. As a result these amounts are unrepresentative in terms of assessing risk, the actual future loan exposure or resulting liquidity requirements. The risk report contains further information on credit risk arising from financial guarantee contracts and irrevocable lending commitments as well as on the monitoring and management of liquidity risks.

	31.12.2012	31.12.2011	Change in %
		€m	
Contingent liabilities	**35,837**	**37,217**	**−3.7**
from rediscounted bills of exchange credited to borrowers	5	1	.
from guarantees and indemnity agreements	35,783	37,160	−3.7
Credit guarantees	2,148	3,085	−30.4
Other guarantees	25,169	26,368	−4.5
Letters of credit	8,051	7,274	10.7
Guarantees for ABS securitisations	—	—	.
Other warranties	415	433	−4.2
Other commitments	49	56	−12.5
Irrevocable lending commitments	**49,747**	**53,911**	**−7.7**
Book credits to banks	1,369	1,332	2.8
Book credits to customers	47,119	51,121	−7.8
Acceptance credits	1,025	1,429	−28.3
Letters of credit	234	29	.
Total	**85,584**	**91,128**	**−6.1**

The maturities of contingent liabilities and irrevocable lending commitments were as follows:

	31.12.2012	31.12.2011	Change in %
		€m	
Due on demand	749	2,284	−67.2
Up to 3 months	30,771	30,925	−0.5
More than 3 months up to 1 year	16,761	20,254	−17.2
More than 1 year up to 5 years	34,209	34,617	−1.2
More than 5 years	3,094	3,048	1.5
Total	**85,584**	**91,128**	**−6.1**

Loan loss provisions for off balance-sheet commitments have been deducted from the respective items in these tables.

(89) Repurchase agreements (repo and reverse repo transactions), securities lending and cash collaterals

Under its repurchase agreements, the Commerzbank Group sells or purchases securities with the obligation to repurchase or return them. The money received from repurchase agreements where we are the borrower (i.e. where we are under an obligation to take the securities back) is shown in the balance sheet as a liability to banks or customers. The securities delivered to the lender continue to be reported in the balance sheet in accordance with their relevant category. As lender the Commerzbank Group recognises a claim on the borrower equal to the cash collateral it has paid out. We hold the securities, which are the collateral for the transaction, in custody. 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 financial investments, whereas borrowed securities do not appear in the balance sheet. We report cash collateral which we have furnished for securities lending transactions (cash collaterals out) as a claim and collateral received as a liability (cash collaterals in). Cash collaterals out are also deposited as security in connection with derivative transactions.

The repurchase agreements and securities lending transactions concluded up to the balance sheet date and the cash collaterals broke down as follows:

	31.12.2012	31.12.2011	Change in %
		€m	
Repurchase agreements as a borrower			
Carrying amount of securities transferred	49,134	37,697	30.3
Cash collaterals received			
Liabilities to banks	9,147	9,164	– 0.2
Liabilities to customers	27,715	20,529	35.0
Securities lent in securities lending transactions			
Carrying amount of securities transferred	18,424	12,699	45.1
Cash collaterals received			
Liabilities to banks	14,703	9,821	49.7
Liabilities to customers	4,282	7,680	– 44.2
Sum of the carrying amounts of securities transferred	**67,558**	**50,396**	**34.1**
Sum of collaterals received	**55,847**	**47,194**	**18.3**
Repurchase agreements as a lender			
Fair value of securities received	71,510	50,002	43.0
Cash collaterals paid			
Claims on banks	31,956	24,082	32.7
Claims on customers	25,929	17,922	44.7
Securities borrowed in securities lending transactions			
Fair value of securities received	17,681	12,491	41.5
Cash collaterals paid[1]			
Claims on banks	23,905	27,524	– 13.1
Claims on customers	7,995	8,120	– 1.5
Sum of fair value from securities received	**89,191**	**62,493**	**42.7**
Sum of collaterals given	**89,785**	**77,648**	**15.6**

[1] Including cash collateral paid out in connection with derivatives.

The carrying value of securities lent was €18,424m (previous year: €12,699m), against which there were related liabilities of €18,985m (previous year: €17,501m) as well as securities of €4,924m (previous year: €583m) as collateral. The claims and liabilities from repurchase agreements are shown after netting.

(90) Collateral received

The fair value of collaterals received, which the Bank has a right to resell or pledge even where the provider does not default, were as follows:

	31.12.2012	31.12.2011	Change in %
		€m	
Total amount of collaterals received	89,191	93,218	– 4.3
of which			
Resold or repledged	46,686	30,726	51.9
of which			
Subject to an obligation to return	—	—	.

The transactions were carried out on standard market terms for securities lending and repurchase transactions and loan transactions.

(91) Fiduciary transactions

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

	31.12.2012	31.12.2011	Change in %
		€m	
Claims on banks	49	53	– 7.5
Claims on customers	650	728	– 10.7
Other assets	485	492	– 1.4
Fiduciary assets	**1,184**	**1,273**	**– 7.0**
Liabilities to banks	58	66	– 12.1
Liabilities to customers	1,126	1,207	– 6.7
Fiduciary liabilities	**1,184**	**1,273**	**– 7.0**

(92) Capital requirements and capital ratios

The German Banking Act and the Solvency Regulation, which implemented the Basel II Capital Accord in Germany, impose obligations on the German banks to maintain minimum capital ratios. Banks are required to maintain a minimum ratio of capital to risk-weighted assets of 8% (total capital ratio). A minimum requirement of 4% applies for the ratio of Tier I capital to risk-weighted assets (Tier I capital ratio).

A bank's total capital is made up of Tier I, Tier II and Tier III capital. Core Tier I capital consists largely of subscribed capital plus reserves, non-controlling interests and the silent participations of the Financial Market Stabilisation Fund (SoFFin), less certain items such as goodwill, equity holdings and intangible assets. Adding hybrid capital gives us Tier I capital. Tier II capital comprises profit-sharing certificates and subordinated long-term liabilities.

In addition the European Banking Authority (EBA) conducted an EU-wide capital exercise which introduced a new capital requirement for Europe's major banks. This required banks to meet a core Tier I ratio of 9% by 30 June 2012 after taking account of hidden liabilities on their holdings of European government bonds. The Commerzbank Group had a Core Tier I ratio of 12.2% (10.3% after hidden liabilities) as at 30 June 2012. The Group's Core Tier I capital therefore exceeded the EBA's capital requirement by €2.8bn.

Commerzbank seeks to achieve the following objectives in managing its capital:

- Adherence to the statutory minimum capital requirements at Group level and in all companies included in the regulatory Group
- Ensuring that the planned capital ratios are met, including the new EBA requirements
- Provision of sufficient reserves to guarantee the Bank's freedom of action at all times
- Strategic allocation of Tier I capital to business segments and divisions in order to exploit growth opportunities

During the financial crisis the importance of adequate Tier I capital levels for banks has become an issue of increasing public concern. At Commerzbank Tier I capital has always been a key management target. The bank's specifications for the capital ratios far exceed the minimum statutory requirements. The bank's risk-taking capability and market expectations play an important role in determining the internal capital ratio targets. As a result Commerzbank has set minimum thresholds for regulatory capital; these are currently >9% for Core Tier I capital and >10% for Tier I capital.

Tier I capital is allocated via a regular process which takes account of the bank's strategic direction, profitable new business opportunities in the core business of each banking department as well as risk appetite issues.

All measures relating to the Bank's capital are proposed by the Bank's central asset-liability committee and approved by the Board of Managing Directors, subject to the authorisation granted by the Annual General Meeting.

In the past year Commerzbank met the minimum statutory capital requirements, the much stricter requirements of SoFFin and the EBA requirements as at 30 June 2012 at all times. The structure of the Commerzbank Group's capital was as follows:

	31.12.2012	31.12.2011	Change in %
		€m	
Core Tier I			
Subscribed capital	5,828	5,113	14.0
Reserves, non-controlling interests, treasury shares	18,188	17,430	4.3
Silent participations	1,626	1,937	−16.1
Other	−656	−1,037	−36.7
Total Core Tier I	**24,986**	**23,443**	**6.6**
Hybrid capital	2,259	2,746	−17.7
Total Tier I	**27,245**	**26,189**	**4.0**
Tier II capital			
Hybrid capital	—	—	.
Profit-sharing certificates	731	726	0.7
Reserves in securities (amount reported: 45%)	25	61	−59.0
Subordinated liabilities	9,777	10,533	−7.2
Other	−655	−949	−31.0
Total Tier II	**9,878**	**10,371**	**−4.8**
Total capital	**37,123**	**36,560**	**1.5**

The changes in Tier I capital primarily reflect the capital increases carried out in 2012. A portion of the SoFFin silent participation was repaid as a result of these capital increases.

	Capital adequacy requirement		Risk-weighted assets[1]		
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**	Change in %
			€m		
Credit risk	13,967	15,182	174,584	189,769	−8.0
Market risk	880	1,640	10,999	20,500	−46.3
Operational risk	1,804	2,106	22,552	26,325	−14.3
Total	**16,651**	**18,928**	**208,135**	**236,594**	**−12.0**
Core Tier I	24,986	23,443			
Tier I capital	27,245	26,189			
Total capital	37,123	36,560			
Core Tier I ratio (%)	12.0	9.9			
Tier I capital ratio (%)	13.1	11.1			
Total capital ratio (%)	17.8	15.5			

[1] Risk-weighted assets are calculated by multiplying the capital requirements by 12.5.

The reconciliation of equity reported in the balance sheet with regulatory capital was as follows:

31.12.2012	Core Tier I	Hybrid capital	Total Tier I	Tier II capital	**Total capital**
			€m		
Reported in balance sheet	27,034	—	27,034	12,316	39,350
Revaluation reserve	1,699		1,699		1,699
Cash flow hedge reserve	616		616		616
Non-controlling interests not to be shown in Tier I capital (incl. revaluation reserve, cash flow hedge reserve), changes in the group of consolidated companies and goodwill	–1,961		–1,961		–1,961
Intangible assets	–969		–969		–969
Other capital subject to a 15% limit		889	889		889
Other capital subject to a 35% limit		1,370	1,370		1,370
Reclassification from silent participations to other capital	–750	—	–750		–750
Parts of subordinated capital not eligible due to limited residual term			—	–1,146	–1,146
Deferred revaluation reserves for securities	—		—	25	25
Other	–683		–683	–1,317	–2,000
Regulatory capital	**24,986**	**2,259**	**27,245**	**9,878**	**37,123**

As the reconciliation for hybrid capital is only carried out from a regulatory perspective, no balance sheet figure is shown.

(93) Securitisation of loans

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. The hedging effect of a credit derivative may relate both to individual loans or securities and to entire portfolios of loans or securities. As a rule, security is furnished by means of a synthetic securitisation by credit default swap (CDS) and/or by credit-linked notes (CLNs). This enables us to achieve three important goals:

- Risk diversification (reduction of credit risks in the portfolio, especially concentration risks)
- Easing the burden on equity capital (the transfer of credit risks to investors leads to a reduction in the regulatory capital requirements under the Solvency Regulation)
- Funding (use of securitisation as an alternative funding instrument to unsecured bearer bonds)

At the financial year-end of 2012, the Commerzbank Group (Commerzbank Aktiengesellschaft and one subsidiary) had launched six securitisation programmes as the buyer of protection.

The range of legal maturity dates stretches from 9 to 76 years. A total of €6.0bn loans to customers had been securitised by end-December 2012. This reduced the Bank's risk-weighted assets by €2.6bn.

Name of transaction	Buyer of protection	Year transacted	Contract period of transactions	Type of claim	Total lending	Reduction of risk-weighted assets
			in years		€m	€m
CoSMO Finance II–1 Limited	Commerzbank Aktiengesellschaft	2011	9	Mittelstand customers	985	338
COSMO Finance II–2 Limited	Commerzbank Aktiengesellschaft	2011	10	Mittelstand customers	1,965	906
CoCo Finance II–1 Limited	Commerzbank Aktiengesellschaft	2012	10	Large corporates	1,958	1,111
Provide GEMS 2002–1 PLC	Hypothekenbank Frankfurt Aktiengesellschaft (formerly Eurohypo Aktiengesellschaft)	2002	45	Residential real estate portfolio	180	29
Semper Finance 2006–1	Hypothekenbank Frankfurt Aktiengesellschaft (formerly Eurohypo Aktiengesellschaft)	2006	76	Project Castle – commercial real estate portfolio	559	107
Semper Finance 2007–1	Hypothekenbank Frankfurt Aktiengesellschaft (formerly Eurohypo Aktiengesellschaft)	2007	36	Commercial real estate portfolio	316	63
					5,963	**2,554**

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

	2012			2011		
	Total	Male	Female	Total	Male	Female
Group	53,798	26,240	27,558	55,917	27,097	28,820
in Germany	41,171	20,091	21,080	42,377	20,977	21,400
outside Germany	12,627	6,149	6,478	13,540	6,120	7,420

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 was 62% (previous year: 62%) of the standard working time.

	2012			2011		
	Total	Male	Female	Total	Male	Female
Trainees	2,298	1,121	1,177	2,503	1,227	1,276

(95) Related party transactions

a) Business relationships

As part of its normal business Commerzbank Aktiengesellschaft and/or its consolidated companies do business with related entities and persons. These include subsidiaries that are controlled but not consolidated for reasons of materiality, jointly controlled entities, associated companies accounted for using the equity method, equity holdings, external providers of occupational pensions for employees of Commerzbank Aktiengesellschaft, key management personnel and members of their families as well as companies controlled by these persons. Key management personnel refers exclusively to members of Commerzbank Aktiengesellschaft's Board of Managing Directors and Supervisory Board who were active during the financial year.

As the guarantor of the Financial Market Stabilisation Authority (FMSA), which administers the Financial Market Stabilisation Fund (SoFFin), the German federal government holds a stake of 25% plus 1 share in Commerzbank Aktiengesellschaft, which gives it the potential to exert significant influence over the Bank. As a result the German federal government and entities controlled by it constitute related parties as defined by IAS 24. In the tables below we present relationships with federal government-controlled entities and agencies separately from relationships with other related parties. Assets, liabilities and off-balance sheet items involving related parties (excluding federal agencies) changed as follows in the year under review:

Assets	**31.12.2012**	**31.12.2011**	Change in %
		€m	
Claims on banks	**172**	**343**	−49.9
Non-consolidated subsidiaries	—	—	.
Jointly controlled entities[1]	—	341	−100.0
Holdings in associated companies accounted for using the equity method and holdings in related companies[1]	172	2	.
Claims on customers	**1,569**	**1,876**	−16.4
Non-consolidated subsidiaries	249	600	−58.5
Jointly controlled entities[1]	14	14	0.0
Holdings in associated companies accounted for using the equity method and holdings in related companies[1]	1,294	1,256	3.0
Key management personnel	5	2	.
Other related entities/persons	7	4	75.0
Trading assets	**37**	**1**	.
Non-consolidated subsidiaries	24	—	.
Jointly controlled entities[1]	—	—	.
Holdings in associated companies accounted for using the equity method and holdings in related companies[1]	11	1	.
Other related entities/persons	2	—	.
Financial investments	**188**	**105**	79.0
Non-consolidated subsidiaries	39	64	−39.1
Jointly controlled entities[1]	—	—	.
Holdings in associated companies accounted for using the equity method and holdings in related companies[1]	3	5	−40.0
Other related entities/persons	146	36	.
Other assets	**271**	**426**	−36.4
Non-consolidated subsidiaries	—	—	.
Jointly controlled entities[1]	—	—	.
Holdings in associated companies accounted for using the equity method and holdings in related companies[1]	271	426	−36.4
Total	**2,237**	**2,751**	−18.7

[1] Prior-year figures restated due to separation of jointly controlled entities and holdings in associated companies accounted for using the equity method and holdings in related companies.

Liabilities and equity	31.12.2012	31.12.2011	Change in %
		€m	
Liabilities to banks	**—**	**2**	– 100.0
Non-consolidated subsidiaries	—	—	.
Jointly controlled entities[1]	—	1	– 100.0
Holdings in associated companies accounted for using the equity method and holdings in related companies[1]	—	1	– 100.0
Liabilities to customers	**1,145**	**1,236**	– 7.4
Non-consolidated subsidiaries	105	106	– 0.9
Jointly controlled entities[1]	4	3	33.3
Holdings in associated companies accounted for using the equity method and holdings in related companies[1]	570	368	54.9
Key management personnel	11	8	37.5
Other related entities/persons	455	751	—39.4
Trading liabilities	**—**	**8**	– 100.0
Non-consolidated subsidiaries	—	—	.
Jointly controlled entities[1]	—	—	.
Holdings in associated companies accounted for using the equity method and holdings in related companies[1]	—	8	– 100.0
Other related entities/persons	—	—	.
Subordinated capital	**620**	**622**	– 0.3
Non-consolidated subsidiaries	—	—	.
Jointly controlled entities[1]	—	—	.
Holdings in associated companies accounted for using the equity method and holdings in related companies[1]	—	—	.
Other related entities/persons	620	622	– 0.3
Other liabilities	**21**	**23**	– 8.7
Non-consolidated subsidiaries	18	19	– 5.3
Jointly controlled entities[1]	—	—	.
Holdings in associated companies accounted for using the equity method and holdings in related companies[1]	3	4	–25.0
Total	**1,786**	**1,891**	– 5.6

1 Prior-year figures restated due to separation of jointly controlled entities and holdings in associated companies accounted for using the equity method and holdings in related companies.

The total liabilities to other related companies include €0.9bn (previous year: €1.2bn) for external pension providers.

Off-balance sheet items	31.12.2012	31.12.2011	Change in %
		€m	
Guarantees and collaterals granted to	109	146	– 25.3
Non-consolidated subsidiaries	22	41	– 46.3
Jointly controlled entities[1]	—	48	– 100.0
Associated companies accounted for using the equity method and holdings in related companies[1]	87	57	52.6
Key management personnel	—	—	.
Other related entities/persons	—	—	.
Guarantees and collaterals received from	8	7	14.3
Non-consolidated subsidiaries	8	7	14.3
Jointly controlled entities[1]	—	—	.
Associated companies accounted for using the equity method and holdings in related companies[1]	—	—	.
Key management personnel	—	—	.
Other related entities/persons	—	—	.

1 Prior-year figures restated due to separation of jointly controlled entities and holdings in associated companies accounted for using the equity method and holdings in related companies.

The following income arose from loan agreements with, deposits from and services provided in connection with related parties (excluding federal agencies):

Income	1.1.–31.12.2012	1.1.–31.12.2011	Change in %
		€m	
Non-consolidated subsidiaries			
Interest income	13	44	– 70.5
Commission income	12	8	50.0
Goods and services	3	—	.
Jointly controlled entities[1]			
Interest income	—	34	– 100.0
Commission income	—	—	.
Current net income from companies accounted for using the equity method	– 6	19	.
Goods and services	—	—	.
Holdings in associated companies accounted for using the equity method and holdings in related companies[1]			
Interest income	46	37	24.3
Commission income	18	9	100.0
Current net income from companies accounted for using the equity method	52	23	.
Goods and services	—	—	.
Key management personnel			
Interest income	—	—	.
Commission income	—	—	.
Goods and services	—	—	.
Other related entities/persons			
Interest income	5	2	.
Commission income	—	—	.
Goods and services	—	—	.
Totals			
Interest income	64	117	– 45.3
Commission income	30	17	76.5
Current net income from companies accounted for using the equity method	46	42	9.5
Goods and services	3	—	.

[1] Prior-year figures restated due to separation of jointly controlled entities and holdings in associated companies accounted for using the equity method and holdings in related companies.

The expenses from loan agreements with, deposits from and services provided in connection with related parties (excluding federal agencies) are shown in the table below.

The operating expenses under key management personnel relate to remuneration of board members reported as personnel expense and salaries of the employee representatives on the Supervisory Board employed by the Commerzbank Group. They also include remuneration paid to the members of the Supervisory Board. The taxes item relates to VAT reimbursed to members of the Board of Managing Directors and Supervisory Board.

Expenses	1.1.–31.12.2012	1.1.–31.12.2011	Change in %
		€m	
Non-consolidated subsidiaries			
Interest income	2	1	100.0
Commission income	27	30	– 10.0
Goods and services	20	14	42.9
Write-downs/impairments	34	—	.
Jointly controlled entities[1]			
Interest income	—	—	.
Commission income	—	11	– 100.0
Goods and services	—	—	.
Write-downs/impairments	—	—	.
Holdings in associated companies accounted for using the equity method and holdings in related companies[1]			
Interest income	3	8	– 62.5
Commission income	8	5	60.0
Goods and services	12	12	0.0
Write-downs/impairments[2]	43	155	– 72.3
Key management personnel			
Interest income	—	—	.
Commission income	—	—	.
Operating expenses	15	8	87.5
Goods and services	—	—	.
Write-downs/impairments	—	—	.
Taxes	—	—	.
Other related entities/persons			
Interest income	49	54	– 9.3
Commission income	—	—	.
Goods and services	—	—	.
Write-downs/impairments	—	—	.
Totals			
Interest income	54	63	–14.3
Commission income	35	46	–23.9
Operating expenses	15	8	87.5
Goods and services	32	26	23.1
Write-downs/impairments	77	155	– 50.3
Taxes	—	—	.

1 Prior-year figures restated due to separation of jointly controlled entities and holdings in associated companies accounted for using the equity method and holdings in related companies.

2 Prior-year figures restated.

Claims on key management personnel were as follows:

	31.12.2012		31.12.2011	
	Board of Managing Directors	**Supervisory Board**	**Board of Managing Directors**	**Supervisory Board**
Claims (€1,000)	4,008	605	1,773	322
Last due date[1]	2042	2038	2042	2037
Range of interest rates used (%)[2]	2.09–7.56	2.45–6.3	3.2–8.3	2.6–6.3

[1] As well as loans with fixed repayment dates, loans were also extended with "on demand" terms.
[2] In individual cases up to 13.2% for overdrafts.

Collaterals for the cash advances and loans to members of the Board of Managing Directors and the Supervisory Board are provided on normal market terms, if necessary through land charges or rights of lien.

With the exception of rental guarantees the companies of the Commerzbank Group did not have any contingent liabilities relating to members of the Board of Managing Directors or the Supervisory Board in the year under review.

Banking transactions with related parties are carried out on normal market terms and conditions.

Transactions with federal agencies

The Commerzbank Group conducts transactions with federal government-controlled entities as part of its ordinary business activities on standard market terms and conditions. Details of the relationship with SoFFin are contained in Note 74. The table below sets out the assets and liabilities relating to transactions with federal agencies as at 31 December 2012:

	31.12.2012	**31.12.2011**	Change in %
		€m	
Cash reserve	5,637	1,179	.
Claims on banks	129	286	– 54.9
Claims on customers	2,114	3,349	– 36.9
Trading assets	2,761	3,576	– 22.8
Financial investments	4,066	3,865	5.2
Total	**14,707**	**12,255**	**20.0**
Liabilities to banks	14,866	13,390	11.0
Liabilities to customers	382	256	49.2
Trading liabilities	1,312	299	.
Silent participations	1,626	1,937	– 16.1
Total	**18,186**	**15,882**	**14.5**
Guarantees and collaterals			
granted	333	24	.
received	—	5,000	– 100.0

The financial instruments included under trading assets and financial investments are debt instruments.

Income and expenses for transactions with federal government-controlled entities were as follows:

	1.1.–31.12.2012	1.1.–31.12.2011	Change in %
		€m	
Income			
Interest income	352	320	10.0
Commission income	5	—	.
Goods and services	2	8	–75.0
Expenses			
Interest income	59	82	–28.0
Commission income	2	48	–95.8
Goods and services	—	—	.
Write-downs/impairments	—	—	.

b) Remuneration of key management personnel

A detailed description of the remuneration system for the members of the Board of Managing Directors and for members of the Supervisory Board is provided in the remuneration report (see p. 35 ff.).

Board of Managing Directors. The table below shows a breakdown of the total remuneration of the Board of Managing Directors in accordance with both the IAS 24.17 and German Accounting Standard 17 classifications (see the remuneration report). The expense under the IAS 24 classification is based on the regulations of the underlying standards (IAS 19 and IFRS 2).

The short-term employee benefits also contain the other remuneration. This includes standard non-monetary benefits (chiefly use of company cars and insurance plus the tax due on these, and employer contributions to the BVV occupational retirement fund).

The post-employment benefits contain the service cost included in pension provisions.

Figures for individual board members in accordance with the German Accounting Standard 17 rules are set out in the remuneration report (p. 42 f.).

	2012	2011
	€1,000	
Short-term employee benefits	9,682	5,371
Post-employment benefits	3,186	2,743
Other long-term benefits	—	—
Termination benefits	625	—
Share-based remuneration	2,991	—
Total remuneration in accordance with IAS 24.17	**16,484**	**8,114**
less		
Post-employment benefits	–3,186	2,743
Termination benefits	–625	—
Measurement and other differences[1]	209	28
Total remuneration in accordance with the Remuneration Report[2]	**12,882**	**5,343**

[1] This includes the difference arising from measurement on the grant date (German Accounting Standard 17) and on the balance sheet date (IFRS 2) among other factors.

[2] The legal basis is Art. 314 (1) no. 6 (a) sentence 1 of the German Commercial Code (HGB).

The assets backing the Bank's retirement benefit plan for present and former members of the Board of Managing Directors or their surviving dependants have been transferred to Commerzbank Pensions-Trust e.V. as part of a contractual trust arrangement.

As at 31 December 2012 the present value of the pension entitlements for active members of the Board of Managing Directors was €17,146,000 (previous year: 11,848,000). The service cost included in the calculation of pension provisions amounted to €3,186,000 (previous year: €2,723,000). The amounts take account of the current term of appointment of the individual board members and assume that the pension will not be drawn until a member's 65th birthday, except in cases of incapacity, and that the member will remain on the board until the pension is due. The pension entitlements and service costs for the individual board members are set out in the remuneration report (p. 40).

After deduction of plan assets transferred and after allowing for actuarial gains and losses, there were no provisions for pension obligations in respect of active members of the Board of Managing Directors at 31 December 2012 (provisions previous year: €0.2m). The defined benefit assets arising from the deduction amounted to €0.1m.

Payments to former members of the Board of Managing Directors of Commerzbank Aktiengesellschaft and their surviving dependants came to €6,100,000 in the financial year 2012 (previous year: €8,275,000). The pension liabilities for these persons amounted to €82.5m (previous year: €74.4m).

Supervisory Board. Remuneration for the members of the Supervisory Board is regulated in Art. 15 of the Articles of Association of Commerzbank Aktiengesellschaft. Members of the Supervisory Board received total net remuneration for financial year 2012 of €1,640,000 (previous year: €1,619,000). Of this, the fixed remuneration and remuneration for committee memberships accounted for €1,251,000 (previous year: €1,199,000) and attendance fees for €389,000 (previous year: €420,000). Attendance fees are paid for participating in the meetings of the Supervisory Board and its six committees (Presiding, Audit, Risk, Nomination, Conciliation and Social Benefit Committees) which met in the year under review. The overall remuneration of €1,640,000 (previous year: €1,619,000) is categorised as short-term employee benefits in accordance with IAS 24.17.

The value added tax (currently 19%) payable on the remuneration of the members of the Supervisory Board resident in Germany was reimbursed by the Bank, but is not counted as a component of remuneration. No value added tax is payable for members of the Supervisory Board resident outside Germany.

The Board of Managing Directors and Supervisory Board held no more than 1% in total (previous year: under 1%) of the issued shares and option rights of Commerzbank Aktiengesellschaft as at 31 December 2012.

(96) Share-based payment plans

Due to the performances already made by employees (including the Board of Managing Directors) there were again expenses relating to share-based payments in the 2012 financial year. These were reduced slightly by the Board of Managing Directors waiving the STI and LTI components related to Economic Value Added (EVA) and by the additional waiver by the Chairman of the Board of Managing Directors of his performance-related remuneration for 2012. Further details and the terms and conditions of the LTP are available in Note 25 of this annual report. Share-based payment expense was as follows:

	2012	2011
	€m	
Cash-settled plans	1	4
of which		
LTP	—	—
Share awards	—	—
CIP	—	2
Equity-settled plans	23	17
of which		
CIP	20	15
Total	**24**	**21**

The provisions for cash-settled plans and the reserves in equity for plans settled with equity instruments were as follows:

	31.12.2012	31.12.2011
	€m	
Provisions	17	12
of which		
LTP	—	—
Share awards	13	8
CIP	2	2
Equity reserves	31	20
of which		
CIP	23	15

Share Awards. The number of rights outstanding under the share award programmes developed as follows during the financial year:

	Number of awards 2012	2011
	units	
Balance as at 1.1.	**6,390,804**	**—**
Granted during the year	864,685	6,842,932
Forfeited during the year	78,363	174,882
Exercised during the year	578,014	277,246
Expired during the year	36,694	—
Balance as at 31.12.	**6,562,418**	**6,390,804**

Commerzbank Incentive Plan. As set out in Note 25, the number of shares which beneficiaries are entitled to acquire under the applicable Commerzbank Incentive Plan is not determined until the following year. The expense of €20m recognised for the CIP is matched by an allocation of €8m to the capital reserve and a cash payment of €12m. No provisions were recognised for cash-settled plans.

	Number of awards 2012	2011
	units	
Balance as at 1.1.	**—**	**—**
Granted during the year	18,082,133	—
Forfeited during the year	—	—
Exercised during the year	7,424,718	—
Expired during the year	—	—
Balance as at 31.12.	**10,657,415**	**—**

Long-Term Performance Plan (LTPs) Due to the exercise criteria for LTP plans set out in Note 25 we do not expect these to pay out at any time up to the expiry of the final plan in 2013. As a result, the fair value for the outstanding rights could no longer be determined. There were no longer any provisions for LTP plans in 2012. The number of outstanding LTP rights changed as follows:

	Number of awards 2012	2011
	units	
Balance as at 1.1.	**678,950**	**947,850**
Granted during the year	—	—
Forfeited during the year	42,000	6,300
Exercised during the year	—	—
Expired during the year	290,900	262,600
Balance as at 31.12.	**346,050**	**678,950**

(97) Other commitments

Payment commitments to Group external entities and non-consolidated entities on shares not fully paid up amounted to €22.9m (previous year: €56.3m).

The Bank had an additional funding obligation of up to €96m (previous year: €96m) to Liquiditäts-Konsortialbank (Liko) GmbH, Frankfurt/Main. The individual banking associations have also undertaken additional funding obligations to Liko. To cover such obligations, Group companies have guaranteed to Liko as primary obligor that they will meet any payment to their respective associations.

In accordance with 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 as a result of support provided for banks in which Commerzbank holds a majority interest.

Securities with a book value of €7,519m (previous year: €7,381m) have been deposited as collateral to meet obligations to futures and options exchanges and clearing houses.

(98) Lessor and lessee figures

Lessor disclosures – operating leases

Commerzbank acts as a lessor in operating lease arrangements. As at the balance sheet date these leases primarily comprised leased real estate and vehicles.

The following minimum leasing payments stemming from non-cancellable leases will accrue to the Commerzbank Group over the next few years from operating leases granted:

Due date	**31.12.2012**	**31.12.2011**
	€m	
Up to 1 year	140	196
1 year to 5 years	358	508
More than 5 years	3	69
Total	**501**	**773**

No conditional lease instalments have been agreed in the leases.

Lessor disclosures – finance leases

Commerzbank acts as a lessor for finance leases. As at the balance sheet date these leases primarily comprise leased real estate and office furniture and equipment (e.g. vehicles, copying machines). The relationship between gross investments and net present value of the minimum leasing payments was as follows:

	31.12.2012	**31.12.2011**
	€m	
Outstanding lease payments	1,506	2,042
+ guaranteed residual values	108	114
= minimum lease payments	1,614	2,156
+ non-guaranteed residual values	9	9
= gross investments	1,623	2,165
– unrealised financial income	185	260
= net investments	1,438	1,905
– net present value of non-guaranteed residual values	7	6
= net present value of minimum lease payments	1,431	1,899

The minimum lease payments include the total lease instalments to be paid by the lessee under the lease agreement plus the guaranteed residual value. The non-guaranteed residual value is estimated at the beginning of the lease agreement and reviewed as of the reporting date on a regular basis. Unrealised financial income is equivalent to the interest implicit in the lease agreement between the reporting date and the end of the contract. The term of the gross investment and net present values of the minimum lease payments from non-cancellable finance leases broke down as follows:

Residual terms as at 31.12.	Gross investments		Net present value of minimum lease payments	
	2012	**2011**	**2012**	**2011**
	€m			
Up to 1 year	496	782	432	677
1 year to 5 years	864	989	769	878
More than 5 years	263	394	230	344
Total	**1,623**	**2,165**	**1,431**	**1,899**

Lessee disclosures – operating leases

The Group's existing obligations arising from operating leases involve rental and leasing agreements for buildings, office furniture and equipment and led in the financial year 2012 to expenses of €609m (previous year: €618m) respectively. The breakdown of the expenses was as follows:

	2012
	€m
Minimum lease payments	279
Payments for terminable agreements	13
Conditional payments	325
– Sublease income	8
Total	**609**

For rental and lease agreements that cannot be terminated, the following expenses are forecast for future years:

Due date	**31.12.2012**	**31.12.2011**
	€m	
Up to 1 year	457	547
1 year to 5 years	1,333	1,483
More than 5 years	1,044	1,236
Total	**2,834**	**3,266**

For real estate, mostly rental agreements were concluded, but occasionally also lease agreements. Rental agreements usually have terms of between 1 and 30 years with up to 3 options to extend the rental by a further 3 to 5 years, and in some cases up to 6 years. Price adjustment clauses exist in a number of different forms such as step-up leases and index clauses. Lease agreements may also include purchase options. Subletting agreements have been signed for buildings no longer in use in the Commerzbank Group. These leases have a non-cancellable contract term. The following income will accrue to the Commerzbank Group in the next few years from these leases:

Due date	**31.12.2012**	**31.12.2011**
	€m	
Up to 1 year	41	39
1 year to 5 years	54	86
More than 5 years	12	11
Total	**107**	**136**

As in the previous year, these leases do not contain any agreements on contingent rents.

(99) Date of release for publication

The Group financial statements were approved by the Board of Managing Directors for submission to the Supervisory Board on 25 February 2013. The Supervisory Board is responsible for reviewing and formally approving the Group financial statements. Preliminary figures for the 2012 results were released by the Board of Managing Directors for publication on 12 February 2013.

(100) Corporate Governance Code

We have issued our annual declaration of compliance with the German Corporate Governance Code pursuant to Art. 161, German Companies Act (Aktiengesetz) and made it permanently available to shareholders on the internet (www.commerzbank.com). An annual declaration of compliance with the German Corporate Governance Code pursuant to Art. 161, German Companies Act (Aktiengesetz) has also been issued for comdirect bank Aktiengesellschaft and made permanently available on the internet (www.comdirect.de).

(101) Letters of comfort

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

Name	Registered office
AFÖG GmbH & Co. KG	Frankfurt/Main
comdirect bank Aktiengesellschaft	Quickborn
Commerzbank (Eurasija) SAO	Moscow
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main
Commerzbank International S.A.	Luxembourg
CommerzTrust GmbH	Frankfurt/Main
Commerz Markets LLC	New York
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg
Hypothekenbank Frankfurt Aktiengesellschaft (formerly Eurohypo Aktiengesellschaft)	Eschborn

(102) Holdings in affiliated and other companies

We provide the following information pursuant to Art. 313 (2) of the German Commercial Code (HGB) on the consolidated financial statements. Footnotes and comments on the tables below appear at the end of this note.

1. Affiliated companies

a) Affiliated companies included in the consolidated financial statements

Name	Registered office	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000
ABORONUM Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin KG	Düsseldorf	0.0	85.0	EUR	0	4
ADMERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0		EUR	23	−3
AFÖG GmbH & Co. KG	Frankfurt/Main	100.0		EUR	78,367	−6,717
AGV Allgemeine Grundstücksverwaltungs- und -verwertungsgesellschaft mit beschränkter Haftung	Eschborn	100.0		EUR	47	—b)
AJUNTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0		EUR	−5,906	−998
ALDUNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0		EUR	−10,176	221
ALTEREGO Beteiligungsgesellschaft mbH	Düsseldorf	100.0		EUR	173	−786
ASBERGIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0		EUR	22	0a)
ASCARA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0		EUR	−1,069	−381
ASTUTIA Beteiligungsgesellschaft mbH	Düsseldorf	100.0		EUR	3,788	—b)
Atlas Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0		EUR	243,239	—b)
BERGA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Grünwald	100.0	19.0	EUR	−1,372	58
Brafero-Sociedade Imobiliária, S.A.	Lisbon, Portugal	100.0		EUR	25,378	3,600
BRE Agent Ubezpieczeniowy Sp. z.o.o.	Warsaw, Poland	100.0		PLN	10,798	10,748a)
BRE Bank Hipoteczny S.A.	Warsaw, Poland	100.0		PLN	498,213	8,718
BRE Bank SA	Warsaw, Poland	69.7		PLN	9,163,858	1,199,485
BRE Faktoring S.A.	Warsaw, Poland	100.0		PLN	66,690	14,114
BRE Finance France S.A.	Levallois Perret, France	100.0		EUR	138	−2
BRE Holding Sp. z.o.o.	Warsaw, Poland	100.0		PLN	537,212	26,471
BRE Leasing Sp. z o.o.	Warsaw, Poland	100.0		PLN	168,632	39,673
BRE Ubezpieczenia Sp. z.o.o.	Warsaw, Poland	100.0		PLN	62,888	17,222
BRE Ubezpieczenia Towarzystwo Ubezpieczen i Reasekuracji S.A.	Warsaw, Poland	100.0		PLN	83,878	16,775
BRE.locum S.A.	Lodz, Poland	80.0		PLN	122,394	2,906
Bridge Re Limited	Hamilton, Bermuda	100.0		USD	571	5
Brussels Urban Invest S.A.	Brussels, Belgium	100.0		EUR	7,650	−8,380a)
CB Building Kirchberg GmbH	Düsseldorf	100.0		EUR	4,082	978

Name	Registered office	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000
CBG Commerz Beteiligungsgesellschaft Holding mbH	Frankfurt/Main	100.0		EUR	6,137	—b)
CBG Commerz Beteiligungskapital GmbH & Co. KG	Frankfurt/Main	100.0		EUR	45,976	6,353
CFB-Fonds Transfair GmbH	Düsseldorf	100.0		EUR	26	—b)
CG New Venture 2 Verwaltungsgesellschaft mbH	Wiesbaden	100.0		EUR	86	2
CG NL Holding B.V.	Amsterdam, Netherlands	100.0		EUR	68	–35
CG Real Estate Master FCP-SIF S.A.R.L.	Luxembourg, Luxembourg	55.4		EUR	146,658	–56,585
CGM Lux 1 S.à.r.l.	Luxembourg, Luxembourg	100.0		EUR	–151,110	–153,664
CGM Lux 2 S.à.r.l.	Luxembourg, Luxembourg	100.0		EUR	–61,077	–60,733
CGM Lux 3 S.à.r.l.	Luxembourg, Luxembourg	100.0		EUR	–92,597	92,031
Coba Vermögensverwaltungsgesellschaft mbH	Düsseldorf	100.0		EUR	26	—b)
comdirect bank Aktiengesellschaft	Quickborn	81.1		EUR	467,641	71,053
Commerz (East Asia) Limited	Hong Kong, Hong Kong	100.0		EUR	2,402	58
Commerz Asset Management Asia Pacific Pte Ltd	Singapore, Singapore	100.0		SGD	28,049	–1,433
Commerz Bankenholding Nova GmbH	Frankfurt/Main	100.0		EUR	1,566,644	—1) b)
Commerz Business Consulting GmbH	Frankfurt/Main	100.0		EUR	84	—b)
Commerz Direktservice GmbH	Duisburg	100.0		EUR	1,178	—b)
Commerz Europe (Ireland)	Dublin, Ireland	100.0		EUR	347,903	–9,071 2)
Commerz Funds Solutions S.A.	Luxembourg, Luxembourg	100.0		EUR	8,441	2,969 a)
Commerz Grundbesitz Beteiligungsgesellschaft mbH & Co. KG	Frankfurt/Main	90.0		EUR	14,387	1,185
Commerz Japan Real Estate Finance Corporation	Tokyo, Japan	100.0		JPY	4,428,164	540,322 3)
Commerz Markets LLC	Wilmington, Delaware, USA	100.0		USD	429,625	5,518
Commerz Pearl Limited	London, United Kingdom	100.0		GBP	0	0 a)
Commerz Property GmbH & Co. Hamburg KG	Frankfurt/Main	100.0		EUR	70,513	461
Commerz Real AG	Eschborn	100.0		EUR	408,394	—b)
Commerz Real Asset Verwaltungsgesellschaft mbH	Grünwald	100.0		EUR	25	—b)
Commerz Real Baumanagement GmbH	Düsseldorf	100.0		EUR	4,238	—4) b)
Commerz Real Fonds Beteiligungsgesellschaft mbH	Düsseldorf	100.0		EUR	151	—b)
Commerz Real Immobilien GmbH	Düsseldorf	100.0		EUR	12,936	—b)
Commerz Real Investmentgesellschaft mbH	Wiesbaden	100.0		EUR	21,968	—b)
Commerz Real IT-Leasing GmbH	Düsseldorf	100.0		EUR	1,954	—b)
Commerz Real Mobilienleasing GmbH	Düsseldorf	100.0		EUR	–2,662	—b)
Commerz Real Spezialfondsgesellschaft mbH	Wiesbaden	100.0		EUR	5,948	—b)
Commerz Real Verwaltung und Treuhand GmbH	Düsseldorf	100.0		EUR	26	—b)
Commerz Securities Hong Kong Limited	Hong Kong, Hong Kong	100.0		EUR	20,170	1,459
Commerz Services Holding GmbH	Frankfurt/Main	100.0		EUR	14,114	—b)
Commerz Systems GmbH	Frankfurt/Main	100.0		EUR	6,464	—b)
Commerz Transaction Services Mitte GmbH	Erfurt	100.0		EUR	2,913	—b)
Commerz Transaction Services Nord GmbH	Magdeburg	100.0		EUR	1,614	—b)
Commerz Transaction Services Ost GmbH	Halle (Saale)	100.0		EUR	1,550	—a) b)
Commerz Transaction Services West GmbH	Hamm	100.0		EUR	1,402	—b)
Commerzbank (Eurasija) SAO	Moscow, Russia	100.0		RUB	12,165,512	1,165,019
Commerzbank Asset Management Asia Ltd.	Singapore, Singapore	100.0		SGD	2,028	766
Commerzbank Auslandsbanken Holding AG	Frankfurt/Main	100.0		EUR	1,492,196	—b)
Commerzbank Capital Funding LLC I	Wilmington, Delaware, USA	100.0		EUR	2	0
Commerzbank Capital Funding LLC II	Wilmington, Delaware, USA	100.0		GBP	2	0
Commerzbank Capital Funding LLC III	Wilmington, Delaware, USA	100.0		EUR	2	0
Commerzbank Capital Funding Trust I	Newark, Delaware, USA	100.0		EUR	1	0
Commerzbank Capital Funding Trust II	Newark, Delaware, USA	100.0		GBP	1	0
Commerzbank Capital Funding Trust III	Newark, Delaware, USA	100.0		EUR	1	0
Commerzbank Capital Investment Company Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Finance 2 S.à.r.l.	Luxembourg, Luxembourg	100.0		EUR	367	–18
Commerzbank Finance 3 S.à.r.l.	Luxembourg, Luxembourg	100.0		EUR	649	7
Commerzbank Finance BV	Amsterdam, Netherlands	100.0		EUR	1,343	–150
Commerzbank Holdings (UK) Limited	London, United Kingdom	100.0		GBP	502,383	18,426
Commerzbank Holdings France	Paris, France	100.0		EUR	80,674	0

Name	Registered office	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000
Commerzbank Immobilien- und Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0		EUR	462,597	—b)
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main	100.0		EUR	1,598,385	—b)
Commerzbank International S.A.	Luxembourg, Luxembourg	100.0		EUR	558,321	96,187
Commerzbank Investments (UK) Limited	London, United Kingdom	100.0		GBP	112,712	82,941
Commerzbank Leasing 1 S.à.r.l.	Luxembourg, Luxembourg	100.0		GBP	210	29
Commerzbank Leasing 2 S.à.r.l.	Luxembourg, Luxembourg	100.0		GBP	32,445	24
Commerzbank Leasing 4 S.à.r.l.	Luxembourg, Luxembourg	100.0		GBP	4,973	−8
Commerzbank Leasing 5 S.à r.l.	Luxembourg, Luxembourg	100.0		GBP	10,202	63
Commerzbank Leasing 6 S.à.r.l.	Luxembourg, Luxembourg	100.0		GBP	93	26
Commerzbank Leasing December (1) Limited	London, United Kingdom	100.0		GBP	333	1,353
Commerzbank Leasing December (10)	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December (11)	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December (12) Limited	London, United Kingdom	100.0		GBP	356	494
Commerzbank Leasing December (13) Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December (15)	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December (17) Limited	London, United Kingdom	100.0		GBP	0	−4,291
Commerzbank Leasing December (19) Limited	London, United Kingdom	100.0		GBP	0	−12,741
Commerzbank Leasing December (20) Limited	London, United Kingdom	100.0		GBP	0	−300
Commerzbank Leasing December (21) Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December (22) Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December (23) Limited	London, United Kingdom	100.0		GBP	0	−60
Commerzbank Leasing December (24) Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December (26) Limited	London, United Kingdom	100.0		GBP	0	−240
Commerzbank Leasing December (3) Limited	London, United Kingdom	100.0		GBP	476	327
Commerzbank Leasing December (4) Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December (8) Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December (9) Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing Holdings Limited	London, United Kingdom	100.0		GBP	2,137	−1,298
Commerzbank Leasing Limited	London, United Kingdom	100.0		GBP	962	−1,776
Commerzbank Leasing March (3) Limited	London, United Kingdom	100.0		GBP	9	5
Commerzbank Leasing September (5) Limited	London, United Kingdom	100.0		GBP	17	9
Commerzbank Online Ventures Limited	London, United Kingdom	100.0		EUR	0	0
Commerzbank Overseas Holdings Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Property Management & Services Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Securities Ltd	London, United Kingdom	100.0		GBP	10	0
Commerzbank Securities Nominees Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank U.S. Finance, Inc.	Wilmington, Delaware, USA	100.0		USD	606	−68
Commerzbank Zrt.	Budapest, Hungary	100.0		HUF	24,941,022	792,495
CommerzFactoring GmbH	Mainz	50.1		EUR	1,099	—b)
CR KaiserKarree Holding S.a.r.l.	Luxembourg, Luxembourg	100.0		EUR	−41,365	−40,175
CSA COMMERZ SOUTH AFRICA (PROPRIETARY) LIMITED	Johannesburg, South Africa	100.0		ZAR	3,601	−1,675
Dom Inwestycyjny BRE Banku S.A.	Warsaw, Poland	100.0		PLN	89,646	16,886
Dresdner Capital LLC I	Wilmington, Delaware, USA	100.0		USD	1,707	42
Dresdner Capital LLC IV	Wilmington, Delaware, USA	100.0		JPY	18,594	136
Dresdner Kleinwort – Grantchester, Inc.	Wilmington, Delaware, USA	100.0		USD	27,845	−1
Dresdner Kleinwort & Co. Holdings, Inc.	Wilmington, Delaware, USA	100.0		USD	231,580	−639
Dresdner Kleinwort Capital Inc.	Wilmington, Delaware, USA	100.0		USD	4,527	3,706
Dresdner Kleinwort do Brasil Limitada	Rio de Janeiro, Brazil	100.0		BRL	−16,382	3
Dresdner Kleinwort EIV Manager, Inc.	Wilmington, Delaware, USA	100.0		USD	−18	0

Name	Registered office	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000
Dresdner Kleinwort Finance Inc.	Wilmington, Delaware, USA	100.0		USD	2,652	704
Dresdner Kleinwort Flags Inc.	Wilmington, Delaware, USA	100.0		USD	140,479	0
Dresdner Kleinwort Group Holdings, LLC	Wilmington, Delaware, USA	100.0		USD	170,917	– 1
Dresdner Kleinwort Group LLC	Wilmington, Delaware, USA	100.0		USD	394,779	– 57
Dresdner Kleinwort Holdings II, Inc.	Wilmington, Delaware, USA	100.0		USD	83,147	633
Dresdner Kleinwort Holdings LLC	Wilmington, Delaware, USA	100.0		USD	376,641	51
Dresdner Kleinwort Limited	London, United Kingdom	100.0		GBP	11,647	11,283
Dresdner Kleinwort LLC	Wilmington, Delaware, USA	100.0		USD	34,165	– 2
Dresdner Kleinwort Luminary Inc.	Wilmington, Delaware, USA	100.0		USD	790,566	– 15,577
Dresdner Kleinwort Moon LLC	Wilmington, Delaware, USA	100.0		USD	24,210	– 4,634
Dresdner Kleinwort Services (Guernsey) Limited	St. Peter Port, Guernsey	100.0		GBP	2	0
Dresdner Kleinwort Wasserstein Securities (India) Private Limited	Mumbai, India	75.0		INR	49,229	– 33,670
Dresdner Lateinamerika Aktiengesellschaft	Hamburg	100.0		EUR	32,109	—b)
Dresdner UK Investments 2 B.V.	Amsterdam, Netherlands	100.0		EUR	966	0
Dresdner UK Investments N.V.	Amsterdam, Netherlands	100.0		EUR	1,738	1
DSB Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0		EUR	25	—b)
EH MoLu IV, LLC	Dover, Delaware, USA	100.0		USD	1,677	– 1,445
EHY Real Estate Fund I, LLC	Wilmington, Delaware, USA	100.0		USD	– 3,758	231
Elco Leasing Limited	London, United Kingdom	100.0		GBP	0	0
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg, Luxembourg	100.0		EUR	445,132	77,900
Espacio Leon Propco S.L.U.	Madrid, Spain	100.0		EUR	– 18,417	– 1,878
Eurohypo Capital Funding LLC I	Wilmington, Delaware, USA	100.0		EUR	1	0
Eurohypo Capital Funding LLC II	Wilmington, Delaware, USA	100.0		EUR	3	0
Eurohypo Capital Funding Trust I	Wilmington, Delaware, USA	100.0		EUR	1	0
Eurohypo Capital Funding Trust II	Wilmington, Delaware, USA	100.0		EUR	1	0
European Bank for Fund Services Gesellschaft mit beschränkter Haftung (ebase)	Aschheim	100.0		EUR	26,981	3,999
European Venture Partners (Holdings) Ltd	St. Helier, Jersey	85.0		GBP	0	0
European Venture Partners Ltd	London, United Kingdom	100.0		GBP	0	0
FABA Vermietungsgesellschaft mbH	Düsseldorf	95.0	75.0	EUR	25	—b)
Felix (CI) Limited	George Town, Grand Cayman, Cayman Islands	100.0		GBP	26	0
FHB – Immobilienprojekte GmbH	Eschborn	100.0		EUR	52	—b)
Film Library Holdings LLC	Wilmington, Delaware, USA	51.0		USD	21,455	– 2,828
Forum Almada, Gestao de Centro Comercial, Sociedade Unipessoal Lda. II & Comandita	Lisbon, Portugal	100.0		EUR	32,216	9,544
Forum Almada-Gestao de Centro Commercial, Sociedade Unipessoal, Lda.	Lisbon, Portugal	100.0		EUR	– 65,480	– 28,974
Forum Montijo, Gestao de Centro Comercial Sociedade Unipessoal, Lda	Lisbon, Portugal	100.0		EUR	– 50,419	– 25,343
Frankfurter Gesellschaft für Vermögensanlagen mit beschränkter Haftung	Eschborn	100.0		EUR	5,952	—b)
General Leasing (No.16) Limited	London, United Kingdom	100.0		GBP	546	249
G-G-B Gebäude- und Grundbesitz GmbH	Eschborn	100.0		EUR	256	—b)
GO German Office GmbH	Wiesbaden	100.0		EUR	– 12,431	—b)
gr Grundstücks GmbH Objekt Corvus	Frankfurt/Main	100.0		EUR	43	– 5
gr Grundstücks GmbH Objekt Corvus & Co. Sossenheim KG	Frankfurt/Main	100.0		EUR	97	– 97
Gresham Leasing March (1) Limited	London, United Kingdom	100.0		GBP	0	– 965
Gresham Leasing March (2) Limited	London, United Kingdom	25.0	100.0	GBP	2,392	219
Herradura Ltd	London, United Kingdom	100.0		GBP	5	0
HF Estate Management GmbH	Eschborn	100.0		EUR	3,280	—5) b)
Hibernia Eta Beteiligungsgesellschaft mit beschränkter Haftung	Frankfurt/Main	85.0		EUR	31,058	– 8
Hibernia Gamma Beteiligungsgesellschaft mit beschränkter Haftung	Frankfurt/Main	60.6		EUR	102,634	– 1
Hurley Investments No.3 Limited	London, United Kingdom	100.0		GBP	0	66
Hypothekenbank Frankfurt AG	Eschborn	100.0		EUR	5,661,992	—6) b)
Hypothekenbank Frankfurt International S.A.	Senningerberg, Luxembourg	100.0		EUR	166,016	– 30,0477)
IVV – Immobilien – Verwaltungs- und Verwertungsgesellschaft mbH	Eschborn	100.0		EUR	26	—b)
KENSTONE GmbH	Eschborn	100.0		EUR	26	—b)
Kommanditgesellschaft MS "CPO ALICANTE" Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	3,636	– 14,785

Name	Registered office	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000
Kommanditgesellschaft MS "CPO ANCONA" Offen Reederei GmbH & Co.	Hamburg	77.3	77.3	EUR	19,134	–18,594
Kommanditgesellschaft MS "CPO BILBAO" Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	1,901	–16,425
Kommanditgesellschaft MS "CPO MARSEILLE" Offen Reederei GmbH & Co.	Hamburg	77.3	77.2	EUR	18,078	–18,559
Kommanditgesellschaft MS "CPO PALERMO" Offen Reederei GmbH & Co.	Hamburg	73.9	73.9	EUR	20,370	–17,381
Kommanditgesellschaft MS "CPO TOULON" Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	16,305	–19,748
Kommanditgesellschaft MS "CPO VALENCIA" Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	11,685	–9,739
LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Anthropolis KG i.L.	Ludwigshafen	94.5	94.4	EUR	–4,874	1,883[8)]
LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Grindelwaldweg KG i.L.	Düsseldorf	94.5	94.6	EUR	–6,644	4,385[9)]
LUGO Photovoltaik Beteiligungs gesellschaft mbH	Düsseldorf	100.0		EUR	–11,892	120
Marylebone Commercial Finance (2)	London, United Kingdom	100.0		GBP	0	–47
Marylebone Commercial Finance Limited	London, United Kingdom	100.0		GBP	0	–571
Max Lease S.à.r.l. & Cie. Secs	Luxembourg, Luxembourg	100.0		EUR	4,491	786
MERKUR Grundstücks GmbH	Frankfurt/Main	100.0		EUR	44,594	—[b)]
MLV 35 Sp. z o.o. SKA	Warsaw, Poland	100.0		PLN	289,962	–50
Morris (S.P.) Holdings Limited	London, United Kingdom	100.0		GBP	0	0
NAVALIS Schiffsbetriebsgesellschaft mbH & Co. MS "NEDLLOYD JULIANA" KG	Hamburg	93.6	92.8	EUR	17,641	1,202
NAVIPOS Schiffsbeteiligungs gesellschaft mbH	Hamburg	100.0		EUR	231	–671
NORA Grundstücks-VermietungsgesellschaftmbH & Co. Objekt Lampertheim KG	Düsseldorf	100.0		EUR	0	184
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte Plön und Preetz KG	Düsseldorf	90.0	65.0	EUR	–436	90
Nordboden Immobilien- und Handelsgesellschaft mbH	Eschborn	100.0		EUR	315	—[b)]
NOVELLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0		EUR	11,176	—[b)]
Number X Real Estate GmbH	Eschborn	100.0		EUR	8,773	–8,364[a)]
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Jupiter KG	Grünwald	100.0	51.0	EUR	27,552	2,096
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Luna KG	Grünwald	100.0	51.0	EUR	1,491	336
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neptun KG	Grünwald	100.0	51.0	EUR	18,045	1,589
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Pluto KG	Grünwald	100.0	51.0	EUR	30,701	3,533
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Uranus KG	Grünwald	100.0	51.0	EUR	44,181	309
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Venus KG	Grünwald	100.0	51.0	EUR	25,046	1,769
Pisces Nominees Limited	London, United Kingdom	100.0		GBP	0	0
Property Invest Ferdinando di Savoia S.r.l.	Milan, Italy	100.0		EUR	13,601	–1,143[a)]
Property Invest GmbH	Eschborn	100.0		EUR	36,220	–11,349
Property Invest Italy S.r.l.	Milan, Italy	100.0		EUR	47,169	–9,797
Property Invest Roma S.r.l.	Milan, Italy	100.0		EUR	1,372	– 156[a)]
Real Estate Holdings Limited	Hamilton, Bermuda	100.0		BMD	19,887	–440
Real Estate TOP TEGEL Drei GmbH	Eschborn	94.0		EUR	60	—[b)]
Real Estate TOP TEGEL Eins GmbH	Eschborn	94.0		EUR	421	—[b)]
Real Estate TOP TEGEL Sechs GmbH	Eschborn	94.0		EUR	129	—[b)]
Real Estate TOP TEGEL Vier GmbH	Eschborn	94.0		EUR	60	—[b)]
Real Estate TOP TEGEL Zwei GmbH	Eschborn	94.0		EUR	60	—[b)]
REFUGIUM Beteiligungsgesellschaft mbH	Grünwald	100.0		EUR	8,508	–337
Riverbank Trustees Limited	London, United Kingdom	100.0		GBP	0	– 35[a)]
Rood Nominees Limited	London, United Kingdom	100.0		GBP	0	0
Rook Finance LLC	Wilmington, Delaware, USA	100.0		USD	77,467	152
SB-Bauträger GmbH & Co. Urbis Hochhaus-KG	Frankfurt/Main	100.0		EUR	201	0

Name	Registered office	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000
SECUNDO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0		EUR	5,811	—b)
Service-Center Inkasso GmbH Düsseldorf	Düsseldorf	100.0		EUR	153	—b)
South East Asia Properties Limited	London, United Kingdom	100.0		GBP	22,537	– 9,607
Space Park GmbH & Co. KG	Frankfurt/Main	90.0		EUR	– 93,027	2,029
Sterling Energy Holdings Inc.	Wilmington, Delaware, USA	76.2	100.0	USD	46,271	298
Sterling Energy II LLC	Wilmington, Delaware, USA	100.0		USD	57,862	4,173a)
Sterling Energy LLC	Wilmington, Delaware, USA	100.0		USD	134,457	205
TARA Immobilienprojekte GmbH	Eschborn	100.0		EUR	25	—b)
Thurlaston Finance Limited	George Town, Grand Cayman, Cayman Islands	100.0		GBP	0	0
TOMO Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0		EUR	22,778	—b)
Transfinance a.s.	Prague, Czech Republic	100.0		CZK	280,210	10,752
Twins Financing LLC	Dover, Delaware, USA	60.0		USD	18,312	1,804
U.S. Residential Investment I, L.P.	Wilmington, Delaware, USA	90.0		USD	19,891	– 9,062
Watling Leasing March (1)	London, United Kingdom	100.0		GBP	0	– 46
WebTek Software Private Limited	Bangalore, India	100.0		INR	204,864	– 27,336
WESTBODEN – Bau- und Verwaltungsgesellschaft mit beschränkter Haftung	Eschborn	100.0		EUR	55	—b)
Westend Grundstücksgesellschaft mbH	Eschborn	100.0		EUR	260	—b)
Wohnbau-Beteiligungsgesellschaft mbH	Eschborn	90.0		EUR	291	– 3
Yarra Finance Limited	George Town, Grand Cayman, Cayman Islands	100.0		GBP	0	0
Zelos Luxembourg S.C.S.	Luxembourg, Luxembourg	100.0		EUR	10	– 314a)

b) Affiliated companies not included in the consolidated financial statements due to their minor significance[c])

Name	Registered office	Share of capital held %	Voting rights (where different) %
1. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
10. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
11. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
12. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
13. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
14. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
14. CR Immobilien-Vermietungsgesellschaft mbH & Co. Objekt Berlin Lindencorso KG	Düsseldorf	80.8	80.8
14. CR Immobilien-Vermietungsgesellschaft mbH & Co. Objekt ENEX-Babelsberg KG	Düsseldorf	76.1	76.2
2. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
3. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
4. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
5. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
6. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
7. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
8. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
9. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
ABANTITIM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ABANTUM Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ABELASSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ABENITA Photovoltaik Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ABESTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ABORONUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ABOTORIUM Finanz- und Verwaltungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ACARINA Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ACCESSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ACINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ACOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ACREDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ACRONA Photovoltaik-Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
Actium Leasobjekt Gesellschaft mbH	Frankfurt/Main	100.0	b)

Name	Registered office	Share of capital held %	Voting rights (where different) %
ACTOSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ADAMANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ADELIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ADELIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Teltow KG	Düsseldorf	92.4	92.1
ADELKA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ADENARA Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	
ADUKKA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ADURAMA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
AFINA, Bufete de Socios Financieros, S.A.	Madrid, Spain	98.7	99.3
AFÖG Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	94.2	
AGALINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AGARBA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AGASILA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AGREGATA Grundstücks-Vermietungsgesellschaft mbH i.L.	Haan	100.0	
AJOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AKERA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
AKUSTIA Verwaltung und Treuhand GmbH i.L.	Düsseldorf	100.0	
ALACRITAS Verwaltungs- und Treuhand GmbH	Düsseldorf	100.0	
ALBELLA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ALBOLA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ALCARDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALDANZA Grundstücks-Vermietungsgesellschaft mbH i.L. . . .	Düsseldorf	100.0	
ALDINGA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ALDULA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ALEMANTA Photovoltaik Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ALEMONA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ALFRIDA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ALFUTURA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALIBORA Verwaltung- und Treuhand GmbH i.L.	Düsseldorf	100.0	
ALICANTE NOVA Shipping Limited	Monrovia, Liberia	100.0	
ALIDA Photovoltaik-Beteiligungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ALIVERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALKANTA Beteiligungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ALMARENA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALMONDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALMURUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALONGA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALSANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALSANTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte RiCö KG	Düsseldorf	0.0	85.0
ALSENNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALSTRUCTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
Alternative Asset Management S.A.	Luxembourg, Luxembourg	100.0	
ALUBRA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ALUDANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALVENTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALVINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALZOLA Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
AMALIA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
AMENA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AMERA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
AMITEA Beteiligungsgesellschaft mbH i.L.	Düsseldorf	100.0	
AMITICULA Photovoltaik Beteiligungsgesellschaft mbH i.L. . .	Düsseldorf	100.0	
AMONEUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AMTERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AMUNDA Verwaltung und Treuhand GmbH i.L.	Düsseldorf	100.0	
ANBANA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	

Name	Registered office	Share of capital held %	Voting rights (where different) %
ANCAVA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ANCONA NOVA Shipping Limited	Monrovia, Liberia	100.0	
ANDROMEDA Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
ANEA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ANSELMA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ARAFINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ARBITRIA Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
AREBA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
Ariondaz SAS	Paris, France	100.0	
ARMANDA Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	
AROSA Flugzeug-Leasinggesellschaft mbH i.L.	Düsseldorf	100.0	
ARVINA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ASCETO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ASERTUNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ASILUS Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ASISTA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ASKANZA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ASKANZA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lüdenscheid KG	Düsseldorf	94.4	86.0
ASKIBA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ASPERGA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
Aspiro net Sp. z.o.o. w likwidacji	Lodz, Poland	100.0	
Aspiro S.A.	Lodz, Poland	100.0	
ASSANDRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ASSENTO Photovoltaik-Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ASSERTA Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	
ASTRELLA Grundstücks-Vermietungsgesellschaft mbH i.L.	Berlin	100.0	
ASTRIFA Mobilien-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ATERNA Mobilien-Vermietungsgesellschaft mbH	Berlin	100.0	
Atlas-Alpha GmbH	Frankfurt/Main	100.0	[b]
ATUNO Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
AURESTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AVANCIA Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AVARICA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AVENDO Beteiligungsgesellschaft mbH	Stuttgart	100.0	
AVERTUM Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	
AVERTUM Flugzeug-Leasinggesellschaft mbH & Co. Zweite Legacy 600 KG	Düsseldorf	100.0	
BACUL Beteiligungsgesellschaft mbH	Eschborn	100.0	
Bankowy Dom Hipoteczny Sp. z. o.o.	Warsaw, Poland	100.0	
Belus Immobilien- und Beteiligungsgesellschaft mbH	Eschborn	100.0	[b]
Beteiligungsgesellschaft für Industrie und Handel mbH	Frankfurt/Main	100.0	
BILBAO NOVA Shipping Limited	Monrovia, Liberia	100.0	
Blue Amber Fund Management S.A.	Luxembourg, Luxembourg	100.0	
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Neustadt-Schwaig KG	Grünwald	85.5	86.0
BRE Centrum Operacji Sp. z o.o.	Aleksandrów Lódzki, Poland	100.0	[10]
BRE Corporate Finance S.A.	Warsaw, Poland	100.0	
BRE Property Partner Sp. z o.o.	Warsaw, Poland	100.0	
BRE Wealth Management S.A.	Warsaw, Poland	100.0	
BREL-AN Sp. z.o.o. w likwidacji	Warsaw, Poland	100.0	
BREL-COM Sp. z.o.o.	Warsaw, Poland	100.0	
BREL-ESTATE Sp. z.o.o. w likwidacji	Warsaw, Poland	100.0	[11]
BREL-FIN Sp. z.o.o. w likwidacji	Warsaw, Poland	100.0	[12]
BREL-IMMO Sp. z.o.o.	Warsaw, Poland	100.0	
BREL-PRO Sp. z.o.o.	Warsaw, Poland	100.0	
Call Center Poland S.A.	Warsaw, Poland	100.0	
CB Euregio GmbH	Frankfurt/Main	100.0	

Name	Registered office	Share of capital held %	Voting rights (where different) %
CB Lux Kirchberg GmbH	Frankfurt/Main	100.0	
CBG Commerz Beteiligungskapital Verwaltungs GmbH	Frankfurt/Main	100.0	
CCR Courtage i.L.	Paris, France	100.0	
CERI International Sp. z o.o.	Lodz, Poland	100.0	13)
CG Japan GmbH	Wiesbaden	100.0	
CG Real Estate Luxembourg S.à.r.l.	Luxembourg, Luxembourg	100.0	
CGG Canada Grundbesitz GmbH	Wiesbaden	100.0	
CGI Stadtgalerie Schweinfurt Verwaltungs- GmbH	Wiesbaden	100.0	
CGI Victoria Square Limited	London, United Kingdom	100.0	
CGI Victoria Square Nominees Limited	London, United Kingdom	100.0	
CIV GmbH Beta	Frankfurt/Main	100.0	
COLLEGIUM GLASHÜTTEN Zentrum für Kommunikation Gesellschaft mit beschränkter Haftung	Glashütten	100.0	b)
Commerz Building and Management GmbH	Essen	100.0	b)
Commerz Grundbesitz Gestao de Centros Commerciais, Sociedade Unipessoal, Lda.	Lisbon, Portugal	100.0	
Commerz Keyes Avenue Properties (Proprietary) Ltd.	Johannesburg, South Africa	100.0	
Commerz Management Services Limited	Dublin, Ireland	100.0	
Commerz Nominees Limited	London, United Kingdom	100.0	
Commerz Property GmbH	Frankfurt/Main	100.0	14) a) b)
Commerz Real Autoservice GmbH i.L.	Düsseldorf	100.0	
Commerz Real CZ s.r.o.	Prague, Czech Republic	100.0	
Commerz Real Direkt GmbH i.L.	Düsseldorf	100.0	
Commerz Real Finanzierungsleasing GmbH	Düsseldorf	100.0	b)
Commerz Real Nederland B. V.	Capelle a/d Ijssel, Netherlands	100.0	
Commerz Real Partner Süd GmbH	Düsseldorf	100.0	
Commerz Real Projektconsult GmbH	Düsseldorf	100.0	b)
Commerz Real Southern Europe GmbH	Wiesbaden	100.0	
Commerz Real Vertrieb GmbH	Düsseldorf	100.0	
Commerz Real Western Europe GmbH	Wiesbaden	100.0	
Commerz Trade Services Sdn. Bhd.	Kuala Lumpur, Malaysia	100.0	
Commerz U.S. Financial Corporation	Wilmington, Delaware, USA	100.0	
Commerzbank Capital Management Unternehmens-beteiligungs GmbH	Frankfurt/Main	100.0	b)
Commerzbank International (Jersey) Limited	St. Helier, Jersey	100.0	
Commerzbank Leasing December (25) Limited	London, United Kingdom	70.0	
Commerzbank Leasing December (6) Limited	London, United Kingdom	100.0	
Commerzbank Pension Trustees Limited	London, United Kingdom	100.0	
Commerzbank Representative Office Nigeria Limited	Lagos, Nigeria	100.0	
Commerzbank Representative Office Panama, S.A.	Panama City, Panama	100.0	
Commerzbank Sao Paulo Servicos Ltda.	Sao Paulo, Brazil	100.0	
Commerzbank Sponsoring GmbH	Frankfurt/Main	100.0	b)
CommerzKommunalbau GmbH	Düsseldorf	100.0	
CommerzLeasing GmbH	Düsseldorf	100.0	
CommerzStiftungsTreuhand GmbH	Frankfurt/Main	100.0	
CommerzTrust GmbH	Frankfurt/Main	100.0	
Communication One Consulting Sp. z o.o.	Warsaw, Poland	100.0	
ContactPoint Sp. z o.o.	Warsaw, Poland	100.0	
CR Station General Partner Inc.	Toronto, Canada	100.0	
Crédito Germánico S.A.	Montevideo, Uruguay	100.0	
CRI Erste Beteiligungsgesellschaft mbH	Wiesbaden	100.0	
CRI Zweite Beteiligungsgesellschaft mbH	Wiesbaden	100.0	
CSK Sp. z.o.o.	Lodz, Poland	100.0	
Czwarty Polski Fundusz Rozwoju Sp. z.o.o.	Lodz, Poland	100.0	
Delphi I Eurohypo LLC	Wilmington, Delaware, USA	100.0	
DFI S.p.A. in liquidazione	Milan, Italy	100.0	
Dr. Gubelt Immobilien Vermietungs-Gesellschaft mbH & Co. Objekt Chemnitz KG	Düsseldorf	100.0	98.8
Dresdner Kleinwort Derivative Investments Limited	London, United Kingdom	100.0	

Name	Registered office	Share of capital held %	Voting rights (where different) %
Dresdner Private Placement GmbH	Bad Vilbel	100.0	
EHNY Montelucia Manager, LLC	Dover, Delaware, USA	100.0	
Elfte Umbra Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0	b)
EP Euro-Projektentwicklungs-Verwaltungs GmbH	Frankfurt/Main	100.0	
EuREAM GmbH	Wiesbaden	100.0	
Eurohypo Investment Banking Limited	London, United Kingdom	100.0	
Eurohypo Nominees 1 Limited	London, United Kingdom	100.0	
Eurologistik 1 Leasehold General Partner BVBA	Brussels, Belgium	100.0	
Fernwärmenetz Leipzig GmbH	Leipzig	100.0	
Forum Algarve – Gestao de Centro comercial, Sociedade Unipessoal, Lda.	Lisbon, Portugal	100.0	
Frega Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0	
Galbraith Investments Limited	London, United Kingdom	100.0	
Garbary Sp. z.o.o.	Poznan, Poland	100.0	
Gesellschaft für Kreditsicherung mbH	Berlin	63.3	
GIE Dresdner Kleinwort France i.L.	Paris, France	100.0	
GIE Victoria Aéronautique	Paris, France	100.0	
GRANADA Investment GmbH i.L.	Düsseldorf	100.0	
Grundbesitzgesellschaft Berlin Rungestr. 22– 24 mbH i.L.	Eschborn	100.0	15)
Grundstücks- und Vermögensverwaltungsgesellschaft Geretsried mbH i.L.	Düsseldorf	51.1	51.0 16)
Grupa PINO Sp. z o.o. w likwidacji	Warsaw, Poland	100.0	
H 47 GmbH & Co. KG	Düsseldorf	100.0	
H 47 Verwaltungsgesellschaft mbH	Düsseldorf	94.4	94.0
Hamudi S.A.	Madrid, Spain	100.0	
Haus am Kai 2 O.O.O.	Moscow, Russia	100.0	
HDW Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main	100.0	
Histel Beteiligungs GmbH	Frankfurt/Main	100.0	b)
HVI Handels- und Verwertungsgesellschaft für Immobilien mbH	Düsseldorf	94.0	
Immobiliengesellschaft Ost Hägle, spol. s.r.o	Prague, Czech Republic	100.0	
Immobilien-Vermietungsgesellschaft Reeder & Co. Objekt Airport Bürocenter Dresden KG	Dresden	87.2	86.6
Immobilienverwaltungsgesellschaft Grammophon Büropark mbH	Berlin	100.0	
Immobilienverwaltungsgesellschaft Schlachthof Offenbach mbH	Eschborn	100.0	
IMMOFIDUCIA Sp. z. o.o.	Warsaw, Poland	100.0	
IWP International West Pictures GmbH & Co. Erste Produktions KG	Cologne	95.0	
IWP International West Pictures Verwaltungs GmbH	Cologne	100.0	
KTC Kommunikations- und Trainings-Center Königstein GmbH	Königstein	100.0	
LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH	Ludwigshafen	94.0	
LOFRA GmbH & Co.KG	Frankfurt/Main	99.9	100.0
LOFRA Verwaltungs-Gesellschaft mbH	Frankfurt/Main	100.0	
Lufthansa Leasing GmbH & Co. Echo-Oscar KG i. L.	Grünwald	100.0	99.6
Mandas Receivables No.1 Limited	St. Helier, Jersey	100.0	
Mandas Receivables No.2 Limited	St. Helier, Jersey	100.0	
Marseille Shipping Limited	Monrovia, Liberia	100.0	
Max Lease Sàrl	Luxembourg, Luxembourg	100.0	
Messestadt Riem "Office am See" I GmbH i.L.	Eschborn	100.0	17)b)
Messestadt Riem "Office am See" III GmbH i.L.	Eschborn	100.0	18)b)
MLV 35 Sp. z o.o.	Warsaw, Poland	100.0	
MOLBINA Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf Ludwig-Erhard-Allee KG	Düsseldorf	94.3	91.2
MOLMELFI Vermietungsgesellschaft mbH & Co. Objekt Burghausen KG	Düsseldorf	100.0	51.0

Name	Registered office	Share of capital held %	Voting rights (where different) %
MOLRATUS Vermietungsgesellschaft mbH	Düsseldorf	100.0	
MONEA Vermietungsgesellschaft mbH	Düsseldorf	100.0	
Montitail – Gestao de Retail Park, Sociedade Unipessoal Lda.	Lisbon, Portugal	100.0	
NACOLO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NACONA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NACONEO Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NACONGA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NACORINO Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NACORONA Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NACOTA Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NAFARI Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAFIRINA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAMINO Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NAROLA Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NASIRO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NASTO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUCULA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAULUMO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUMOSA Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NAUPEUS Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NAURANTO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAURATA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUSOLA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTARO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTESSA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTIS Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTLUS Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTORIA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTUGO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVALIS Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVALIS Shipping Limited	Monrovia, Liberia	100.0	
NAVIBOLA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIBOTO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIFIORI Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIGA Schiffsbeteiligung GmbH	Hamburg	100.0	
NAVIGATO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIGOLO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVILO Vermietungsgesellschaft mbH	Hamburg	100.0	
NAVINA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIRENA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIROSSA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVISTA Verwaltungund Treuhand GmbH i.L.	Düsseldorf	100.0	
NAVITA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVITARIA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVITONI Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVITOSA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVITURA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NEB Shipping Co.	Monrovia, Liberia	100.0	
NEPTANA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NEPTILA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NEPTORA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NEPTUGA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NEPTUNO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NESTOR Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hamme KG	Düsseldorf	100.0	

Name	Registered office	Share of capital held %	Voting rights (where different) %
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Landau KG	Düsseldorf	5.0	55.0
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Wiemelhausen KG	Düsseldorf	100.0	
NORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
NOSCO Grundstücks-Vermietungsgesellschaft mbH	Mainz	100.0	
NOTITIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
NOVITAS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
Nr. X Real Estate Hungary Kft.	Budapest, Hungary	100.0	
Number X Bologna S.r.l.	Milan, Italy	100.0	
NUMERIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
NURUS Beteiligungsgesellschaft mbH	Düsseldorf	100.0	b)
Octopus Investment Sp. z o.o.	Warsaw, Poland	100.0	
OSKAR Medienbeteiligungsgesellschaft mbH	Düsseldorf	100.0	
PALERMO Shipping Limited	Monrovia, Liberia	100.0	
PAREO Kraftwerk-Beteiligungsgesellschaft mbH	Leipzig	100.0	
Property Invest Spain, S.L.	Barcelona, Spain	100.0	
PRUNA Betreiber GmbH	Grünwald	51.0	
RAMONIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
RAPIDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
RAVENNA Kraków Sp. z.o.o.	Warsaw, Poland	100.0	
Receivable Partners Inc.	Wilmington, Delaware, USA	66.0	
RECURSA Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main	100.0	
RESIDO Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	
RIMA Medien-Beteiligungsgesellschaft mbH i.L.	Düsseldorf	100.0	
RIPA Medien-Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ROSARIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Baden-Airpark KG	Düsseldorf	50.0	65.0
ROSATA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ROSEA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ROSINTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ROSOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ROSOLA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Heddernheim KG	Düsseldorf	94.0	65.0
ROTUNDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
SB-Bauträger Gesellschaft mit beschränkter Haftung	Eschborn	100.0	b)
Schiffahrtsgesellschaft HANSA mbH	Hamburg	100.0	
Solar Cuever del Negro 1, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 10, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 11, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 12, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 13, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 14, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 15, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 16, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 17, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 18, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 2, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 3, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 4, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 5, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 6, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 7, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 8, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 9, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 1, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 10, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 11, S.L.U.	Madrid, Spain	100.0	

Name	Registered office	Share of capital held %	Voting rights (where different) %
Solar Los Arroyos de Escuzar 12, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 13, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 14, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 15, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 16, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 17, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 18, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 2, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 3, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 4, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 5, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 6, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 7, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 8, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 9, S.L.U.	Madrid, Spain	100.0	
SOLTRX Transaction Services GmbH	Düsseldorf	100.0	b)
Space Park Erste Verwaltungs GmbH	Frankfurt/Main	100.0	
TARA Immobilien-Besitz GmbH	Eschborn	100.0	b)
TARA Immobiliengesellschaft mbH	Eschborn	100.0	b)
TARA Immobilien-Verwaltungs-GmbH	Eschborn	100.0	
TARA Property-Management GmbH	Eschborn	100.0	
Tele-Tech Investment Sp. z.o.o.	Warsaw, Poland	100.0	
TIGNARIS Beteiligungsgesellschaft mbH & Co. Objekt Ostfildern KG	Düsseldorf	94.9	97.0
TIGNARIS Beteiligungsgesellschaft mbH & Co. Streubesitz KG	Düsseldorf	94.8	
TIGNATO Beteiligungsgesellschaft mbH	Essen	100.0	
TIGNATO Beteiligungsgesellschaft mbH & Co. KölnTurm MediaPark KG	Eschborn	100.0	
TOULON NOVA Shipping Limited	Monrovia, Liberia	100.0	
TRANSFERIA Managementgesellschaft mbH i.L.	Dortmund	100.0	
VALENCIA NOVA Shipping Limited	Monrovia, Liberia	100.0	
Wall Street Technology Managers LP	New York, New York, USA	90.0	
Webtel Sp. z o.o. w likwidacji	Warsaw, Poland	100.0	
Wijkertunnel Beheer III B.V.	Amsterdam, Netherlands	100.0	
WST-Broker-GmbH i.L.	Frankfurt/Main	90.0	

2. Associated companies

a) Associated companies in the consolidated financial statements accounted for using the equity method

Name	Registered office	Share of capital %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000
AKA Ausfuhrkredit-Gesellschaft mbH	Frankfurt/Main	31.6		EUR	176,547	16,775
Argor-Heraeus S.A.	Mendrisio, Switzerland	31.2		CHF	89,002	34,873
Capital Investment Trust Corporation	Taipei, Taiwan	24.0		TWD	−3,106,323	−514,217
Captain Holdings S.à.r.l.	Luxembourg, Luxembourg	46.0		GBP	3,852	71
Commerz Finanz GmbH	Munich	49.9		EUR	402,038	−11,424
Commerz Unternehmens-beteiligungs-Aktiengesellschaft	Frankfurt/Main	40.0		EUR	92,297	5,106
COMUNITHY Immobilien GmbH	Düsseldorf	49.9		EUR	−7,978	920
DTE Energy Center, LLC	Wilmington, Delaware, USA	49.5	50.0	USD	91,830	6,223
Exploitatiemaatschappij Wijkertunnel C.V.	Amsterdam, Netherlands	33.3		EUR	14,523	7,451
GIE Fleur de Canne	Paris, France	10.0		EUR	22,380	343
GIE Northbail	Puteaux, France	25.0		EUR	0	7
HAJOBANTA GmbH & Co. Asia Opportunity I KG	Düsseldorf	20.8	20.8	EUR	116,626	13,962
ILV Immobilien-Leasing Verwaltungsgesellschaft Düsseldorf mbH	Düsseldorf	50.0		EUR	19,501	1,964
Inmobiliaria Colonial, S.A.	Barcelona, Spain	18.7		EUR	2,221,241	109,782
KGAL GmbH & Co. KG . . .	Grünwald	40.5		EUR	97,648	5,047
KGAL Verwaltungs-GmbH . . .	Grünwald	45.0		EUR	8,688	325
MFG Flughafen-Grundstücks-verwaltungsgesellschaft mbH & Co. BETA KG . .	Grünwald	29.4	29.0	EUR	−63,291	3,008
RECAP/Commerz AMW Investment, L. P.	New York, New York, USA	50.0		USD	8,688	−1,311
Reederei MS "E.R. INDIA" Beteiligungsgesellschaft mbH & Co.KG	Hamburg	26.1		EUR	6,653	2,425

b) Associated companies in the consolidated financial statements not accounted for using the equity method due to their minor significance

Name	Registered office	Share of capital %	Voting rights (where different) %
36th Street CO-INVESTMENT, L.P.	Wilmington, Delaware, USA	49.0	50.0
4239466 Canada Inc.	Toronto, Canada	50.0	
ACTIUM Leasobjekt GmbH & Co. Objekt Bietigheim OHG	Düsseldorf	100.0	50.0
ACTIUM Leasobjekt GmbH & Co. Objekte Amberg und Landshut KG	Düsseldorf	50.0	
ADAMANTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Elbphilharmonie KG	Düsseldorf	50.0	
AF Eigenkapitalfonds für deutschen Mittelstand GmbH & Co. KG	Munich	47.5	47.5
AGASILA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf KG	Düsseldorf	23.4	25.0
ALIVERA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf-Lichtenbroich KG	Düsseldorf	5.2	23.0
Ampton B.V.	Amsterdam, Netherlands	50.0	
ASTIRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
BAF Berlin Animation Film GmbH	Berlin	49.0	
Banco Comercial S. A.	Montevideo, Uruguay	33.3	
BONUS Vermietungsgesellschaft mbH	Düsseldorf	30.0	
Commerz GOA Realty Associates LLC	New York, New York, USA	49.0	
COMMERZ GOA REALTY Management, LLC	Atlanta, Georgia, USA	49.0	
Commerz Realty Associates GP V, LLC	Wilmington, Delaware, USA	49.0	
DRABELA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREBACUSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREBANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREBENDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREBOSTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRECORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREDOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREFLORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREFUMA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREHERA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	50.0	
DREKONTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRELARA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRELOBA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRELOSINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREMARA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	50.0	
DRENITA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRESANA Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRETERUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREVERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
Düsseldorfer Börsenhaus GmbH	Düsseldorf	20.0	
FERO Vermietungsgesellschaft mbH	Düsseldorf	26.0	
FORNAX Kraftwerk-Beteiligungsgesellschaft mbH	Grünwald	50.0	
FOSSUM Beteiligungsgesellschaft mbH	Düsseldorf	24.8	25.0
FUNGOR Vermietungsgesellschaft mbH	Düsseldorf	43.6	
GIE Cinquieme Lease	Puteaux, France	33.3	
GIE Go Lease	Puteaux, France	50.0	
GIE Hu Lease	Puteaux, France	50.0	
GIE Quatrieme Lease	Puteaux, France	33.3	
GMF German Mittelstand Fund GmbH i. L.	Frankfurt/Main	23.5	
GOPA Gesellschaft für Organisation, Planung und Ausbildung mbH	Bad Homburg v. d. Höhe	24.8	28.8
GRAMEDA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRAMINA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRAMOLINDA Vermietungsgesellschaft mbH	Grünwald	50.0	

Name	Registered office	Share of capital %	Voting rights (where different) %
GRAMOLINDA Vermietungsgesellschaft mbH & Co. Objekt Frankfurt KG	Grünwald	94.0	40.0
GRASSANO Vermietungsgesellschaft mbH	Grünwald	50.0	
GRATNOMA Grundstücks-Vermietungsgesellschaft mbH	Grünwald	50.0	
GRENADO Vermietungsgesellschaft mbH	Grünwald	50.0	
GRETANA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRISLEVA Vermietungsgesellschaft mbh	Grünwald	50.0	
GRONDOLA Vermietungsgesellschaft mbH	Grünwald	50.0	
GROSINA Vermietungsgesellschaft mbH	Grünwald	50.0	
GROTEGA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRUMENTO Vermietungsgesellschaft mbH	Grünwald	50.0	
GRUMONA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRUMOSA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRUNATA Vermietungsgesellschaft mbh	Grünwald	50.0	
GZ Verwaltungsgesellschaft für Transportmittel mbH i.L.	Munich	50.0	
HAJOTARA Beteiligungsgesellschaft mbH & Co. Solarkraftwerke KG	Düsseldorf	6.0	30.0
Immobilien-Vermietungsgesellschaft Dr. Rühl GmbH & Co. Objekt Stutensee KG	Düsseldorf	3.5	25.0
Industriedruck Krefeld Kurt Janßen GmbH & Co KG	Krefeld	25.7	
Irving Place Co-Investment, L.P.	New York, New York, USA	37.7	50.0
Kapelaansdijk I BV	Amsterdam, Netherlands	25.0	
Koppelenweg I BV	Hoevelaken, Netherlands	33.3	
La Tasca Holdings Limited	Luton, United Kingdom	39.2	
Lerchesberg Grundstücks-Gesellschaft mbH i.L.	Frankfurt/Main	49.0	
LOUISENA Vermietungsgesellschaft mbH	Grünwald	50.0	
MAECENA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dortmund KG	Düsseldorf	5.0	33.3
MANICA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neutraubling KG	Düsseldorf	5.0	50.0
MARBANA Vermietungsgesellschaft mbH & Co. Objekt Hallenbad Flensburg KG	Flensburg	40.0	
MARBREVA Vermietungsgesellschaft mbH & Co. Objekt AOK Bayern KG	Düsseldorf	100.0	50.0
MARBREVA Vermietungsgesellschaft mbH & Co. Objekt AOK Rheinland-Pfalz KG	Düsseldorf	100.0	50.0
Marie Lease S.à r.l.	Luxembourg, Luxembourg	49.0	
MARIUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hannover KG	Düsseldorf	21.0	40.0
MAROLA Vermietungsgesellschaft mbH & Co. Objekt Essen KG	Düsseldorf	0.1	50.0
MINERVA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Radolfzell KG	Düsseldorf	21.0	
MITEC engine.tec gmbh & Co. Objekt Krauthausen KG	Eisenach	0.5	45.0
MOLANCONA Vermietungsgesellschaft mbH	Düsseldorf	50.0	
MOLARIS Beteiligungsgesellschaft mbH & Co. Objekt Kurhaus KG	Düsseldorf	100.0	49.0
Molathina Vermietungsgesellschaft mbH & Co. Objekt Rostock KG	Düsseldorf	0.1	50.0
MOLBARVA Vermietungsgesellschaft mbH	Düsseldorf	50.0	
MOLBERA Vermietungsgesellschaft mbH & Co. Objekt Aalen KG	Düsseldorf	0.1	50.0
MOLBERNO Vermietungsgesellschaft mbH	Grünwald	50.0	
MOLBONA Vermietungsgesellschaft mbH	Berlin	50.0	
MOLCASA Vermietungsgesellschaft Objekt Smart mbH i.L.	Grünwald	50.0	
MOLDOMA Vermietungsgesellschaft mbH & Co. Objekt Augsburg KG	Düsseldorf	100.0	50.0
MOLFRIEDA Vermietungsgesellschaft mbH & Co. Objekt Wesel KG	Düsseldorf	0.1	50.0

Name	Registered office	Share of capital %	Voting rights (where different) %
MOLGRADO Vermietungsgesellschaft Objekt Göttingen und Oldenburg mbH	Grünwald	50.0	
MOLKIRA Vermietungsgesellschaft mbH & Co. Objekt Herten KG	Düsseldorf	0.1	50.0
MOLKRIMA Vermietungsgesellschaft mbH & Co. Objekt Triptis KG	Düsseldorf	0.1	50.0
MOLPIKA Vermietungsgesellschaft mbH & Co. Objekt Tuttlingen KG	Düsseldorf	0.1	50.0
MOLPIREAS Vermietungsgesellschaft mbH	Düsseldorf	50.0	
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Aquarius KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Aries KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf Hohe Straße KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Geminus KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Halle Markt 11 KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Halle Riegel KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Pforzheim KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Taurus KG	Düsseldorf	98.5	49.0
MOLSTINA Vermietungsgesellschaft mbH & Co. Objekt Stuttgart KG	Düsseldorf	0.1	50.0
MOLSURA Vermietungsgesellschaft mbH	Düsseldorf	50.0	
MOLWANKUM Vermietungsgesellschaft mbH & Co. Objekt Landkreis Hildburghausen KG	Düsseldorf	6.0	29.0
MOLWARGA Vermietungsgesellschaft mbH & Co. Objekt Aue KG	Düsseldorf	4.6	25.0
MS „Meta" Stefan Patjens GmbH & Co. KG	Drochtersen	30.5	
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Erlangen KG	Düsseldorf	10.0	50.0
NOSSIA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Pöcking	2.5	25.0
ORBITA Kraftwerk-Beteiligungsgesellschaft mbH	Düsseldorf	50.0	
ORNATUS Grundstücks-Vermietungsgesellschaft mbH	Schönefeld (Dahme-Spreewald)	50.0	
OSCA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Grünwald	26.0	
Pinova GmbH & Co. Erste Beteiligungs KG	Munich	41.8	
RECAP Alta Phoenix Lofts Investment, L.P.	New York, New York, USA	50.0	
RECAP/Commerz Greenwich Park Investment, L.P	New York, New York, USA	50.0	
Rendite Partner Gesellschaft für Vermögensverwaltung mbH i. L.	Frankfurt/Main	33.3	
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Logistikobjekt Schweinfurt KG	Düsseldorf	2.5	35.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Pforzheim KG	Düsseldorf	0.5	50.0
SCI L Argentiere	Grenoble, France	30.0	
SITA Immobilia GmbH & Co. KG	Cologne	5.1	50.0
Southwestern Co-Investment, L.P.	New York, New York, USA	50.0	
TAMOLDINA Vermietungsgesellschaft mbH	Grünwald	50.0	
TAMOLTEMPA Vermietungsgesellschaft mbH	Grünwald	50.0	
TAMOLTESSA Vermietungsgesellschaft mbH	Grünwald	50.0	
The World Markets Company GmbH i. L.	Frankfurt/Main	25.2	
U.S. Residential I GP, LLC	Wilmington, Delaware, USA	49.0	50.0

3. Jointly controlled entities

a) Jointly controlled entities in the consolidated financial statements accounted for using the equity method

Name	Registered office	Share of capital %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000
Carbon Trade & Finance SICAR S.A.	Senningerberg, Luxembourg	50.0		EUR	4,751	–4,416
Delphi I LLC	Wilmington, Delaware, USA	33.3	33.3	EUR	–380,981	–23,032
FV Holding S.A.	Brussels, Belgium	60.0		EUR	10,892	2,190
Kaiserkarree S.a.r.l.	Luxembourg, Luxembourg	50.0		EUR	44,620	–18,894

b) Jointly controlled entities in the consolidated financial statements not accounted for using the equity method due to their minor significance

Name	Registered office	Share of capital %	Voting rights (where different) %
Bonitos GmbH & Co. KG	Frankfurt/Main	50.0	
Bonitos Verwaltungs GmbH	Frankfurt/Main	50.0	
NULUX NUKEM LUXEMBOURG GmbH	Luxembourg, Luxembourg	49.5	

4. Special purpose entities

a) Special purpose entities included in the consolidated financial statements pursuant to IAS 27/ SIC 12

Name	Registered office	Share of capital %	Voting rights (where different) %	Currency	Equity 1,000
Asset Securitisation Programme for Insured Receivables Ltd. (ASPIRE)	Dublin, Ireland	0.0		EUR	2
Barrington II LLC	Dover, Delaware, USA	0.0		USD	0
Barrington II CDO Ltd.	George Town, Grand Cayman, Cayman Islands	0.0		USD	0
Beethoven Funding Inc	Dover, Delaware, USA	0.0		USD	3
Borromeo Finance S.r.l.	Milan, Italy	0.0		EUR	21,153
Bosphorus Capital Ltd.	Dublin, Ireland	0.0		EUR	212
Bosphorus Investments Limited	Dublin, Ireland	0.0		EUR	2,675 [a)]
CB MezzCAP Limited Partnership	St. Helier, Jersey	0.0		EUR	346
Classic I (Netherlands) BV 2008-1	Amsterdam, Netherlands	0.0		EUR	0
Coco Finance II-1 Ltd.	Dublin, Ireland	0.0		EUR	1[a)]
CoSMO Finance II-2 Ltd.	Dublin, Ireland	0.0		EUR	1[a)]
CoSMO II-1 Ltd.	Dublin, Ireland	0.0		EUR	1
Danube Delta PLC	Delaware, USA	0.0		USD	–28,143
Dock 100 GmbH & Co. KG	Berlin	0.0		EUR	–31,095
FAF Inc.	George Town, Grand Cayman, Cayman Islands	0.0		EUR	146
Global One Funding III LLC	Wilmington, Delaware, USA	0.0		USD	0
Greenway Infrastructure Fund	St. Helier, Jersey	0.0		GBP	0
HFR MF iQArts Master Trust	Hamilton, Bermuda	0.0		USD	0
Honeywell Grundbesitzverwaltungs- GmbH & Co. Vermietungs-KG	Grünwald	100.0	19.0	EUR	–14,860[d)]
Idilias SPC Inc.	George Town, Grand Cayman, Cayman Islands	0.0		USD	230
Justine Capital SRL	Milan, Italy	0.0		EUR	1,875
Kalmus Grundstücks Gesellschaft Objekt Erfurt KG	Grünwald	0.0		EUR	–1,093[19)]

Name	Registered office	Share of capital %	Voting rights (where different) %	Currency	Equity 1,000
LAMINA Grundstücks-Verwaltungs- gesellschaft mbH & Co. Objekt Leipzig KG	Grünwald	100.0	16.7	EUR	–8,180
Liffey (Emerald) Limited	Dublin, Ireland	0.0		EUR	0
Livingstone Mortgages Limited	London, United Kingdom	0.0		GBP	25,196
Loxodrome Inc.	George Town, Grand Cayman, Cayman Islands	0.0		USD	0[a])
Merkur Grundstücks Gesellschaft Objekt Berlin Lange Strasse KG	Grünwald	4.0		EUR	–889
Metrofinanciera Warehousing Trust 2007	Delaware, USA	0.0		USD	–67
MORE Global Inc.	George Town, Grand Cayman, Cayman Islands	0.0		EUR	117
Pantheon Master Fund	Delaware, USA	0.0		USD	–28,143
Plymouth Capital Limited	St. Helier, Jersey	0.0		EUR	1,637
Rügen I GmbH	Frankfurt/Main	0.0		EUR	25
Semper Finance 2006-1 Ltd.	St. Helier, Jersey	0.0		GBP	–9
Semper Finance 2007-1 GmbH	Frankfurt/Main	0.0		EUR	405
Steel Finance Inc.	George Town, Grand Cayman, Cayman Islands	0.0		USD	7
Symphony No.2 Llc	Wilmington, Delaware, USA	0.0		USD	29
Symphony No.4 Llc	Dover, Delaware, USA	0.0		USD	0
Thames SPC	George Town, Grand Cayman, Cayman Islands	0.0		EUR	0
Truckman Inc	George Town, Grand Cayman, Cayman Islands	0.0		EUR	–3
TS Co. mit One GmbH	Frankfurt/Main	0.0		EUR	25
TS Lago One GmbH	Frankfurt/Main	0.0		EUR	26
Viaduct Invest FCP – SIF	Luxembourg, Luxembourg	0.0		EUR	1,300
Zelos Belgium I SA	Forest, Belgium	100.0		EUR	141[a])
Zelos Belgium II SA	Forest, Belgium	100.0		EUR	146[a])
Zelos Belgium III SA	Forest, Belgium	100.0		EUR	135[a])
Zelos Belgium IV SA	Brussels, Belgium	100.0		EUR	138[a])

b) Special purpose entities not included in the consolidated financial statements pursuant to IAS 27/ SIC 12 due to their minor significance

Name	Registered office	Share of capital %	Voting rights (where different) %
Dock 100 Logistik GmbH	Berlin	0.0	
Feather Leasing Stichting	Luxembourg, Luxembourg	0.0	
Gangrey Ltd	London, United Kingdom	0.0	
Goldman Sachs Multi-Strategy Portfolio (Class B/E)	George Town, Grand Cayman, Cayman Islands	0.0	
Opera France One FCC	Paris, France	0.0	
Opera Germany No. 2 plc.	Dublin, Ireland	0.0	
Opera Germany No. 3 Ltd.	Dublin, Ireland	0.0	
Ryder Square Limited	St. Helier, Jersey	0.0	
Star Global Multi Strategy	George Town, Grand Cayman, Cayman Islands	0.0	
Viking Capital Ltd.	Jersey	0.0	

5. Special funds

a) Special funds included in the consolidated financial statements pursuant to IAS 27/SIC 12

Name	Registered office	Share of investor in fund %	Voting rights (where different) %	Currency	Fund volume 1,000
CBK SICAV	Hesperange, Luxembourg	61.4		EUR	25,072
CDBS-Cofonds	Frankfurt/Main	100.0		EUR	109,180
CDBS-Cofonds II	Frankfurt/Main	100.0		EUR	94,074
CDBS-Cofonds III	Frankfurt/Main	100.0		EUR	105,908
CDBS-Cofonds IV	Frankfurt/Main	100.0		EUR	106,459
ComStage ETF SICAV	Luxembourg, Luxembourg	59.4		EUR	4,877,766[a)]
Olympic Investment Fund II	Luxembourg, Luxembourg	100.0		EUR	2,430,400[a)]
OP-Fonds CDBS V	Luxembourg, Luxembourg	100.0		EUR	97,857
Premium Management Immobilien-Anlagen	Frankfurt/Main	93.5		EUR	495,232
VFM Mutual Fund AG & Co. KG	Vaduz, Liechtenstein	85.4		USD	337,317

b) Special funds not included in the consolidated financial statements pursuant to IAS 27/SIC 12 due to their minor significance

Name	Registered office	Share of investor in fund %	Voting rights (where different) %
ALLIANZ BULGARIA PENSION FUND	Paris, France	100.0	
HQ Trust Kensington Ltd.	George Town, Grand Cayman, Cayman Islands	100.0	
HSC Life Policy Pooling S.A.R.L.	Luxembourg, Luxembourg	100.0	
LIFE PLUS FUNDS FCP-SIF	Luxembourg, Luxembourg	100.0	
Protect Global Winner 2014	Luxembourg, Luxembourg	100.0	

6. Investments in large corporations where the investment exceeds 5% of the voting rights

Name	Registered office	Share of capital %	Voting rights (where different) %
ConCardis Gesellschaft mit beschränkter Haftung	Eschborn	13.9	
EURO Kartensysteme Gesellschaft mit beschränkter Haftung	Frankfurt/Main	13.9	
GEWOBA Aktiengesellschaft Wohnen und Bauen	Bremen	7.1	

Footnotes

1) Renamed: Commerzbank Auslandsbanken Holding Nova GmbH has been transformed to Commerz Bankenholding Nova GmbH
2) Renamed: Commerzbank Europe (Ireland) has been transformed to Commerz Europe (Ireland)
3) Renamed: Eurohypo (Japan) Corporation has been transformed to Commerz Japan Real Estate Finance Corporation
4) Renamed: Commerz Real Baucontract GmbH has been transformed to Commerz Real Baumanagement GmbH
5) Renamed: EH Estate Management GmbH has been transformed to HF Estate Management GmbH
6) Renamed: Eurohypo Aktiengesellschaft has been transformed to Hypothekenbank Frankfurt AG
7) Renamed: EUROHYPO Europäische Hypothekenbank S.A. has been transformed to Hypothekenbank Frankfurt International S.A.
8) Renamed: LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Anthropolis KG has been transformed to LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Anthropolis KG i.L.
9) Renamed: LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Grindelwaldweg KG has been transformed to LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Grindelwaldweg KG i.L.
10) Renamed: Centrum Rozliczen i Informacji CERI Sp. z.o.o. has been transformed to BRE Centrum Operacji Sp. z o.o.
11) Renamed: BREL-ESTATE Sp. z.o.o. has been transformed to BREL-ESTATE Sp. z.o.o. w likwidacji
12) Renamed: BREL-FIN Sp. z.o.o. has been transformed to BREL-FIN Sp. z.o.o. w likwidacji
13) Renamed: BRE Systems Sp. z.o.o. has been transformed to CERI International Sp. z o.o.
14) Renamed: CIV GmbH Alpha has been transformed to Commerz Property GmbH
15) Renamed: Grundbesitzgesellschaft Berlin Rungestr. 22 – 24 mbH has been transformed to Grundbesitzgesellschaft Berlin Rungestr. 22 – 24 mbH i.L.
16) Renamed: Grundstücks- und Vermögensverwaltungsgesellschaft Geretsried mbH has been transformed to Grundstücks- und Vermögensverwaltungsgesellschaft Geretsried mbH i.L.
17) Renamed: Messestadt Riem "Office am See" I GmbH has been transformed to Messestadt Riem "Office am See" I GmbH i.L.
18) Renamed: Messestadt Riem "Office am See" III GmbH has been transformed to Messestadt Riem "Office am See" III GmbH i.L.
19) Renamed: Kalmus Grundstücks Gesellschaft Objekt KG has been transformed to Kalmus Grundstücks Gesellschaft Objekt Erfurt KG

Notes and explanations

a) Included in the consolidated financial statements for the first time in the year under review.
b) Profit transfer agreement.
c) No disclosures persuant to Art. 285 No.11a of the German Commercial Code (HGB) are provided due to their minor significance as defined in Art. 286 (3) No.1 HGB.
d) Consolidated in accordance with SIC 12 as the share of voting rights is 19%.

Foreign exchange rates for €1 as at 31 December 2012

Albania	ALL	139.7400
Bermuda	BMD	1.3194
Brazil	BRL	2.7036
Bulgaria	BGN	1.9558
Chile	CLP	631.3217
United Kingdom	GBP	0.8161
India	INR	72.5600
Japan	JPY	113.6100
Canada	CAD	1.3137
Poland	PLN	4.0740
Russia	RUB	40.3295
Switzerland	CHF	1.2072
Singapore	SGD	1.6111
South Africa	ZAR	11.1727
Taiwan	TWD	38.3026
Czech Republic	CZK	25.1510
Ukraine	UAH	10.6143
Hungary	HUF	292.3000
USA	USD	1.3194

Boards of Commerzbank Aktiengesellschaft

Supervisory Board

Klaus-Peter Müller
Chairman

Uwe Tschäge[1]
Deputy Chairman
Employee of
Commerzbank Aktiengesellschaft

Hans-Hermann Altenschmidt[1]
Employee of
Commerzbank Aktiengesellschaft

Dott. Sergio Balbinot
(until 23.5.2012)
Managing Director
Assicurazioni Generali S. p. A.

Dr.-Ing. Burckhard Bergmann
Former Chairman of the
Board of Managing Directors
E.ON Ruhrgas AG

Dr. Nikolaus von Bomhard
Chairman of the
Board of Managing Directors
Münchener Rückversicherungs-
Gesellschaft AG

Karin van Brummelen[1]
Employee of
Commerzbank Aktiengesellschaft

Astrid Evers[1]
Employee of
Commerzbank Aktiengesellschaft

Uwe Foullong[1]
Secretary
ver.di Trade Union

Daniel Hampel[1]
Employee of
Commerzbank Aktiengesellschaft

Dr.-Ing. Otto Happel
Entrepreneur
Luserve AG

Beate Hoffmann[1]
Employee of
Commerzbank Aktiengesellschaft

Prof. Dr.-Ing. Dr.-Ing. E.h.
Hans-Peter Keitel
Vice President of the Federation
of German Industries (BDI)

Alexandra Krieger[1]
Head Business Economics/
Corporate Strategies
Industriegewerkschaft Bergbau,
Chemie, Energie

Dr. h. c. Edgar Meister
Lawyer
Former member of the Executive
Board of Deutsche Bundesbank

Prof. h. c. (CHN) Dr. rer. oec.
Ulrich Middelmann
Former Deputy Chairman of the
Board of Managing Directors
ThyssenKrupp AG

Dr. Helmut Perlet
Chairman of the Supervisory Board
Allianz SE

Barbara Priester
Employee of
Commerzbank Aktiengesellschaft

Mark Roach[1]
Secretary, ver.di Trade Union
National Administration

Dr. Marcus Schenck
Member of the
Board of Managing Directors
E.ON AG

Dr. Gertrude Tumpel-Gugerell
(since 1.6.2012)
Former member of the
Executive Board
European Central Bank

Dr. Walter Seipp
Honorary Chairman

[1] Elected by the Bank's employees.

Board of Managing Directors

Martin Blessing
Chairman

Frank Annuscheit

Markus Beumer

Stephan Engels
(since 1.4.2012)

Jochen Klösges

Michael Reuther

Dr. Stefan Schmittmann

Ulrich Sieber

Dr. Eric Strutz
(until 31.3.2012)

Martin Zielke

Responsibility statement by the Board of Managing Directors

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report of the Group provides a true and fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt/Main, 25 February 2013
The Board of Managing Directors

Martin Blessing	Frank Annuscheit	Markus Beumer
Stephan Engels	Jochen Klösges	Michael Reuther
Stefan Schmittmann	Ulrich Sieber	Martin Zieklke

The following auditor's report (*Bestätigungsvermerk*) has been issued in accordance with Section 322 of the German Commercial Code (*Handelsgesetzbuch*) on the consolidated financial statements and group management report (*Konzernlagebericht*) of COMMERZBANK Aktiengesellschaft as of and for the fiscal year ended December 31, 2012. The group management report is neither included nor incorporated by reference in this Prospectus.

Independent Auditors' Report[1]

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of COMMERZBANK Aktiengesellschaft, Frankfurt/Main, and its subsidiaries, which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements for the business year from 1 January to 31 December 2012.

Board of Managing Directors' Responsibility for the Consolidated Financial Statements

The Board of Managing Directors of COMMERZBANK Aktiengesellschaft is responsible for the preparation of these consolidated financial statements. This responsibility includes that these consolidated financial statements are prepared in accordance with International Financial Reporting Standards, 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) and that these consolidated financial statements 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 Board of Managing Directors is also responsible for the internal controls as the Board of Managing Directors determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgement. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

According to § 322 Abs. 3 Satz (sentence) 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at 31 December 2012 as well as the results of operations for the business year then ended, in accordance with these requirements.

1 Translation of the independent auditors' report issued in German language on the consolidated financial statements prepared in German language by the management of Commerzbank Aktiengesellschaft, Frankfurt/Main. The German language statements are decisive.

Report on the Group Management Report

We have audited the accompanying group management report of COMMERZBANK Aktiengesellschaft for the business year from 1 January to 31 December 2012. The Board of Managing Director of COMMERZBANK Aktiengesellschaft is responsible for the preparation of the group management report in accordance with the requirements of German commercial law applicable pursuant to § 315a Abs. 1 HGB. We conducted our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the group management report promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Accordingly, we are required to plan and perform the audit of the group management report to obtain reasonable assurance about whether the group management report is consistent with the consolidated financial statements and the audit findings, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

According to § 322 Abs. 3 Satz 1 HGB we state, that our audit of the group management report has not led to any reservations.

In our opinion based on the findings of our audit of the consolidated financial statements and group management report, the group management report is consistent with the consolidated financial statements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, 26 February 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Clemens Koch
(Wirtschaftsprüfer)
(German Public Auditor)

Peter Goldschmidt
(Wirtschaftsprüfer)
(German Public Auditor)

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CONSOLIDATED FINANCIAL STATEMENS OF COMMERZBANK AKTIENGESELLSCHAFT AS OF DECEMBER 31, 2011

Statement of comprehensive income

Income statement

	Notes	1.1.-31.12.2011	1.1.-31.12.2010	Change in %
			€m	
Interest income	(31)	17,343	18,306	–5.3
Interest expense	(31)	10,619	11,252	–5.6
Net interest income	(31)	6,724	7,054	–4.7
Loan loss provisions	(32)	–1,390	–2,499	–44.4
Net interest income after provisions		5,334	4,555	17.1
Commission income	(33)	4,055	4,237	–4.3
Commission expense	(33)	560	590	–5.1
Net commission income	(33)	3,495	3,647	–4.2
Net trading income	(34)	2,109	2,052	2.8
Net income from hedge accounting	(35)	–123	–94	30.9
Net trading income and net income from hedge accounting	(34, 35)	1,986	1,958	1.4
Net investment income	(36)	–3,611	108	.
Current net income from companies accounted for using the equity method	(37)	42	35	20.0
Other net income	(38)	1,253	–131	.
Operating expenses	(39)	7,992	8,786	–9.0
Impairments of goodwill and brand names		—	—	.
Restructuring expenses		—	33	–100.0
Pre-tax profit or loss		**507**	**1,353**	**–62.5**
Taxes on income	(40)	–240	–136	76.5
Consolidated profit or loss		**747**	**1,489**	**–49.8**
Consolidated profit or loss attributable to non-controlling interests		109	59	84.7
Consolidated profit or loss attributable to Commerzbank shareholders		638	1,430	–55.4

Earnings per share		1.1.–31.12.2011	1.1.–31.12.2010	Change in %
			€	
Earnings per share	(42)	0.18	1.21	–85.1

The earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit or loss attributable to Commerzbank shareholders. As in the previous year, no conversion or option rights were outstanding during the financial year. The figure for diluted earnings per share was therefore identical to the undiluted figure.

Condensed statement of comprehensive income

	Notes	1.1.-31.12.2011	1.1.-31.12.2010	Change in %
			€m	
Consolidated profit or loss		747	1,489	−49.8
Change in revaluation reserve	(73)			
Reclassified to income statement		696	−352	.
Change in value not recognised in income statement		−1,477	394	.
Change in cash flow hedge reserve	(73)			
Reclassified to income statement		213	283	−24.7
Change in value not recognised in income statement		−18	−53	−66.0
Change in currency translation reserve	(73)			
Reclassified to income statement		14	41	−65.9
Change in value not recognised in income statement		−166	209	.
Change in companies accounted for using the equity method		−1	2	.
Other comprehensive income		−739	524	.
Total comprehensive income		**8**	**2,013**	**−99.6**
Comprehensive income attributable to non-controlling interests		47	127	−63.0
Comprehensive income attributable to Commerzbank shareholders		−39	1,886	.

Other comprehensive income	1.1.-31.12.2011			1.1.-31.12.2010		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
			€m			
Change in revaluation reserve	−1,007	226	−781	89	−47	42
Change in cash flow hedge reserve	289	−94	195	346	−116	230
Change in currency translation reserve	−152	—	−152	250	—	250
Change in companies accounted for using the equity method	−1	—	−1	2	—	2
Other comprehensive income	**−871**	**132**	**−739**	**687**	**−163**	**524**

Balance sheet

Assets	Notes	31.12.2011	31.12.2010	Change in %	1.1.2010[1]
		€m			
Cash reserve	(7, 45)	6,075	8,053	−24.6	10,329
Claims on banks	(8, 9, 10, 46, 48, 49, 79)	87,790	110,616	−20.6	106,689
of which pledged as collateral	(78)	77	94	−18.1	—
Claims on customers	(8, 9, 10, 47, 48, 49, 79)	296,586	327,755	−9.5	352,194
of which pledged as collateral	(78)	—	—	.	—
Value adjustment for portfolio fair value hedges	(11, 50)	147	113	30.1	−16
Positive fair values of derivative hedging instruments	(12, 51)	5,132	4,961	3.4	6,352
Trading assets	(13, 52, 79)	155,700	167,825	−7.2	218,708
of which pledged as collateral	(78)	16,025	19,397	−17.4	41,838
Financial investments	(14, 53, 79)	94,523	115,708	−18.3	130,914
of which pledged as collateral	(78)	3,062	22,374	−86.3	13,293
Holdings in companies accounted for using the equity method	(4, 54)	694	737	−5.8	378
Intangible assets	(15, 55)	3,038	3,101	−2.0	3,209
Fixed assets	(16, 56)	1,399	1,590	−12.0	1,779
Investment properties	(18, 58)	808	1,192	−32.2	1,279
Non-current assets and disposal groups held for sale	(19, 59)	1,759	1,082	62.6	2,868
Current tax assets	(26, 57)	716	650	10.2	1,267
Deferred tax assets	(26, 57)	4,154	3,567	16.5	4,370
Other assets	(17, 60)	3,242	7,349	−55.9	3,783
Total		**661,763**	**754,299**	**−12.3**	**844,103**

1 January 1, 2010 is equivalent to December 31, 2009 after the change in the way treasury shares are reported (see Note 2).

Liabilities and equity	Notes	31.12.2011	31.12.2010	Change in %	1.1.2010[1]
			€m		
Liabilities to banks	(10, 20, 61, 79)	98,481	137,626	−28.4	140,634
Liabilities to customers	(10, 20, 62, 79)	255,344	262,827	−2.8	264,618
Securitised liabilities	(20, 63, 79)	105,673	131,356	−19.6	161,779
Value adjustment portfolio fair value hedges	(11, 64)	938	121	.	−16
Negative fair values of derivative hedging instruments	(21, 65)	11,427	9,369	22.0	11,345
Trading liabilities	(22, 66, 79)	137,847	152,393	−9.5	202,595
Provisions	(23, 24, 67)	3,761	4,778	−21.3	5,115
Current tax liabilities	(26, 68)	680	1,072	−36.6	1,346
Deferred tax liabilities	(26, 68)	189	222	−14.9	1,240
Liabilities from disposal groups held for sale	(19, 69)	592	650	−8.9	2,839
Other liabilities	(70)	6,568	8,136	−19.3	6,103
Subordinated capital	(27, 71, 79)	13,285	12,910	2.9	15,850
Hybrid capital	(27, 72, 79)	2,175	4,181	−48.0	4,079
Equity	(30, 73, 74, 75)	24,803	28,658	−13.5	26,576
Subscribed capital	(73)	5,113	3,047	67.8	3,071
Capital reserve	(73)	11,158	1,507	.	1,471
Retained earnings	(73)	8,822	9,140	−3.5	7,741
Silent participations	(73)	2,687	17,178	−84.4	17,178
Other reserves	(5, 6, 14, 73)	−3,676	−2,999	22.6	−3,455
Total before non-controlling interests		24,104	27,873	−13.5	26,006
Non-controlling interests	(73)	699	785	−11.0	570
Total		**661,763**	**754,299**	**−12.3**	**844,103**

1 January 1, 2010 is equivalent to December 31, 2009 after the change in the way treasury shares are reported (see Note 2).

Statement of changes in equity

	Subscribed capital	Capital reserve	Retained earnings	Silent participations	Other reserves: Revaluation reserve	Other reserves: Cash flow hedge reserve	Other reserves: Currency translation reserve	Total before non-controlling interests	Non-controlling interests	Equity
	€m									
Equity as at 31.12.2009	**3,071**	**1,334**	**7,878**	**17,178**	**– 1,755**	**– 1,223**	**– 477**	**26,006**	**570**	**26,576**
Change due to retrospective adjustments		137	– 137					—		—
Equity as at 1.1.2010	**3,071**	**1,471**	**7,741**	**17,178**	**– 1,755**	**– 1,223**	**– 477**	**26,006**	**570**	**26,576**
Total comprehensive income	—	—	1,430	—	24	218	214	1,886	127	2,013
Consolidated profit or loss			1,430					1,430	59	1,489
Change in revaluation reserve					24			24	18	42
Change in cash flow hedge reserve						218		218	12	230
Change in currency translation reserve							212	212	38	250
Change in companies accounted for using the equity method							2	2		2
Dividend paid on silent participations								—		—
Dividend paid on shares								—	– 12	– 12
Capital increases								—	173	173
Changes in ownership interests			5					5		5
Change due to retrospective adjustments		68	– 68					—		—
Other changes[1]	– 24	– 32	32					– 24	– 73	– 97
Equity as at 31.12.2010	**3,047**	**1,507**	**9,140**	**17,178**	**– 1,731**	**– 1,005**	**– 263**	**27,873**	**785**	**28,658**
Total comprehensive income	—	—	638	—	– 780	195	– 92	– 39	47	8
Consolidated profit or loss			638					638	109	747
Change in revaluation reserve					– 780			– 780	– 1	– 781
Change in cash flow hedge reserve						195		195		195
Change in currency translation reserve							– 91	– 91	– 61	– 152
Change in companies accounted for using the equity method							– 1	– 1		– 1
Dividend paid on silent participations								—		—
Dividend paid on shares								—	– 26	– 26
Change in accounting par value	– 2,142	2,142						—		—
Capital increases	4,184	7,470						11,654		11,654
Withdrawal from retained earnings			– 873					– 873		– 873
Decrease in silent participations				– 14,491				– 14,491		– 14,491
Changes in ownership interests			38					38	– 57	– 19
Other changes[1]	24	39	– 121					– 58	– 50	– 108
Equity as at 31.12.2011	**5,113**	**11,158**	**8,822**	**2,687**	**– 2,511**	**– 810**	**– 355**	**24,104**	**699**	**24,803**

[1] Including change in treasury shares, change in derivatives on own equity instruments and changes in the group of consolidated companies.

As at December 31, 2011 €–110m of the cash flow hedge reserve and €8m of the currency translation reserve were attributable to assets held for sale and disposal groups.

The changes in ownership interests of €38m in the financial year 2011 resulted entirely from the purchase of additional shares in already consolidated companies. There was no effect from the disposal of shares in subsidiaries that continue to be consolidated.

In January 2011 we increased our share capital by 10% less 1 share (118,135,291 shares) for non-cash contributions; this increase was taken from authorised capital with shareholders' pre-emptive rights excluded. The new shares were subscribed in their entirety and paid for by non-cash contributions of hybrid equity instruments (trust-preferred securities) issued by companies of the Commerzbank Group. The nominal value of the hybrid instruments returned was €0.9bn and it generated non-recurring income of €0.3bn within Group pre-tax profit. Subscribed capital and the capital reserve each increased by €0.3bn.

The Financial Market Stabilisation Fund (SoFFin) subsequently converted a portion of its silent participations into shares in order to maintain its stake in Commerzbank at 25% plus 1 share. Thus silent participations with a nominal value of €0.2bn were converted into 39,378,430 shares from the conditional capital approved by the Annual General Meeting (AGM) in 2009.

The capital measures announced in an ad hoc release on April 6, 2011, and approved by the Commerzbank AGM on May 6, 2011, were carried out as follows:

- Between April 6 and 13, 2011 Conditional Mandatory Exchangeable Notes (CoMEN) were placed with investors by means of a book building procedure. Commerzbank shareholders with the exception of SoFFin received subscription rights for this placement. All 1,004,149,984 CoMEN were successfully placed at a price of €4.25, representing a total issue volume of €4.3bn, and were automatically exchanged for Commerzbank shares on May 12, 2011. In order to maintain its stake of 25% plus 1 share SoFFin converted silent participations in the amount of €1.4bn into 334,716,661 no-par-value shares.

- A capital increase with pre-emptive rights was carried out in June 2011 and 1,826,771,821 no-par-value shares were issued from authorised capital at a price of €2.18 per share.

  The shares arising from the conversion of the CoMEN in the first stage of the capital increase had pre-emptive rights for this share issue. The total issue volume of this capital increase amounted to €4.0bn. The new shares began trading on the stock exchange on June 7, 2011. To maintain its stake of 25% plus 1 share SoFFin converted a further €1.3bn of its silent participations into 608,923,940 no-par-value shares.

In addition to the repayment of €11.0bn of silent participations as a result of the capital measures, a further €3.27bn of silent participations were repaid to SoFFin in June 2011 out of free regulatory capital.

In connection with the capital measures a one-off payment of €1.03bn was agreed with SoFFin as compensation for the early repayment of the silent participations. This payment is reported in the statement of changes in equity (after deducting the associated tax effects of €157m) as a withdrawal from retained earnings. The costs incurred for the capital increases were €181m (after tax effects of €39m) which were deducted directly from the capital reserve.

At the AGM on May 6, 2011, it was resolved to redenominate the notional par value of a Commerzbank share from €2.60 to €1.00. As a result, the subscribed capital of Commerzbank Aktiengesellschaft pursuant to the Bank's articles of association stood at €5,113m as at December 31, 2011 and was divided into 5,113,429,053 no-par-value shares with an notional value per share of €1.00. After deducting the 863,010 treasury shares held by the Bank on December 31, 2011, the subscribed capital amounted to €5,113m.

The Bank made use of the authorisation approved by the Annual General Meeting of May 6, 2011 to purchase its own shares for the purpose of securities trading, pursuant to Art. 71(1) no. 7 of the German Companies Act (Aktiengesetz). Gains and losses from trading in the Bank's own shares were recognised directly in equity.

No dividend is being paid for 2011 as Commerzbank Aktiengesellschaft did not achieve a distributable profit in its parent company accounts under German GAAP (HGB).

Nor will a dividend be paid on the silent participations reported in equity as the agreement does not permit such a payment if it would lead to Commerzbank reporting a net loss or would increase such a loss.

Further details on equity are contained in Notes 73, 74 and 75.

Cash flow statement

	Notes	2011	2010
		€m	
Consolidated profit or loss		**747**	**1,489**
Non-cash positions in consolidated profit or loss and reconciliation with cash flow from operating activities:			
Write-downs, depreciation, adjustments, write-ups on fixed and other assets, changes in provisions and net changes due to hedge accounting		4,006	4,101
Change in other non-cash positions		−12,194	2,952
Gain or loss on disposal of assets	(36)	343	−108
Net gain or loss on the sale of fixed assets	(38)	—	—
Other adjustments	(31)	−7,373	−7,466
Sub-total		**−14,471**	**968**
Change in assets and liabilities from operating activities after adjustment for non-cash positions:			
Claims on banks	(46)	22,924	−3,747
Claims on customers	(47)	32,373	24,611
Trading securities	(52)	12,393	−4,323
Other assets from operating activities	(53-56, 58-60)	1,906	−3,231
Liabilities to banks	(61)	−39,144	−3,008
Liabilities to customers	(62)	−7,483	−1,791
Securitised liabilities	(63)	−25,683	−30,423
Other liabilities from operating activities	(64-70)	−4,940	−470
Interest received	(31)	14,294	14,956
Dividends received	(31)	115	53
Interest paid	(31)	−7,036	−7,543
Income tax paid	(40)	−29	−218
Net cash from operating activities		**−14,781**	**−14,166**
Proceeds from the sale of:			
Financial investments and investments in companies accounted for using the equity method	(36, 37, 53, 54)	17,783	15,274
Fixed assets	(38, 56)	74	187
Payments for the acquisition of:			
Financial investments and investments in companies accounted for using the equity method	(36, 37, 53, 54)	−335	−504
Fixed assets	(38, 56)	−296	−492
Effects from changes in the group of consolidated companies			
Cash flow from acquisitions less cash reserves acquired	(45)	—	—
Cash flow from disposals less cash reserves disposed of	(45)	83	298
Net cash from investing activities		**17,309**	**14,763**
Proceeds from capital increases	(73)	−2,774	−56
Dividends paid	(73)	—	—
Net cash from changes in ownership interests in consolidated companies		−58	−36
Net cash from other financing activities (subordinated capital)	(71, 72)	−1,632	−2,838
Net cash from financing activities		**−4,464**	**−2,930**
Cash and cash equivalents at the end of the previous period		**8,053**	**10,329**
Net cash from operating activities		−14,781	−14,166
Net cash from investing activities		17,309	14,763
Net cash from financing activities		−4,464	−2,930
Effects from exchange rate changes		67	116
Effects from non-controlling interests		−109	−59
Cash and cash equivalents at the end of the period	**(45)**	**6,075**	**8,053**

The breakdown of cash and cash equivalents is as follows:

	31.12.2011	31.12.2010	Change in %
		€m	
Cash on hand	1,572	1,388	13.3
Balances with central banks	3,998	6,386	−37.4
Debt issued by public-sector borrowers and bills of exchange rediscountable at central banks	505	279	81.0

Cash and cash equivalents as at December 31, 2011 did not include any amounts from companies consolidated for the first time (previous year: nil). Deconsolidations gave rise to an effect of €–2m in 2011.

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.

Net cash from operating activities includes payments (inflows and outflows) relating to claims on banks and customers and also securities held for trading and other assets. Increases and decreases in liabilities to banks and customers, securitised liabilities and other liabilities also belong to operating activities. The interest and dividend payments resulting from operating activities are similarly reflected in net cash from operating activities.

Changes in net cash from operating activities also result from disposals of consolidated companies. Other assets and liabilities from operating activities include disposals of companies that were classified as held for sale at December 31, 2010 and were sold during the reporting year. The following table provides an overview of the assets and liabilities at the time of disposal.

Assets	**31.12.2011**
	€m
Claims on banks	28
Claims on customers	1,189
Trading assets	124
Financial investments	144
Fixed assets	1
Other assets	531

Liabilities	**31.12.2011**
	€m
Liabilities to banks	179
Liabilities to customers	11
Securitised liabilities	520
Trading liabilities	—
Other liabilities	428

Net cash from investing activities consists of payments for financial investments, intangible assets and fixed assets. The cash flows relating to the acquisition or disposal of subsidiaries are also shown here. Net cash from financing activities consists of the proceeds of capital increases as well as payments made or received on subordinated and hybrid capital. Dividends paid are also reported here.

Cash and cash equivalents consists of items that can be rapidly converted into liquid funds and are subject to a negligible risk of changes in value. It consists of the cash reserve, containing cash on hand, balances held at central banks, debt issued by public-sector borrowers and bills of exchange eligible for rediscounting at central banks (see Note 45). Claims on banks which are due on demand are not included.

The cash flow statement of Commerzbank Group is not very informative. For us the cash flow statement replaces neither liquidity planning nor financial planning, nor is it employed as a management tool.

NOTES

Significant accounting principles

Our consolidated financial statements as at December 31, 2011 were prepared in accordance with Art. 315a (1) of the German Commercial Code (HGB) and Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 (the IAS regulation), together with other regulations for adopting certain international accounting standards on the basis of the International Financial Reporting Standards (IFRS) approved and published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). All standards and interpretations which are mandatory within the EU in 2011 have been applied.

As permitted under the regulations, we have not applied standards and interpretations which do not enter into force until the financial year 2012 or later (IFRS 9, 10, 11, 12 and 13, revised IAS 1, 12 and 19 and revised IFRS 1 and 7; amendments arising from the annual improvement process of the IASB). The adoption of IFRS 9, which has only been partially published by the IASB and not yet approved by the EU, could have significant effects on the Group's accounting and measurement practices. Due to the fact that significant portions of the standard have not yet been finalised and the standard has yet to be adopted by the EU, it is impossible to quantify the effects with any degree of accuracy. This also applies to IAS 19 and IFRS 10, 11 and 12. We do not, however, expect any significant effects on the consolidated financial statements from other standards and interpretations which do not need to be applied yet.

The standards and interpretations applied for the first time in the financial year 2011 (revised IAS 24 and revised IFRIC 14 and 19, plus amendments from the IASB's annual improvement process) did not have any significant impact on the consolidated financial statements.

In addition to the statement of comprehensive income and the balance sheet the consolidated financial statements also include the statement of changes in equity, the cash flow statement and the notes. Segment reporting and the reporting on risk management are to be found in the notes (Note 44 and Notes 83 to 90 respectively).

The Group Management Report, including a separate report on the opportunities and risks related to future developments (Group Risk Report) pursuant to Art. 315 of the German Commercial Code (HGB), appears on pages 69 to 196 of our annual report.

The reporting currency of the consolidated financial statements is the euro. Unless otherwise indicated, all amounts are shown in millions of euros. In the statement of comprehensive income, the balance sheet, the statement of changes in equity and the cash flow statement, amounts under €500,000.00 are shown as €0m; where an item is €0.00 this is denoted by a dash. In all other notes both amounts rounded down to €0m and zero items are indicated by a dash.

Accounting and measurement policies

(1) Basic principles

The consolidated financial statements are based on the going concern principle. Assets are generally measured at amortised cost, unless a different form of measurement is required by IFRS. This applies in particular to certain financial instruments classified in accordance with IAS 39, investment properties and non-current assets held for sale.

Income and expenses are accounted for on an accrual basis; they are recognised in the income statement for the period to which they are attributable in economic terms. Interest from all contractual agreements relating to financial assets or liabilities is reported in net interest income on an accrual basis or in net trading income if it relates to trading transactions and the funding of these transactions. Dividend income is only recognised where a corresponding legal entitlement exists. Commission income and expenses are recognised in net commission income on the one hand on the basis of the accounting treatment of the associated financial instruments and on the other hand on the basis of the nature of the activity.

Commission for services which are performed over a certain period are recognised over the period in which the service is performed. Fees which are associated with the completion of a particular service are recognised at the time of completion of the service. Performance-related fees are recognised when the performance criteria are met. Commission on trading transactions is reported in net trading income.

Borrowing costs that are directly attributable to the acquisition, construction or production of a significant tangible or intangible asset are capitalised in the balance sheet, provided that a period of at least 12 months is required to prepare the asset for its intended use.

Financial assets and liabilities relating to the same business partner are netted and shown in the balance sheet on a net basis if there is a legally enforceable right to net the amounts and the transactions are fulfilled on a net basis or the asset is realised simultaneously with the settlement of the liability. In addition to the netting of positive and negative fair values attributable to derivatives and any variation margins payable on them, this also applies to the netting of claims and liabilities in reverse repo and repo transactions.

Uniform accounting and measurement methods explained in the notes below are used throughout the Commerzbank Group in preparing the financial statements.

For fully consolidated companies and holdings in companies accounted for using the equity method in the Group financial statements we have generally used financial statements prepared as at December 31, 2011. In the case of companies accounted for using the equity method in some cases we use the most recent audited financial statements if the company's financial statements for the last financial year are not yet available at the date the Group financial statements are being prepared.

Where there is an intention to sell subsidiaries and companies accounted for using the equity method, and their sale is highly probable within one year, they are reported separately in the relevant balance sheet items and notes (see Notes 59 and 69) and in the statement of changes in equity in accordance with IFRS 5 until transfer of the shares is completed.

Note 79 contains a breakdown of all balance sheet items into short-term and long-term. Moreover, residual maturities are reported in the Commerzbank Group for all financial instruments with contractual maturity dates (see Notes 77 and 79).

The consolidated financial statements include values which are determined, as permitted, on the basis of estimates and judgements. The estimates and judgements used are based on past experience and other factors, such as planning and expectations or forecasts of future events that are considered likely as far as we know today.

The estimates and judgements themselves and the underlying estimation methods and judgement factors are reviewed regularly and compared with actual results. In our view the parameters we have used are reasonable and appropriate. Estimates of pension obligations, goodwill and the market value of investment properties among other items are subject to uncertainty.

Pension obligations are measured based on the projected-unit-credit method for defined benefit pension plans. In measuring such obligations, assumptions have to be made regarding long-term trends for salaries, pensions and average life expectancy in particular. Changes in the underlying assumptions from year to year and divergences from the actual effects each year are reported under actuarial gains and losses (see Note 67 Provisions on the impact of changes in parameters).

The impairment test for goodwill, which must be carried out at least once a year, uses the recognised discounted cash flow method. This is based on the future cash flows projected in management's latest planning figures. An analysis of the uncertainties surrounding the estimation of goodwill and fair value of financial instruments is set out in Notes 15 and 81.

For uncertainties relating to the market value of real estate held as an investment property we carry out analyses based on the parameters of the property yield and the land value (see Note 58).

Estimates of deferred taxes, loan loss provisions and the measurement of the fair value of financial instruments on the basis of valuation models are to a large extent also subject to uncertainty.

For loan loss provisions please refer to the Group Risk Report.

The assumptions and parameters underlying the estimates we have made are based on the exercise of appropriate judgement by management. This applies in particular to the appropriate selection and use of parameters, assumptions and modelling techniques when valuing financial instruments for which there are no market prices and no comparative parameters observable on the market. Where differing valuation models lead to a range of different potential valuations, management uses its judgement to determine the choice of the model to be used.

The following items in the financial statements are also subject to the judgement of management:

- The reclassification of certain financial assets from the category of available-for-sale financial instruments to the category loans and receivables (see Note 5).
- The impairment of loans and the recognition of provisions for off-balance-sheet lending exposures (in particular the choice of criteria and the assessment of whether collateral is impaired, see Note 9).
- Impairment testing of other financial assets such as non-current assets held for sale and holdings in companies accounted for using the equity method (in particular the choice of criteria used to determine whether an asset is impaired; see Note 19).

- Impairment testing of non-financial assets such as goodwill and other intangible assets (in particular the criteria used to determine the recoverable amount, see Note 15).
- Impairment testing of deferred tax assets in accordance with IAS 12.24 ff. (in particular determining the methodology used for tax planning and to assess the probability that the expected future tax effects will actually occur; see Note 25),
- The recognition of provisions for uncertain liabilities (see Note 23).

(2) Changes to accounting policies

In essence we have employed the same accounting policies as for the Group financial statements for the year ended December 31, 2010.

In accordance with IAS 32.33, holdings of treasury shares (i.e. Commerzbank shares) must be deducted directly from equity. Until now the accounting par value of any purchases or disposals of treasury shares was therefore recognised in subscribed capital, with the differential between the accounting par value and the market value of the shares being recognised in the capital reserve.

In order to distinguish more clearly the effects on equity of purchases and sales of treasury shares that stem primarily from trading activities, we have changed the way we report treasury shares in the financial year 2011.

When treasury shares are purchased the accounting par value is deducted from subscribed capital and the difference between the accounting par value and the cost of the shares is recognised in retained earnings. A resale of treasury shares effectively represents a capital increase and the accounting treatment is therefore a mirror image of that applying to the purchase of treasury shares. If a resale of treasury shares generates income in excess of the original cost of the shares, the difference is recognised in the capital reserve.

To further increase transparency we report brokerage commission, which was previously contained in other commission income and expenses, as a separate item since December 31, 2011. The reclassifications for the prior year amounted to €330m for commission income and €72m for commission expenses (see Note 33). In the interests of greater clarity we have also changed the way in which information is reported in the net trading income note. Since December 31, 2011 we now break down net trading income into net trading gain or loss, net interest income and the net gain or loss from applying the fair value option (see Note 34).

We have restated the prior-year figures in the balance sheet, the statement of changes in equity and the relevant notes accordingly. However, these reclassifications had no impact on consolidated profit or loss or earnings per share for the financial years 2010 and 2011.

(3) Consolidated companies

The Group financial statements include all material subsidiaries in which Commerzbank Aktiengesellschaft directly or indirectly holds more than 50% of the voting rights or exercises a controlling influence by other means. These also include significant special purpose entities and funds that are controlled as defined by SIC 12. Significant associates and jointly controlled entities are accounted for using the equity method.

Subsidiaries, associates and jointly controlled entities of minor significance for the Group's financial position have not been fully consolidated or not accounted for using the equity method; instead, they are reported under financial investments as holdings in non-consolidated subsidiaries or equity holdings. These companies account for less than 0.1% (previous year: 0.3%) of the Group's total assets. A full list of all ownership interests of the Commerzbank Group is contained in Note 106.

The following material companies were consolidated for the first time in 2011:

Name of company	Equity share and voting rights	Acquisition cost	Assets	Liabilities
	%		€m	
CoSMO Finance II–1 Limited, Dublin	0.0	0.0	66.7	66.7
CR KaiserKarree Holding S.a.r.l., Luxembourg	100.0	0.0	18.3	19.5
DOCK 100 GmbH & Co. KG, Berlin	90.0	0.0	75.2	75.2
DSB Vermögensverwaltungsgesellschaft mbH, Frankfurt/Main	100.0	0.0	325.0	325.0
Hurley Investments No.3 Limited, London	100.0	0.0	1,300.4	410.3
Limited Liability Company "ABRIO", Kiev, Ukraine	100.0	7.6	7.8	0.0
Limited Liability Company "ACUS", Kiev, Ukraine	100.0	16.7	7.8	0.0
Limited Liability Company "CLIOS", Kiev, Ukraine	100.0	10.9	3.4	0.0
Limited Liability Company "MERUS", Kiev, Ukraine	100.0	3.4	1.4	0.0
Limited Liability Company "MODUS CAPITAL", Kiev, Ukraine	100.0	34.7	14.8	0.0
Limited Liability Company "RIDOS", Kiev, Ukraine	100.0	8.8	1.4	0.0
Limited Liability Company "SANTOS CAPITAL", Kiev, Ukraine	100.0	0.0	0.0	0.0
Limited Liability Company "VALIDUS", Kiev, Ukraine	100.0	42.6	14.0	0.0
Mandas Receivables No.1 Limited, Jersey	100.0	0.1	0.1	0.0
Mantilla Investments Limited, London	100.0	865.3	1,579.5	279.4
Olympic Investment Fund, Luxembourg	100.0	325.0	325.0	0.0
Premium Management Immobilien-Anlagen, Frankfurt/Main	93.4	1,105.3	1,187.7	3.5
Sterling Energy Holdings Inc., Wilmington/Delaware	76.2	136.8	136.8	0.0
Sterling Energy LLC, Wilmington/Delaware	100.0	10.5	447.8	436.5
Tee One Inc., Cayman Islands	0.0	0.0	137.8	137.8
Viaduct Invest FCP – SIF, Luxembourg	100.0	68.0	475.6	408.1

All active ComStage ETF funds and SICAV funds were also included in the consolidated financial statements for 2011. This applied both to newly established funds and to those which were not previously included for materiality reasons. This led to the consolidation of a further 89 funds with equity shares of between 18.2% and 100%. The assets of these funds amounted to €2,956m and the liabilities to €15m.

The first-time consolidations did not give rise to any goodwill. They involved either companies that have exceeded our materiality thresholds for consolidation, additional purchases of existing holdings or entities newly formed in the course of structured financing transactions.

Subsequent measurement of the reserves and liabilities from the acquisition of Dresdner Bank uncovered in 2009 led to an expense of €321m before tax or €232m after tax being recognised in the income statement in the current financial year. The main effects derive from the imputation of interest to the subordinated and hybrid capital.

The following companies were sold or liquidated and are therefore no longer consolidated:

- Disposals
  - Commerz Real Autoleasing GmbH, Hamburg
  - Commerz Real Leasingservice GmbH & Co. KG, Hamburg
  - Dresdner Bank Brasil S.A. Banco Múltiplo, São Paulo
  - Intermarket Bank AG, Vienna
  - Magyar Factor Zrt., Budapest
  - Mantilla Investments Limited, London

- MS "CPO Barcelona" Offen Reederei GmbH & Co. KG, Hamburg
- MS "CPO Cadiz" Offen Reederei GmbH & Co. KG, Hamburg
- MS "CPO Vigo" Offen Reederei GmbH & Co. KG, Hamburg
- New Asian Land Funds Holdings Limited, Hamilton/Bermuda
- The New Asian Property Fund Ltd., Bermuda
- Vendome Lease S.A., Paris

The proceeds from the sale of these companies amounted to roughly €0.2bn. This amount was paid entirely in cash. Of the €64m gain on the disposal, €50m was recognised in net investment income and €14m in other net income.

- Liquidations (including companies which have ceased operating activities and entities that have permanently fallen below our materiality threshold for consolidation or were no longer subject to a consolidation requirement)
  - ALEPPA Funding I LLC, Dover, Delaware
  - ALEPPA Funding II LLC, Dover, Delaware
  - ALMURUS Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf
  - BACUL Beteiligungsgesellschaft mbH, Eschborn
  - Classic Finance BV, Amsterdam
  - CoCo Finance 2006-1 plc, Dublin
  - Commerz Real Partner Hannover GmbH, Düsseldorf
  - Commerz Real Partner Nord GmbH, Düsseldorf
  - Commerz Real Partner Süd GmbH, Düsseldorf
  - Commerzbank Capital Ventures Management Limited, London
  - Commerzbank Leasing December (6) Limited, London[2]
  - Commerzbank Leasing December (25) Limited, London[2]
  - Dresdner Capital LLC III, Wilmington/Delaware
  - Dresdner Kleinwort Capital Investment Trust Limited, London
  - Dresdner Kleinwort Services LLC, New York
  - Dresdner Kleinwort Servicios y Asesorias Ltda., Santiago de Chile/Chile
  - Dresdner Kleinwort Stripes LLC, Wilmington/Delaware
  - EH NY IV, LLC, Dover, USA
  - EHNY Ashland, LLC, Dover, USA
  - EHY Sub Asset LLC, Wilmington/Delaware
  - Galbraith Investments Limited, London[2]
  - GS Fund Europe Balanced Premia, Luxembourg
  - GS Fund Europe Long Short, Luxembourg
  - GS Fund UK Balanced Premia, Luxembourg
  - GS Fund UK Long Short, Luxembourg
  - GVG Gesellschaft zur Verwertung von Grundbesitz mbh, Eschborn
  - Idilias SPC (Silo II), George Town/Cayman Islands
  - Inversiones Dresdner Kleinwort Chile Ltda., Santiago de Chile/Chile
  - Kaiserplatz Funding LLC, Wilmington/Delaware[1]
  - Kaiserplatz Holdings Ltd., St. Helier/Jersey[1] (sub-group including subsidiaries)
  - Kleinwort Benson (Canada) Limited, Toronto

- Mandas Receivables No.1 Limited, St. Helier/Jersey[2]
- Mandas Receivables No.2 Limited, St. Helier/Jersey[2]
- Mole Finance Inc., George Town/Cayman Islands
- Parc Continental Ltd., London
- Portland Capital Ltd., St. Helier/Jersey
- SB-Bauträger GmbH, Eschborn
- Shannon Capital plc., Dublin
- Southwark Bridge Investments Ltd., London
- Valorem LLC, New York
- Wisley Inc., George Town/Cayman Island[2]

[1] No longer needs to be consolidated.
[2] Fell below materiality threshold.

The following companies were merged into a Commerzbank Group consolidated company during the current financial year:

- Bishop Finance Inc., Wilmington/Delaware
- Chess Finance LLC, New York
- Dresdner Kleinwort Leasing Inc., New York
- FI Pro-City Immobilien GmbH, Eschborn
- GBG Verwaltungs- und Verwertungsgesellschaft für Grundbesitz mbH, Eschborn
- SB-Bauträger GmbH & Co. Urbis Verwaltungs-KG, Frankfurt/Main

The following companies were added to the group of companies accounted for using the equity method in 2011:

- KGAL GmbH & Co. KG, Grünwald
- KGAL Verwaltungs GmbH, Grünwald
- DTE Energy Center LLC, Wilmington/Delaware

The following companies are no longer accounted for using the equity method:

- GIE Vulcaine Energie, Paris
- IGS Aerosols GmbH, Wehr/Baden
- Irving Place Co-Investment, L.P., New York
- Linde Leasing GmbH, Wiesbaden
- Urbanitas Grundbesitzgesellschaft mbH, Berlin

(4) Principles of consolidation

Subsidiaries are companies in which Commerzbank Aktiengesellschaft directly or indirectly holds the majority of the voting rights or where it has power to determine their financial and operating policies in another way and thus exercise control over them so as to obtain benefits from their activities. Consolidation takes effect from the date on which the Group acquires the majority of the voting rights or gains control over the company concerned.

For the consolidation of capital, we remeasure the assets and liabilities of subsidiaries completely every year, regardless of the percentage share of equity at the time of acquisition. The assets and liabilities remeasured at fair value are included in the consolidated balance sheet net of deferred taxes; identified hidden reserves and liabilities are accounted for in accordance with the applicable standards in subsequent reporting periods. Any difference over net assets on remeasurement is recognised as goodwill.

Associated companies are entities over which Commerzbank Aktiengesellschaft has a significant direct or indirect influence. A significant influence is assumed to exist where the share of voting rights is between 20% and 50%. Additional criteria for judging whether there is significant influence include substantial business transactions with the entity in question, membership of a management or supervisory board, or involvement in setting the entity's business policies.

Jointly controlled entities are companies over which we exercise joint control together with another company. Joint control may arise as a result of each company holding equal voting rights or based on contractual agreements.

Associated companies and jointly controlled entities are ordinarily accounted for using the equity method and are reported in the balance sheet under holdings in companies accounted for using the equity method.

The acquisition cost of these investments including any goodwill contained therein is determined at the time of their initial consolidation, applying by analogy the same rules as for subsidiaries. For material associated companies and jointly controlled entities appropriate adjustments are made to the carrying value in the accounts.

Holdings in subsidiaries not consolidated for reasons of immateriality and holdings in associated companies and jointly controlled entities which, because of their immateriality, are not accounted for using the equity method are shown under financial investments at their fair value or, if this cannot be reliably established, at cost.

Subsidiaries are deconsolidated as of the date on which the Bank loses its control over them. Equity accounting for holdings in associated companies ends on the date that the share of voting rights falls below 20% or other possibilities of exercising significant influence over the associated company cease to apply. Equity accounting for joint ventures ends on the date the joint management of the venture comes to an end.

The obligation to consolidate special purpose entities under certain circumstances derives from SIC 12. This stipulates that consolidation is required if the special purpose entity is controlled by the parent company. This may be the case if, in substance,

- the activities of the special purpose entity are conducted on behalf of the entity according to its specific business needs so that the entity obtains benefits from the operations of the special purpose entity;
- the entity has the decision-making powers to obtain the majority of the benefits of the activities of the special purpose entity or, by setting up an autopilot mechanism, the entity had delegated these decision-making powers;
- the entity has rights to obtain the majority of the benefits of the special purpose entity and therefore may be exposed to risks incident to the activities of the special purpose entity;
- the entity retains the majority of the residual or ownership risks related to the special purpose entity or its assets in order to obtain benefits from its activities.

In the Commerzbank Group the obligation to consolidate special purpose entities is examined by means of a process that includes transactions where we form a special purpose entity with or without the involvement of third parties, and transactions in which we enter into contractual relations with an already existing special purpose entity. The decision to consolidate is regularly reviewed by us. All consolidated special purpose entities and special purpose entities that have not been consolidated for materiality reasons are listed in Note 106.

There are no restrictions on the ability of special purpose entities to transfer financial resources such as cash dividends on equity instruments or payments of interest and principal on debt instruments to Commerzbank. This applies on the one hand to special purpose entities where Commerzbank holds voting shares by virtue of company law which enable it to control all operating decisions including the transfer of financial resources. On the other hand there are also no restrictions with regard to special purpose entities where Commerzbank does not hold shares by virtue of company law but has a right to financial transfers on the basis of debt contracts with the special purpose entities.

All receivables and liabilities as well as income and expenses based on intra-group business relationships are eliminated when liabilities and income and expenses are consolidated. Intragroup profits or losses are eliminated unless they are of minor importance.

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

In accordance with IAS 39 all financial investments and liabilities – which also include derivative financial instruments – must be recognised in the balance sheet. A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. On initial recognition financial instruments are measured at fair value; as a rule, this is the transaction price at the time they are acquired.

Depending on their respective category, financial instruments are recognised in the balance sheet subsequently either at (amortised) cost or fair value. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. Fair value is determined by the price established for the financial instrument in an active market (mark to market principle; fair value hierarchy level I). If no market prices are available, valuation is based on quoted prices for similar instruments in active markets. In cases where no quoted prices are available for identical or similar financial instruments, fair value is established with the aid of valuation models which use market parameters to the maximum extent possible (mark to model; fair value hierarchy level II). If insufficient recent observable market data is available to establish fair value, parameters which are not observable on the market will be used in the valuation models. These parameters may include data derived by approximation from historical data or similar methods (fair value hierarchy level III). Please refer to Note 81 for a detailed explanation of the fair value hierarchies.

The following section provides an overview of how the rules of IAS 39, in their latest version, have been applied within the Group:

a) Recognition and derecognition of financial instruments

A financial asset or a financial liability is generally recognised in the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. For regular way purchases or sales of financial assets in the cash market the trading and settlement dates normally differ. These regular way cash market purchases and sales may be recognised using either trade date or settlement date accounting. The Group uses trade date accounting for all regular way purchases and sales of financial assets both on recognition and derecognition.

The derecognition rules of IAS 39 are based both on the concept of risks and rewards and on the concept of control. However, when deciding whether an asset qualifies for derecognition, the evaluation of the transfer of the risks and rewards of ownership takes precedence over the evaluation of the transfer of control.

If the risks and rewards are transferred only partially and control over the asset is retained, the continuing involvement approach is used. The financial asset continues to be recognised to the extent of the Group's continuing involvement and special accounting policies apply. The extent of the continuing involvement is the extent to which the Group is exposed to changes in the value of the transferred asset. A financial liability (or part of a financial liability) is derecognised when it is extinguished, i.e. when the obligations arising from the contract are discharged or cancelled or expire. The repurchase of own debt instruments is also a transfer of financial liabilities that qualifies for derecognition. Any differences between the carrying value of the liability (including discounts and premiums) and the purchase price are recognised in profit or loss; if the asset is sold again at a later date a new financial liability is recognised at cost equal to the price at which the asset was sold. Differences between this cost and the repayment amount are allocated over the term of the debt instrument using the effective interest rate method.

b) Classification of financial assets and liabilities and their measurement

Below we set out an overview of the categories defined in IAS 39. These are: loans and receivables, held-to-maturity financial assets, financial assets or liabilities at fair value through profit or loss, available-for-sale financial assets and other financial liabilities.

- Loans and receivables:

  Non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market 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 readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. Measurement of these assets is at amortised cost. If there is impairment, this is recognised in profit or loss when determining the amortised cost. Premiums and discounts are recognised in net interest income over the life of the asset.

  In the case of reclassified securities contained in the loans and receivables category the fair value at the date of reclassification is taken as the new carrying amount. The revaluation reserve net of deferred taxes existing at this point remains in the other reserves within equity and is amortised over the remaining term of the reclassified securities.

  For financial assets classified as loans and receivables impairments are recognised in the same way as for lending business (see Note 9). Impairment of these financial instruments is included in net investment income and deducted directly from the financial investments. If the indicators for impairment of particular securities cease to apply or no longer suggest an impairment, the impairment of the securities must be reversed through profit or loss, but to no more than the level of amortised cost. Similarly, an improved risk environment can lead to the reversal of an impairment that was previously recognised at the portfolio level.

- Held-to-maturity financial assets

  Non-derivative financial assets with fixed or determinable payments and fixed maturity may be included in this category if the entity has the positive intention and ability to hold them to maturity. Measurement of these assets is at amortised cost. If there is impairment, this is recognised in profit or loss when determining the amortised cost. Premiums and discounts are recognised in net interest income over the life of the asset. In the 2011 financial year Commerzbank Group again made no use of the held-to-maturity financial assets category.

- Financial assets or financial liabilities at fair value through profit or loss; this category comprises two sub-categories:

  – Financial assets or liabilities held for trading:

    This sub-category includes financial assets and financial liabilities held for trading purposes (trading assets and trading liabilities).

    Derivative financial instruments used for hedging purposes are only reported under trading assets or trading liabilities if they do not meet the conditions for the application of hedge accounting (see below in this note). Otherwise, they are shown as fair values from derivative hedging instruments.

    Trading assets and trading liabilities are measured at their fair value on each balance sheet date.

    If the fair value cannot be established on an active market, items are measured by means of comparable prices, indicative prices of pricing service providers or other banks (lead managers) or internal valuation models (net present value or option pricing models). Interest-rate and interest-rate currency derivatives are measured in accordance with standard market practice taking account of the respective fixing frequency for variable payments. In the case of derivative positions costs may be incurred in closing positions in the event of counterparty default if a positive market value remains after offsetting and collateral agreements have been taken into account.

    These potential replacement costs must be factored in when determining the fair value of trading positions. Commerzbank establishes Counterparty Default Adjustments (CDAs) for these positions, which reflect the expected loss from any potential counterparty default.

    Gains or losses on measurement or disposal are recorded under net trading income in the income statement. In addition to realised and unrealised gains and losses, net trading income also includes the interest and dividend income and funding costs related to trading positions.

  – Financial instruments designated at fair value through profit or loss:

    Under the fair value option it is permissible to voluntarily measure any financial instrument at fair value and to recognise the net result of this valuation in the income statement. The decision as to whether or not to use the fair value option must be made upon acquisition of the financial instrument and is irrevocable. The fair value option may be applied to a financial instrument provided that:

    – an accounting mismatch will be prevented or significantly reduced; or

    – a portfolio of financial instruments is managed, and its performance measured, on a fair value basis; or

    – the financial instrument has one or more embedded derivatives that must be separated.

    Financial instruments for which the fair value option is employed are shown in the appropriate balance sheet item for their respective category. Gains and losses on remeasurement are recognised in profit or loss under net trading income, while interest income and expenses are reported in net interest income. Further details on how and to what extent the fair value option is used in the Commerzbank Group can be found in Note 82.

- Available-for-sale financial assets:

  This category comprises all non-derivative financial assets not assignable to one of the above categories or which have been designated as available-for-sale. Primarily, these are interest-bearing securities, equities and equity holdings. They are measured at fair value. If the fair value cannot be established on an active market, items are measured by means of comparable prices, indicative prices of pricing service providers or other banks (lead managers) or internal valuation models (net present value or option pricing models). If in exceptional cases the fair value of equity instruments cannot be reliably determined, measurement is at amortised cost less any impairments required. Gains and losses on remeasurement are shown net of deferred taxes in equity in a separate item within other reserves (revaluation reserve). Premiums and discounts on debt instruments are recognised in profit or loss under net interest income over the life of the instrument. Interest income, dividends and current profits and losses from equity holdings classified in this category are also reported under net interest income. If the financial asset is sold, the cumulative measurement gain or loss previously recognised in the revaluation reserve is reversed and taken to profit or loss.

In accordance with IAS 39.59 financial instruments in this category must be monitored for any objective indications of a loss (such as breach of contract, loss event, increased likelihood of bankruptcy proceedings or insolvency) incurred after the date of initial recognition that would lead to a reduction in the cash flow arising from them. An impairment exists when the net present value of the expected cash flows is lower than the carrying value of the financial instrument concerned. In the event of an impairment, the net change on remeasurement is no longer recognised in the revaluation reserve in equity but must be taken through the income statement under net investment income as an impairment charge.

In the Commerzbank Group, equity instruments in the available-for-sale portfolio are written down if their fair value is either significantly lower than their historic cost (≥20%) or has been below historic cost for a considerable period (at least nine months). Besides these quantitative trigger events, the qualitative trigger events cited in IAS 39.59 are also taken into account in the monitoring process. Impairment reversals may not be recognised through profit or loss for equity instruments designated as available-for-sale; instead, they are recognised directly in the revaluation reserve in equity. Impairment reversals are never permitted on unlisted equity instruments for which it is not possible to determine a reliable fair value on a regular basis and that are therefore carried at historic cost less any necessary impairment.

Debt instruments are reviewed individually for impairment if any qualitative trigger events have occurred (IAS 39.59). To operationalise qualitative trigger events, additional indicators for an impairment have been developed in the Commerzbank Group. For example, an impairment charge for debt instruments in this category must generally be recognised if the debtor's rating is CCC or lower (see Note 84; S&P rating) and the fair value is lower than amortised cost.

If the reasons for an impairment of debt instruments cease to apply, the impairment is reversed through profit or loss, but to no more than the level of amortised cost. Any amount exceeding amortised cost is recognised in the revaluation reserve.

- Other financial liabilities

  All financial liabilities that are not classified as held for trading and to which the fair value option was not applied are allocated to the category other financial liabilities. This category includes liabilities to banks and customers as well as securitised liabilities. Measurement of these assets is at amortised cost. Premiums and discounts are recognised in net interest income over the life of the liability.

c) Net gains or losses

Net gains or losses include fair value measurements recognised in profit or loss, impairments, impairment reversals, gains realised on disposal, and subsequent recoveries on written-down financial instruments classified in the respective IAS 39 categories. The components are detailed for each IAS 39 category in the notes on net interest income, loan loss provisions, net trading income and net investment income.

d) Financial guarantee contracts

IAS 39 defines a financial guarantee contract as a contract that requires the issuer to make specified payments that reimburse the holder for a loss incurred because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. This can include, for example, bank guarantees (see Note 92). If Commerzbank is the guarantee holder, the financial guarantee is not recorded in the accounts and only recognised when determining an impairment of a guaranteed asset. As the issuer, the Commerzbank Group recognises the liability arising from a financial guarantee at inception. Initial measurement is at fair value at the time of recognition. In general terms, the fair value of a financial guarantee contract at inception is zero because for fair market contracts the value of the premium agreed normally corresponds to the value of the guarantee obligation (known as the net method). Subsequent measurement is at the higher of amortised cost or the provision that is required to be recognised in accordance with IAS 37 and IAS 39 if payment of the guarantee becomes probable.

If a financial guarantee is a component of a financing commitment where there is an intention to trade, the financial guarantee also has to be classified as held for trading. Such financial guarantees are then treated in accordance with the rules for held for trading instruments rather than those set out above (see Note 5b).

e) Embedded derivatives

IAS 39 also regulates the treatment of derivatives embedded in originated financial instruments (embedded derivatives). These include, for example, reverse convertible bonds (bonds that may be repaid in the form of equities) or bonds with index-linked interest payments. According to IAS 39, under certain conditions the embedded derivative must be shown separately from the host contract as a stand-alone derivative.

Such a separation must be made if the following three conditions are met:

– the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;

– a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative under IAS 39; and

– the hybrid (combined) contract is not measured at fair value through profit or loss.

In this case, the separately shown embedded derivative is regarded as part of the trading portfolio and recognised at fair value. Changes on remeasurement are recognised in profit or loss under net trading income. The host contract is accounted for and measured applying the rules of the category to which the financial instrument is assigned.

If the above three conditions are not met, the embedded derivative is not shown separately and the hybrid financial instrument or structured product is measured as a whole in accordance with the general provisions of the category to which the financial instrument is assigned.

f) Hedge accounting

IAS 39 contains extensive hedge accounting regulations which apply if it can be shown that the hedging instruments – especially derivatives – are employed to hedge risks in the underlying non-trading transactions.

Two main types of hedge accounting are used:

– Fair value hedge accounting:

  IAS 39 prescribes the use of hedge accounting for derivatives which serve to hedge the fair value of assets or liabilities against one or more defined risks. It is above all the Group's issuing and lending business and its securities holdings for liquidity management, where these consist of fixed-income securities, that are subject to interest rate risk. Interest rate swaps are primarily used to hedge these risks.

  In line with the regulations for fair value hedge accounting, the derivative financial instruments used for hedging purposes are recognised at fair value as fair values of derivative hedging instruments. Any changes in the fair value of the hedged asset or hedged liability resulting from an opposite move in the hedged risk are also recognised in profit or loss under net income from hedge accounting. Any portion of the changes in fair value that are not attributable to the hedged risk are accounted for in accordance with the rules of the valuation category to which the hedged asset or liability belongs. For interest rate risks fair value hedge accounting can take the form of either a micro fair value hedge or a portfolio fair value hedge.

  – In micro fair value hedge accounting an underlying transaction is linked with one or more hedging transactions in a hedging relationship. The carrying amounts of the hedged transactions are adjusted through profit or loss in the event of changes in fair value attributable to the hedged risk.

  – In a portfolio fair value hedge interest rate risks are hedged at the portfolio level. It is not individual transactions or groups of transactions with a similar risk structure that are hedged, but instead a portfolio of underlying transactions is created grouped by maturity bands in accordance with the expected repayment and interest adjustment dates. Portfolios may contain only assets, only liabilities, or a mixture of both. In this type of hedge accounting, changes in the fair value of the underlying transactions are reported in the balance sheet as a separate asset or liability item. The hedged amount of the underlying transactions is computed in the consolidated financial statements excluding demand or savings deposits (we have thus elected not to use the EU carve-out regulations).

– 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. Derivatives used in cash flow hedge accounting are measured at fair value. The effective portion of gains and losses are recognised net of deferred taxes in the cash flow hedge reserve under equity. The ineffective portion, on the other hand, is reported in profit or loss in net income from hedge accounting. The general accounting rules set out above for the underlying transactions of the hedged cash flows remain unchanged by this.

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

The hedge must be documented at inception. Documentation must include in particular the identification of the hedging instrument, the related hedged item or transaction, the nature of the risk being hedged and how effectiveness of the hedge is assessed. In addition to documentation, IAS 39 requires the effectiveness of a hedge to be demonstrated during the entire term of the hedge in order for hedge accounting rules to be applied. Effectiveness in this context means the relationship between the change in fair value or cash flow of the hedged item and the change in fair value or cash flow of the hedging instrument. If these changes offset each other almost fully, a high degree of effectiveness exists. Proof of effectiveness requires, firstly, that a high degree of effectiveness can be expected from a hedge in the future (prospective effectiveness); secondly, when a hedge exists, it must be regularly demonstrated that it was highly effective during the period under review (retrospective effectiveness). Both the retrospective and prospective effectiveness must be within a range of between 0.8 and 1.25.

Commerzbank uses regression analysis to assess effectiveness in micro fair value hedge accounting. The changes in fair value of the hedged transaction and the hedging instrument are determined by means of historical simulations for the prospective effectiveness test, while the actual changes in fair value are used for the retrospective effectiveness test. Regression analysis is also used for the prospective effectiveness test in portfolio fair value hedge accounting, while the dollar-offset method is used for the retrospective effectiveness test.

(6) Currency translation

Monetary assets and liabilities denominated in foreign currencies and pending spot foreign exchange transactions are translated at the spot mid rate, and foreign exchange forward contracts at the forward rate, on the balance sheet date. Realised income and expenses are normally translated using the spot rate applying on the date of realisation. Average prices may also be used to translate income and expenses, provided these prices are representative, i.e. the price has not undergone major fluctuations. Hedged expenses and income are translated using the hedge rate. Expenses and income resulting from the translation of balance sheet items are recognised in profit or loss under net trading income.

Non-monetary items such as equity holdings are generally translated at historic exchange rates, if they are measured at amortised cost. The hedging instruments are measured at fair value. Gains and losses on the translation of non-monetary items are recognised either in equity or profit or loss depending on the way the net gain or loss is recognised.

Income and expenses in the financial statements of consolidated subsidiaries and companies accounted for using the equity method are translated at the exchange rate prevailing on the transaction date. For simplification purposes a price can be used for translation which represents an approximation of the exchange rate on the transaction date, for example the average price of a period. All differences arising on translation are recognised as a separate component of equity in the currency translation reserve. Translation gains and losses from the consolidation of the capital accounts are also recognised in equity under the currency translation reserve. On the date such assets are sold, the translation gains or losses are recognised in profit or loss under net investment income.

(7) Cash reserve

The cash reserve comprises cash on hand, balances held at central banks, debt issued by public-sector borrowers and bills of exchange eligible for rediscounting at central banks. With the exception of debt issued by public-sector borrowers, which is shown at its fair value, all the items are stated at their nominal value.

(8) 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 reported at amortised cost. Premiums and discounts are recognised in net interest income over the term of the claim. Claims on banks and customers for which the fair value option is applied are accounted for at fair value. The carrying amounts of claims to which micro fair value hedge accounting is applied are adjusted for changes in fair value attributable to the hedged risk. In portfolio fair value hedge accounting changes in fair value are reported in the balance sheet item value adjustments for portfolio fair value hedges.

(9) Loan loss provisions

We make provision for the particular risks of on- and off-balance sheet lending in the loans and receivables category in the form of specific loan loss provisions (SLLPs), portfolio loan loss provisions (PLLPs) and general loan loss provisions (GLLPs).

When determining provisioning levels the fundamental criteria include whether the claims are in default or not and whether the claims are significant (over €1m) or insignificant (up to €1m). All claims which are in default under the Basel II regulations are identified as in default or non-performing. The following events can be indicative of a customer default:

- Imminent insolvency (over 90 days past due).
- The Bank is assisting in financial rescue/restructuring measures at the customer with or without restructuring contributions.
- The Bank has demanded immediate repayment of its claims.
- The customer is in insolvency proceedings.

For significant claims which are in default we recognise specific loan loss provisions in accordance with uniform standards across the Group. The net present value of the expected future cash flows is used to calculate both specific valuation allowances as well as specific loan loss provisions. In addition to the expected payments the cash flows include the expected proceeds from realising collateral and other recoverable cash flows. The loan loss provision or valuation allowance is therefore equal to the difference between the carrying value of the loan and the net present value of all the expected cash flows. The increase in the net present value over time using the original effective interest rate (unwinding) is recognised as interest income.

A portfolio loan loss provision (PLLP impaired) is recognised for insignificant defaulted claims using internal parameters.

For non-defaulted claims we account for credit risk in the form of general loan loss provisions (GLLPs). The level of the general loan loss provisions, both for on- and off-balance sheet lending, is determined using parameters derived from Basel II methodology.

We deduct the total loan loss provision, insofar as it relates to on-balance sheet claims, directly from the respective asset item. However, the provision for losses in off-balance sheet business (e.g. contingent liabilities, lending commitments) is shown under provisions for lending business.

Unrecoverable accounts for which no specific loan loss provisions have been formed are written off immediately. Amounts recovered on claims written off are recognised in the income statement under loan loss provisions. Impaired claims are (partially) written down, utilising any specific provisions, if such claims prove to be partially or entirely unrecoverable. We also directly write off portions of impaired claims that exceed existing loan loss provisions if they are unrecoverable.

(10) Repurchase agreements and securities lending

Repurchase (repo) transactions combine the spot purchase or sale of securities with their forward sale or repurchase, the counterparty being identical in both cases. The securities sold under repurchase agreements (spot sale) continue to be recognised and measured in the consolidated balance sheet as part of the securities portfolio in accordance with the category to which they are assigned. The securities are not derecognised as we retain all risks and opportunities connected with the ownership of the security sold under the repurchase agreement. The same risks and opportunities therefore apply to financial assets which have been transferred but not derecognised as apply to the non-transferred financial assets described in Note 5.

The inflow of liquidity from the repo transaction is shown in the balance sheet as a liability to either banks or customers, depending on the counterparty. Agreed interest payments are recognised as interest expense in net interest income according to maturity.

The outflows of liquidity arising from reverse repos are accounted for as claims on customers or banks. They are measured either at fair value using the fair value option or at amortised cost. The securities bought under repurchase agreements which underlie the financial transaction (spot purchase) are not carried in the balance sheet and are thus not measured. Agreed interest payments in reverse repos are recognised as interest income within net interest income according to maturity.

We conduct securities lending transactions with other banks and customers in order to meet delivery commitments or to enable us to effect securities repurchase agreements. We report these transactions in a similar manner to securities repurchase transactions. Securities lent remain in our securities portfolio (trading assets or financial investments) and are measured according to the rules of IAS 39. Borrowed securities do not appear in the balance sheet, nor are they measured. In securities lending transactions, the counterparty credit risk can be avoided by obtaining collateral, which may be provided in the form of cash, for example. Collateral furnished for a securities lending transaction is known as cash collateral out and collateral received as cash collateral in. In addition, cash collateral outs are deposited as collateral in connection with derivative transactions. We show cash collateral which we have furnished for securities lending transactions as a claim and collateral received as a liability. Interest and expenses from securities lending transactions are recognised in net interest income according to maturity.

(11) Value adjustments for portfolio fair value hedges

This item contains interest-rate-related positive and negative changes in the fair value of hedged transactions for which portfolio fair value hedge accounting is used.

(12) Positive fair values of derivative hedging instruments

This item contains derivative financial instruments used for hedging purposes which qualify for hedge accounting and have a positive fair value. The hedging instruments are measured at fair value.

(13) Trading assets

Under trading assets we report financial instruments measured at fair value. These include fixed income and equity securities, promissory note loans and units in investment funds. 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. Lending commitments with a positive fair value allocated to the trading book are also shown in this item.

(14) Financial investments

Financial investments are financial instruments not assigned to any other balance sheet item. Financial investments comprise all bonds, notes and other interest-rate-related securities, shares and other equity-related securities, units in investment funds, equity holdings and holdings in non-consolidated subsidiaries unless they must be treated as assets held for sale as defined by IFRS 5. Holdings in companies not accounted for using the equity method and in jointly controlled entities are reported as financial investments under equity holdings.

Financial instruments from the loans and receivables category contained in financial investments are measured at amortised cost.

Portfolio items classified as available-for-sale financial assets are recognised and measured at their fair value.

Premiums and discounts are recognised in net interest income over the lifetime of the asset. Net interest income also includes interest income from bonds, dividends on shares including shares in unconsolidated affiliated companies and current gains or losses from equity holdings.

If, however, an effective fair value hedge with a derivative financial instrument exists for financial instruments reported in this item, then that portion of the change in fair value attributable to the hedged risk is shown under net income from hedge accounting. Changes in the fair values of financial investments to which the fair value option has been applied are recognised in the net gain or loss from applying the fair value option, which is part of net trading income.

(15) Intangible assets

Intangible assets mainly consist of software, acquired brand names, customer relationships and goodwill. They are recognised at amortised cost. Due to their finite useful economic lives software and customer relationships are written off on a straight line basis over their prospective useful lives. In the case of brands and brand names our assumption is that they can generate cash flows indefinitely. As a result brand names and goodwill with indefinite useful economic lives are tested for impairment at least once a year.

Impairment test methodology

All goodwill and brand names are allocated to the cash-generating units at the time of acquisition. Commerzbank has defined the segments as cash generating units in accordance with IFRS 8. Further details on the segments are provided in Note 44. The expected future economic benefits of these assets are tested at the level of the individual underlying cash generating units at least once annually at each balance sheet date. In the process, the carrying amount of the capital employed in a cash generating unit (including the attributed goodwill) is compared with the recoverable amount of these assets. The recoverable amount is the higher of value in use and fair value less costs to sell. The value in use is based on the expected profitability of the unit and the cost of capital as set out in the medium-term planning for the individual segments approved by the board. If the value in use falls below the carrying amount, the fair value less costs to sell is also calculated. The higher of the two figures is reported.

Assumptions underlying the impairment testing

The discounted cash flow calculations are based on the multi-year planning for the segments. In addition to profitability projections this involves forecasts for risk weighted assets and capital employed. The main value drivers are receivables volumes, net interest income after provisioning and net commission income. Risk assets are a further sensitive planning parameter. The projections are based on forecasts from the economic research department for the macroeconomic outlook as well as other significant parameters such as movements in interest rates, exchange rates, equity and bond markets. Planning is based both on management's past experience and an assessment of risks and opportunities based on the forecasts.

Multi-year planning normally has a four-year horizon. For impairment testing the profitability projections from the last planning year were extrapolated out to 2019 in order to reflect the impact of Basel III including the transitional arrangements on capital employed.

In calculating the discounted cash flow we use average risk-adjusted interest rates of between 10.1% (previous year: 11.1%) and 13.2% (previous year: 12.2%). A long-term growth rate of 2% is assumed for all segments (previous year: 2%).

If there are objective indications that the economic benefits originally identified will no longer be realised, an impairment must initially be recognised on the cash-generating unit's goodwill and reported in a separate item in the income statement. Any additional impairment required is divided pro-rata between the remaining assets in the unit.

We amortise acquired customer relationships over a period of seven to fifteen years.

Software is amortised on a straight-line basis over its expected useful economic life of two to ten years and charged to operating expenses. Software includes both in-house developed software and acquired software. Where the reason for an impairment recognised in previous financial years ceases to apply, the impairment of intangible assets is reversed to no more than amortised cost. Impairment reversals are not permitted for goodwill.

(16) Fixed assets

The land and buildings, and also office furniture and equipment, shown under this item are recognised at cost, less regular depreciation. Impairments are made in an amount by which the carrying value exceeds the higher of fair value less costs to sell and the value in use of the asset.

Where the reason for recognising an impairment in previous financial years ceases to apply, the impairment is reversed to no more than amortised cost.

In determining the useful life, the likely physical wear and tear, technical obsolescence and 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:

	Expected useful life in years
Buildings	25-50
Office furniture and equipment	2-25

In line with the materiality principle, purchases of low-value fixed assets were recognised immediately as operating expenses. Profits realised on the disposal of fixed assets appear under other income, with losses being shown under other expenses.

(17) 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 incidental to ownership. By contrast, leases where substantially all of the risks and rewards are transferred to the lessee are classified as finance leases. The present value of the lease payments is central to determining the risks and rewards of the lease. If the present value amounts to at least substantially all of the fair value of the leased asset, the lease is classified as a finance lease. The most commonly leased assets are properties and vehicles.

The Group as lessor

- Operating leases

  If the risks and rewards of ownership remain substantially with the lessor, the asset will continue to be reported on the balance sheet. Leased assets are reported in the consolidated balance sheet under other assets and are shown at cost, less depreciation over their useful economic lives and/or impairments. Unless a different distribution is appropriate in individual cases, we recognise the proceeds from leasing transactions on a straight-line basis over the lifetime of the lease and report them under other net income.

- Finance leases

  If virtually all the risks and rewards relating to the leased asset are transferred to the lessee, the Commerzbank Group recognises a claim on the lessee. The claim is shown at its net investment value at the inception of the lease. Lease payments received are divided into an interest portion and a repayment portion. The income is recognised as interest income through profit or loss for the respective period.

Real estate lease agreements have a fixed basic rental period and generally include an option for the lessee to buy. The payments to be made by the lessee are calculated based on the total investment costs less the residual value of the leased asset as determined at the start of the lease agreement. During the fixed basic rental period the lessee bears all the asset-related costs and the third-party costs of the leasing company. The risk of unexpected or partial loss of the leased asset is borne by the lessor.

Lease agreements for moveable assets (vehicles, IT equipment) are structured as partially amortising agreements with an option to purchase and can be terminated. Because the fixed rental period is shorter in relation to the normal length of use in the case of partially amortising agreements, only part of the total investment costs are amortised.

Leases which may be terminated have no fixed rental period. In the event of termination a previously agreed final payment becomes due, which covers the portion of the total investment costs not yet amortised. If notice of termination is not given, the lease rolls over. The risk of unexpected or partial loss of the leased asset is then borne again by the lessor.

The Group as lessee

Expenditure on operating leases is always recorded on a straight-line basis over the life of the lease agreement and reported under operating expenses.

Finance leases where the Commerzbank Group is a lessee are of minor significance.

(18) Investment properties

Investment properties are defined as land and buildings held for the purpose of earning rental income or because they are expected to increase in value. Commerzbank Group also reports properties acquired as a result of the realisation of collateral in this category.

Investment properties are valued at cost including directly attributable transaction costs on initial recognition in accordance with IAS 40. The fair value model is used for the subsequent valuation of investment property. Fair value is normally determined on the basis of annual valuations conducted by internal experts and on prices currently obtainable in the market. Properties used for commercial purposes are usually valued based on capitalised income; individual residential buildings are generally valued using the cost or sales comparison approach. Gains and losses arising from changes in fair value are shown under other net income in the income statement for the period.

Current income and expenses are recognised in net interest income.

(19) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups that can be sold in their current condition and if their sale is highly probable must be classified as held for sale. These assets must be valued at fair value less costs to sell in cases where this is lower than book value. However, for interest-bearing and non-interest-bearing financial instruments and investment property the only accounting change is the reclassification to the relevant balance sheet items in accordance with IFRS 5. They continue to be measured in accordance with IAS 39 or IAS 40.

If impairments are established as a result of measurement in accordance with IFRS 5, these are recognised in profit or loss, usually under net investment income for disposal groups and other net income for non-current assets. Any subsequent write-up is limited to the total of impairments previously recognised.

After the assets have been sold, the gains or losses on disposal are recognised in other net income for non-current assets and usually in net investment income for disposal groups.

(20) Liabilities

If they are not held for trading purposes, financial liabilities are carried at amortised cost. The derivatives embedded in liabilities are separated from their host debt instrument where this is required, measured at fair value and recognised under either trading assets or trading liabilities. In micro fair value hedge accounting, hedged liabilities are adjusted for the change in fair value attributable to the hedged risk. In portfolio fair value hedge accounting the changes in fair value are reported under liabilities as value adjustments for portfolio fair value hedges. Liabilities for which the fair value option is used are recognised at their fair value.

(21) Negative fair values of derivative hedging instruments

This item shows derivative financial instruments that are used for hedging purposes and qualify for hedge accounting if they have a negative fair value. The hedging instruments are measured at fair value.

(22) Trading liabilities

Derivative financial instruments which are not used as hedging instruments in hedge accounting, lending commitments in the trading book which have a negative fair value are reported under trading liabilities. We also report own issues in the trading book and delivery obligations from short sales of securities in this item. Trading liabilities are measured at fair value through profit or loss.

(23) Provisions

A provision must be shown if on the balance sheet date, as the result of an event in the past, a current legal or factual obligation has arisen, an outflow of resources to meet this obligation is likely and it is possible to make a reliable estimate of the amount of this obligation. Accordingly we make provisions for liabilities of an uncertain amount to third parties and anticipated losses arising from pending transactions in the amount of the claims expected.

The different types of provisions are allocated via various items in the income statement. Provisions for lending business are charged to loan loss provisions, provisions for restructuring to restructuring expenses and provisions for legal risks to other net income. Other provisions are generally charged to operating expenses.

Restructuring provisions are recognised if the Commerzbank Group has a detailed formal restructuring plan and has already begun implementing this plan or has announced the main details of the restructuring. The detailed plan must contain information on the departments involved, the approximate number of staff whose jobs are affected by the restructuring, the costs involved and the period during which the restructuring will be carried out. The detailed plan must be communicated in such a way that those affected can expect it to be realised. The restructuring expenses item in the income statement contains further direct restructuring expenses which are not included in the restructuring provision.

Discounting

The amount recognised as a provision represents the best possible estimate of the expense required to meet the current obligation as at the reporting date. The estimate takes account of risks and uncertainties. Provisions are recognised at their net present value if they are long-term.

(24) Provisions for pensions and similar commitments

The company pension arrangements for current and former employees of Commerzbank Aktiengesellschaft and a number of domestic subsidiaries, together with their surviving dependants, are based on a number of different benefit schemes (both defined benefit and defined contribution plans).

In the defined contribution plans employees acquire a pension entitlement based on a contribution-related commitment from an external pension provider. To finance this the Group, together with its current employees, pays a fixed amount to external pension providers such as Versicherungsverein des Bank-gewerbes a. G. (BVV), Berlin and Versorgungskasse des Bank-gewerbes e.V., Berlin.

The level of current and future pension benefits is determined by contributions paid and the return earned on the assets. For these indirect systems the accounting standards laid down in IAS 19 for a defined contribution plan are applied, which means that the contributions paid to the external pension providers are recognised under personnel expenses. No provisions are created.

The Group also operates defined benefit plans based on a direct pension commitment on the part of Commerzbank, where the level of the pension payment is pre-defined and dependent on factors such as age, salary level and length of service. IAS 19 accounting principles for defined benefit pension plans are applied to these pension schemes, which means that provisions are created.

For employees entitled to pension benefits who joined Commerzbank Aktiengesellschaft or certain other consolidated companies before December 31, 2004, the pension entitlements are based on the regulations of the Commerzbank modular plan for pension benefits, known as CBA. The amount of the benefits under CBA consists of an initial module for the period up to December 31, 2004, plus a benefit module – possibly augmented by a dynamic module – for each contributory year from 2005 onwards. Staff joining the Bank after January 1, 2005 have pension rights under the Commerzbank capital plan for company pension benefits, known as CKA. The amount of the benefits paid under CKA consists of a contribution-based guaranteed payment for each contributory year from 2005 plus a performance-related component. Performance is measured throughout the period that contributions are paid until a pension is due.

Since January 1, 2010 the direct pension arrangements for staff formerly employed by Dresdner Bank Aktiengesellschaft have also been based on the pension modules of the CBA.

In order to meet the direct pension liabilities in Germany, cover assets were transferred to a legally independent trustee, Commerzbank Pension Trust e. V. (CPT). The assets held by CPT and the cover assets for pension obligations in our foreign units qualify as plan assets within the definition of IAS 19.7. Under IAS 19.54 these assets may be netted with the present value of the defined benefit obligations, which results in a corresponding reduction in pension provisions within the Group.

In addition to the above mentioned pension plans, there is an internally-financed healthcare plan in the UK which entitles members in retirement to reimbursement of medical costs or a contribution to private medical insurance. The resulting obligations are accounted for according to the rules for defined benefit pension plans as specified by IAS 19.

Pension expense reported under personnel expenses for the direct pension commitments consist of two components: the service cost, representing the entitlements earned by members during the financial year; and the interest cost on the present value of the pension obligations, as the time when the pension obligations will have to be met has moved forward by one period. The expected net income from the assets in the scheme reduces pension expense, however. Moreover, the level of pension expense continues to be affected by the amortisation of actuarial gains or losses which have not yet been recognised in the income statement. If the direct pension commitments are changed and this leads to a change in the payment obligation, a past service cost (or income) is reported.

The size of the provision calculated in accordance with IAS 19.54 is therefore as follows:

Present value of the defined-benefit obligation (DBO)
for direct commitments
less fair value of plan assets
less/plus unrecognised actuarial losses/gains
less/plus any past service cost or income which has not yet been recognised

= level of the pension provision

For defined-benefit plans the pension provisions and similar obligations (e.g. age-related short-time working, early retirement and anniversary provisions) are calculated annually by an independent actuary using the projected unit credit method. This calculation is based on biometric assumptions (for example, Heubeck-Richttafeln 2005G), the current market interest rate for prime long-term corporate bonds and on assumptions for staff turnover and career trends as well as future rates of salary and pension increases.

According to IAS 19.92 ff., any actuarial profits and losses that have not yet been amortised do not have to be recognised until the reporting period in which they exceed the corridor of 10% of the greater of DBO or the fair value of the plan assets at the beginning of the period.

Commerzbank has decided to recognise unrealised actuarial profits and losses faster than the standard amortisation schedules recommended in IAS 19. Above a significance threshold of 75% of the 10% corridor, 20% of the gains and losses within the corridor are amortised.

(25) Staff remuneration plans

1. Description of the main remuneration plans

a) Commerzbank Aktiengesellschaft Long-Term Performance Plans (LTPs)

Commerzbank operated long-term performance plans (LTPs) for managers and other selected employees until the financial year 2008. No new LTP has been set up since 2009 and there are no plans to launch any more plans for the foreseeable future.

Managers and staff at Commerzbank Aktiengesellschaft, various subsidiaries in Germany and at selected operational units outside Germany were eligible to participate in these plans. In order to participate in the LTPs, those eligible had to invest in Commerzbank shares.

Payment of the LTP is dependent upon Commerzbank Aktiengesellschaft paying a dividend in the financial year in which the payment takes place. Eligible participants receive a maximum of €100 per share paid out in cash. After three years the base prices of the issuing year are compared with the prices in the first quarter of the year in question. Payment is made if the Dow Jones Euro Stoxx is outperformed by at least 1 percentage point (for 50% of the shares acquired under the plan) and/or the Commerzbank share price has increased by at least 25% compared with the base price (for 50% of the shares acquired under the plan). If none of the exercise criteria have been met after three years have elapsed, the comparison is repeated at annual intervals. The data from the issuing year remain the basis for comparison. If none of the performance targets have been met after five years, the plan is terminated.

Under the LTP plans for 2007 to 2008, which are still ongoing, payments geared to the performance of the share price and the index are still theoretically possible until the end of 2012 and 2013 respectively. No payouts were made under LTPs in 2010 and 2011. We do not expect the exercise criteria to be met in the next two years to 2013 either.

The LTPs are accounted for as cash-settled share-based payment transactions.

b) Share Awards

In January 2010 share awards were introduced as part of a new remuneration model for non pay-scale staff of Commerzbank Aktiengesellschaft. Share awards are a deferred component of variable compensation where staff are allocated virtual Commerzbank shares. They form part of variable compensation for the previous year and entitle the holder to receive the gross cash value of the shares allocated on the award date after the vesting period has elapsed. The portion of an individual employee's variable compensation paid in the form of a share award is dependent on the bank's overall performance and is not determined until the spring of the year following the year for which the award is paid. The number of shares is determined on the date of allocation by dividing the variable compensation amount by the average XETRA closing price of the Commerzbank share for January and February of the year of the award and December of the previous year. The vesting period is normally three years from the date of the award.

The average XETRA closing price of Commerzbank shares in January and February of the year of payout and December of the previous year are also used to determine the amount paid out. The amount paid out is determined by multiplying this average price by the number of shares allocated on the award date.

If Commerzbank has paid dividends during the term of the award, a cash amount equal to the dividend is normally paid out in addition to the gross cash value of the shares.

The allocation of the share awards for the financial year 2010 and the determination of the level of the provision was carried out in 2011. As a result of the Banking Remuneration Regulation (Instituts-Vergütungsverordnung), which became law in Germany in October 2010, the Bank was required to revise its systems for variable remuneration from the financial year 2011. The Commerzbank Incentive Plan (CIP) was introduced as a result. The commitments for the model applying in the financial year 2010 will therefore expire over the next three years.

c) Commerzbank Incentive Plan (CIP)

The Commerzbank Incentive Plan (CIP) has been established as the successor to the share awards model that applied in the financial year 2010. In addition to a cash component it grants beneficiaries a certain number of Commerzbank shares.

The mechanism of the new remuneration model for variable remuneration comprises both a short-term incentive (STI) and a long-term incentive (LTI) in various formats. The STI component is designed as compensation for the previous financial year. The LTI component is designed as compensation for a vesting period of four years.

The proportion of the variable remuneration granted in the form of shares depends on the risk-taker group.

- Risk-taker I (executives, members of management).
- Risk-taker II (chairmen of important committees, functions with a significant impact on the bank's overall risk profile).
- Non risk-takers (other staff whose variable remuneration exceeds a certain threshold).

Risk-taker groups I and II differ in the weighting of the STI and LTI. In both cases around half of the short-term and long-term components is paid out in shares. In the non-risk-taker group half of the amount in excess of the threshold is paid in shares.

The different remuneration components are estimated and recognised in profit or loss in the financial year on the basis of plan calculations. The level of variable remuneration and therefore the proportion accounted for by shares is finalised in the annual target attainment meeting (performance appraisal I), which is held in the first three months of the following year. This amount represents the upper limit for variable remuneration for the entire 4-year vesting period; thereafter it can only be reduced in the annual target attainment meetings as a result of Group-specific quantitative and individual qualitative attainment metrics. The number of shares granted is determined by dividing the shares portion of the variable remuneration by the average XETRA closing price of the Commerzbank share in January and February plus December of the previous year.

In the STI the shares are subject to a 6-month lockup period. In the LTI the beneficiaries gain the right to acquire the shares after performance appraisal II at the end of the vesting period of four years (including the initial financial year), i.e. three years after determining the underlying number of shares. There is again a 6-month lockup period from the date on which the beneficiaries gain the right to acquire the shares.

If Commerzbank has paid dividends during the term of the CIP, an additional cash amount equal to the dividend is paid out when the CIP matures.

From the financial year 2011 onwards the CIP will be applied to the entire Commerzbank Group. For staff in locations where payment in equity instruments is not legally possible, or although possible is unattractive for staff as a result of administrative restrictions, the CIPs will be cash-settled.

d) BRE Bank SA

In March 2008, BRE Bank SA launched two share-based remuneration plans for the members of its Management Board. The first plan provides for the subscription of BRE Bank shares and the second for the subscription of Commerzbank shares. The members of the Management Board can participate in these plans from 2009 to 2018. Participation is, however, linked to various conditions, such as BRE Bank's return on equity and its net profit.

While the plan for the subscription of BRE Bank shares has the same conditions every year, the amount of Commerzbank shares subscribed is determined each year by their price during the 30 days prior to their respective subscription dates. Both plans are classified as share-based payments settled in the form of equity instruments.

e) Other consolidated companies

In addition, it is possible for selected employees at other consolidated companies (e.g. comdirect bank Aktiengesellschaft) to participate through share ownership models in the performance of the respective companies. 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 companies. Frequently, these are offered at reduced prices and/or in combination with call or put options. In addition, warrants and share subscription rights are also issued. Bonuses are also granted which may either be used to subscribe for shares or are paid out in cash. The observance of vesting periods and agreements for later repurchase determine whether additional income is received.

2. Accounting treatment and measurement

The staff compensation plans described here are accounted for under the rules of IFRS 2 – Share-based Payment. IFRS 2 distinguishes between share-based payments settled in the form of equity instruments and those settled in cash. For both forms, however, the granting of share-based payments has to be recognised at fair value in the annual financial statements.

- Equity-settled share-based payment transactions

  The fair value of share-based payments settled in the form of equity instruments is recognised as personnel expense within equity in the capital reserve. The fair value of the STI component is determined on the date on which the rights are granted. The fair value of the LTI component is determined once only on the date of performance appraisal I (March n+1) as an average of the XETRA closing prices in the months January, February and December of the previous year and is recognised in profit or loss on a straight-line basis over the term of the vesting period. The amount recognised as an expense may only be adjusted if the Bank's estimate of the number of equity instruments to be finally issued changes.

  If rights cannot be exercised because the conditions for exercise (e.g. a performance target) are not met, no change is made to the amounts already recognised in equity.

- Cash-settled share-based payment transactions

  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 recognised as personnel expense while at the same time being recorded as a provision. The fair value is recalculated on each balance sheet date up to and including the settlement date. Any change in the fair value of the obligation must be recognised through profit or loss. On the date of settlement, therefore, the provision must correspond as closely as possible to the amount payable to the eligible employees. In the case of share awards the portion of the provisions attributable to share awards is reassigned from other personnel provisions to the provision for share awards at the date of the award. The provision is calculated as the product of the number of rights allocated multiplied by the average XETRA closing price of Commerzbank shares in January and February of the year of the award and December of the previous year. The provisions fluctuate on each balance sheet date in parallel with the performance of the Commerzbank Aktiengesellschaft share price. Discounts are not applied for staff natural wastage as the share awards do not lapse on the departure or death of an employee. If Commerzbank pays dividends during the vesting period a cash payment equal to the dividend will be paid out for each share award at the payout date in addition to the payout value of the share awards.

- Valuation models

  The closing price of the Commerzbank share on December 30, 2011 was used to measure the provision for the share awards.

  The estimate of the level of variable remuneration under the CIP is based on the planning figures of the base year, in this case 2011.

  We engaged external actuaries to calculate the fair value of the LTP staff compensation plan within the Commerzbank Group. A Monte Carlo simulation of changes which boost future share prices is applied to measure the awards granted under LTPs. The model is based on the assumption that stock returns are statistically normally distributed around a mean corresponding to a risk-free investment in an interest-bearing security.

  An actuarial binominal model is generally used by external actuaries to determine the fair value of the options that exist under staff compensation plans in other consolidated companies. 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 linked to the after-tax profit of the companies in question and which are defined in the plans.

(26) Taxes on income

Current tax assets and liabilities are calculated on the basis of the expected payment to or rebate from each fiscal authority using the current tax rates applicable in the relevant country.

Deferred tax assets and liabilities are formed to reflect differences between the IFRS carrying amounts of assets or liabilities and the taxable value, provided that these temporary differences are likely to increase or reduce future taxes on income and there is no rule against disclosing them. In addition, deferred taxes are recognised for both tax loss carryforwards as well as for as yet unused tax credits. The valuation of deferred taxes is based on income tax rates already approved as at December 31, 2011 and applicable upon realisation of the temporary differences.

Deferred tax assets on tax-reducing temporary differences, unused tax losses and unused tax credits are only recognised if and to the extent that it is probable that the same taxable entity will generate tax gains or losses in the foreseeable future with respect to the same fiscal authority.

Deferred tax assets and liabilities are recognised and continued – depending on the reason for the deferral – either under taxes on income in the income statement or directly in equity.

Income tax expenses or income are reported under taxes on income in the consolidated income statement.

Deferred tax assets and liabilities have been netted if there is a right to net current taxes on income and the deferred tax assets and liabilities relate to taxes on income levied by the same fiscal authority on the same taxable entity.

Taxable temporary differences relating to shares in Commerzbank group companies for which no deferred income tax liabilities were recognised amount to €113m (previous year: €95m).

The current and deferred tax assets and current and deferred tax liabilities are set out in the balance sheet and detailed in Notes 57 and 68.

(27) Subordinated and hybrid capital

Under subordinated and hybrid capital we show issues of profit-sharing certificates, securitised and non-securitised subordinated liabilities as well as hybrid capital instruments. They are recognised at amortised cost. Premiums and discounts are recognised in net interest income over the lifetime of the instrument.

The carrying amounts of the subordinated and hybrid capital, to which micro fair value hedge accounting is applied, are adjusted for the changes in fair value attributable to the hedged risk. In portfolio fair value hedge accounting the changes in fair value are reported under liabilities as value adjustments for portfolio fair value hedges. Subordinated and hybrid capital to which the fair value option is applied is reported at fair value.

(28) Fiduciary transactions

Fiduciary 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.

(29) Contingent liabilities and irrevocable lending commitments

This item mainly shows contingent liabilities arising from guarantees and indemnity agreements as well as irrevocable lending commitments at their nominal value.

Situations where the reporting company acts as guarantor to the creditor of a third party for the fulfilment of a liability of that third party must be shown as guarantees. Indemnity agreements include contractual obligations that involve taking responsibility for a particular outcome or performance.

All obligations that could incur a credit risk must be shown here as irrevocable lending commitments. These include obligations to grant loans (e.g. lines that have been advised to customers), to buy securities or provide guarantees or acceptances. However, lending commitments attributable to the trading book are reported under trading assets or trading liabilities.

Provisions for risks in respect of contingent liabilities and lending commitments are included in provisions for loan losses.

Income from guarantees is reported in net commission income; the level of this income is determined by the application of agreed rates to the nominal amount of the guarantees.

(30) Treasury shares

Treasury shares held by Commerzbank Aktiengesellschaft on the balance sheet date are deducted directly from equity. Gains or losses on treasury shares are recognised in equity.

Impact of the European sovereign debt crisis

At the emergency euro zone summit on July 21, 2011, the banks and insurance companies agreed to make a contribution to supporting Greece. According to calculations by the IIF (Institute of International Finance), the agreed voluntary bond swap led to an impairment of 21% on instruments due to mature by 2020. At the EU crisis summit on October 26, 2011, the heads of state and government agreed on a 50% haircut for Greek bonds. Besides the partial waiver of debts, the summit also proposed a swap of old bonds for new ones. The negotiations concluded on February 21, 2012. As a result, the private creditors have now accepted write-downs of 53.5%, and the remaining debt claims from the bonds will be swapped for longer-dated new bonds with a lower interest rate. As the discount rate used to value the new bonds cannot yet be finally determined, we have decided to use the standard market discount rate for comparable bonds.

We have thus recognised a write-down of 73% on our Greek government bonds in the loans and receivables category (LaR) and have written the available-for-sale securities (AfS) down to fair value. After the write-down, we will report these bonds at an average of 26.4% of nominal value.

We have thus made adequate provision for current discernible default risks associated with the European debt crisis. However, due to the continuing uncertainty in the euro zone and the potential consequences this may have for the world economy and financial markets, there is a possibility of further impacts on the Commerzbank Group in future.

Notes to the income statement

(31) Net interest income

	2011	2010	Change in %
		€m	
Interest income	17,343	18,306	–5.3
Interest income from lending and money market transactions and from the securities portfolio (available-for-sale)	1,232	1,225	0.6
Interest income from lending and money market transactions and from the securities portfolio (loans and receivables)	15,456	15,949	–3.1
Interest income from lending and money market transactions and from the securities portfolio (from applying the fair value option)	119	130	–8.5
Prepayment penalty fees	87	132	–34.1
Gains on the sale of loans and receivables and repurchase of liabilities[1]	166	26	.
Dividends from securities	115	53	.
Current net income from equity holdings and non-consolidated subsidiaries	41	77	–46.8
Current income from properties held for sale and from investment properties	127	106	19.8
Other interest income	—	608	–100.0
Interest expense	10,619	11,252	–5.6
Interest expense on subordinated and hybrid capital	940	1,030	–8.7
Interest expense on securitised liabilities	3,584	4,494	–20.2
Interest expense on other liabilities	5,256	5,055	4.0
Interest expense from applying the fair value option[2]	36	94	–61.7
Losses on the sale of loans and receivables and repurchase of liabilities[1]	73	102	–28.4
Current expenses from non-current assets held for sale and from investment properties	78	85	–8.2
Other interest expense	652	392	66.3
Total	**6,724**	**7,054**	**–4.7**

1 Of which: gains of €112m and losses of €10m on the repurchase of liabilities in 2011 (previous year: €23m gains and €33m losses).

2 Of which: €1m for subordinated and hybrid capital (previous year: €1m).

There was an unwinding effect of €195m (previous year: €223m) for commitments which have been terminated and impaired commercial real estate loans.

Net interest income included €–342m from derivative financial instruments not included in the trading book (previous year: €608m).

The breakdown of interest income and interest expense from investment properties was as follows:

	2011	2010	Change in %
		€m	
Rental income	61	94	–35.1
Other income	—	—	.
Total income	**61**	**94**	**–35.1**
Building and occupancy expense for rented properties	27	27	0.0
Other expenses	33	55	–40.0
Total expenses	**60**	**82**	**–26.8**

(32) Loan loss provisions

The breakdown of loan loss provisions in the consolidated income statement was as follows:

	2011	2010	Change in %
		€m	
Allocation to loan loss provisions	−3,467	−4,440	−21.9
Reversals of loan loss provisions	2,489	2,207	12.8
Direct write-downs	−594	−459	29.4
Write-ups and amounts recovered on claims written-down	182	193	−5.7
Total	**−1,390**	**−2,499**	**−44.4**

The breakdown of the net allocation to provisions was as follows:

	2011	2010	Change in %
		€m	
Specific risks	−1,349	−2,685	−49.8
Claims on banks	24	19	26.3
Claims on customers	−1,376	−2,656	−48.2
Off-balance sheet items	3	−48	.
Portfolio risks	371	452	−17.9
Claims on banks	−20	7	.
Claims on customers	320	399	−19.8
Off-balance sheet items	71	46	54.3
Direct write-downs, write-ups and amounts recovered on claims written-down	−412	−266	54.9
Total	**−1,390**	**−2,499**	**−44.4**

(33) Net commission income

	2011	2010	Change in %
		€m	
Commission income	**4,055**	**4,237**	**−4.3**
Securities transactions	1,221	1,403	−13.0
Asset management	161	175	−8.0
Payment transactions and foreign business	1,303	1,290	1.0
Real estate lending business	193	226	−14.6
Guarantees	230	238	−3.4
Net income from syndicated business	272	241	12.9
Brokerage[1]	325	330	−1.5
Fiduciary transactions	8	8	0.0
Other income	342	326	4.9
Commission expense	**560**	**590**	**−5.1**
Securities transactions	181	182	−0.5
Asset management	22	17	29.4
Payment transactions and foreign business	131	158	−17.1
Real estate lending business	36	40	−10.0
Guarantees	86	80	7.5
Net income from syndicated business	4	2	100.0
Brokerage[1]	67	72	−6.9
Fiduciary transactions	3	4	−25.0
Other expenses	30	35	−14.3
Net commission income			
Securities transactions	1,040	1,221	−14.8
Asset management	139	158	−12.0
Payment transactions and foreign business	1,172	1,132	3.5
Real estate lending business	157	186	−15.6
Guarantees	144	158	−8.9
Net income from syndicated business	268	239	12.1
Brokerage[1]	258	258	0.0
Fiduciary transactions	5	4	25.0
Other	312	291	7.2
Total	**3,495**	**3,647**	**−4.2**

[1] Reclassified from other commission; prior-year figures restated.

Commission income included €882m (previous year: €792m) and commission expense included €133m (previous year: €100m) from transactions with financial instruments that are not recognised at fair value through profit or loss.

(34) Net trading income

We have split net trading income into three components:

- Net trading gain or loss (this includes trading in securities, promissory note loans, precious metals and derivative instruments plus the net gain or loss on the remeasurement of derivative financial instruments that do not qualify for hedge accounting)
- Net interest income
- Net gain or loss from applying the fair value option

The net gain or loss from applying the fair value option includes the changes in fair value of the underlying derivatives.

	2011	2010	Change in %
		€m	
Net trading gain or loss[1]	703	1,504	−53.3
Net interest income	1,114	417	.
Net gain or loss from applying the fair value option	292	131	.
Total	**2,109**	**2,052**	**2.8**

[1] Including net gain or loss on the remeasurement of derivative financial instruments.

Net interest income from trading was made up of €3,694m in interest income (previous year: €3,437m) and €2,580m in interest expense (previous year: €3,020m) for funding trading transactions. Net interest income from derivative financial instruments is contained in interest income and came to €102m (previous year: €–281m) in the year under review.

(35) Net income from hedge accounting

Net income from hedge accounting includes gains and losses on the remeasurement of effective hedges in fair value hedge accounting as well as the ineffective portion of cash flow hedges. The breakdown was as follows:

	2011	2010	Change in %
		€m	
Fair value hedges			
Changes in fair value attributable to hedging instruments	−3,215	−1,363	.
Micro fair value hedges	−3,721	−1,278	.
Portfolio fair value hedges	506	−85	.
Changes in fair value attributable to hedged items	3,092	1,269	.
Micro fair value hedges	3,967	1,317	.
Portfolio fair value hedges	−875	−48	.
Cash flow hedges			
Net gain or loss of effectively hedged cash flow hedges (ineffective part only)	—	—	.
Total	**−123**	**−94**	**30.9**

(36) Net investment income

Net investment income contains gains or losses on the disposal and remeasurement of securities in the loans and receivables and available-for-sale categories, equity holdings, holdings in companies accounted for using the equity method and subsidiaries.

	2011	2010	Change in %
		€m	
Net gain or loss from interest-bearing business	**−3,520**	**67**	**.**
In the available-for-sale category	−343	191	.
Gains on disposals (including reclassification from revaluation reserve)[1]	555	245	.
Losses on disposals (including reclassification from revaluation reserve)[1]	−576	−377	52.8
Net remeasurement gain or loss[1]	−322	323	.
In the loans and receivables category	−3,177	−124	.
Gains on disposals	3	6	−50.0
Losses on disposals	−283	−126	.
Net remeasurement gain or loss[2]	−2,897	−4	.
Net income from equity instruments	**−91**	**41**	**.**
In the available-for-sale category	88	180	−51.1
Gains on disposals (including reclassification from revaluation reserve)[1]	99	184	−46.2
Losses on disposals (including reclassification from revaluation reserve)[1]	−11	−4	.
In the available-for-sale category, measured at acquisition cost	53	11	.
Net remeasurement gain or loss[1]	−77	−39	97.4
Net gain or loss on disposals and remeasurement of companies accounted for using the equity method	−155	−111	39.6
Total	**−3,611**	**108**	**.**

1 This includes a net €88m (previous year: €361m) of reclassifications from the revaluation reserve created in the financial year 2011.

2 includes portfolio valuation allowances of € 40m (previous year: €1m) for reclassified securities.

(37) Current net income from companies accounted for using the equity method

Current net income from companies accounted for using the equity method was €42m (previous year: €35m). Including the net gain or loss on disposals and remeasurement of companies accounted for using the equity method of €–155m (previous year: €–111m), which is included in net investment income, total net income from companies accounted for using the equity method was €–113m (previous year: €–76m).

(38) Other net income

Other net income primarily comprises allocations to and reversals of provisions, income and expenses from operating leases as well as interim expenses and income attributable to hire-purchase agreements. Expenses and income arising from building and architects' fees relate to the construction management of our sub-group Commerz Real. Other taxes are also included in this item.

	2011	2010	Change in %
		€m	
Other material items of expense	**436**	**549**	**−20.6**
Allocations to provisions	300	275	9.1
Operating lease expenses	91	181	−49.7
Expenses arising from building and architects' services	11	15	−26.7
Hire-purchase expenses and sublease expense	34	78	−56.4
Other material items of income	**547**	**546**	**0.2**
Reversals of provisions	375	272	37.9
Operating lease income	116	187	−38.0
Income from building and architects' services	12	24	−50.0
Hire-purchase proceeds and sublease income	34	35	−2.9
Income from disposal of fixed assets	10	28	−64.3
Balance of sundry other expenses/income[1]	1,142	−128	.
Other net income	**1,253**	**−131**	**.**

[1] Of which: € −9m (previous year: € −72m) attributable to exchange rate movements.

In the financial year 2011 a one-off income totalling €1.0bn was recognised in other net income. Of this amount, €0.3bn derived from the capital increase for non-cash contributions in January 2011 (see page 207) and €0.7bn from the capital-strengthening measures in December 2011 (see Note 72).

(39) Operating expenses

The Group's operating expenses of €7,992m (previous year: €8,786m) consisted of personnel expenses of €4,178m (previous year: €4,418m), other expenses of €3,340m (previous year: €3,768m) and depreciation and amortisation of office furniture and equipment, property and other intangible assets of €474m (previous year: €600m). The breakdown of operating expenses was as follows:

Personnel expenses

	2011	2010	Change in %
		€m	
Wages and salaries	3,797	4,101	−7.4
Expenses for pensions and similar employee benefits	381	317	20.2
Total	**4,178**	**4,418**	**−5.4**

Personnel expenses included €483m expenses for social security contributions (previous year: €507m).

Operating expenses

	2011	2010	Change in %
		€m	
Expenses for office space	817	831	−1.7
IT expense	926	1,217	−23.9
Workplace and information expense	321	357	−10.1
Compulsory contributions	164	148	10.8
Advisory, audit and other expenses required to comply with company law	364	437	−16.7
Travel, representation and advertising expense	343	341	0.6
Personnel-related operating expense	154	158	−2.5
Other operating expenses	251	279	−10.0
Total	**3,340**	**3,768**	**−11.4**

Auditors' fees incurred in Germany amounted to €35.3m excluding VAT for the financial year 2011, of which €1,966,000 was attributable to services provided during the financial year 2010.

Auditors' fees

	2011	2010	Change in %
		€1,000	
Audit of financial statements	17,876	19,344	−7.6
Provision of other certificates or assessments	8,763	5,358	63.5
Tax consulting services	2,090	905	.
Other services	6,528	10,649	−38.7
Total	**35,257**	**36,256**	**−2.8**

Depreciation and amortisation of office furniture and equipment, property and other intangible assets was as follows:

	2011	2010	Change in %
		€m	
Office furniture and equipment	192	203	−5.4
Property	43	81	−46.9
Other intangible assets	239	316	−24.4
Total	**474**	**600**	**−21.0**

The amortisation of intangible assets included impairment charges of €30m (previous year: €42m). There was an impairment charge on property of €5m (previous year: €41m).

(40) Taxes on income

The breakdown of income tax expense was as follows:

	2011	2010	Change in %
		€m	
Current taxes on income	29	220	−86.8
Tax expense or income for the current year	197	224	−12.1
Tax expense or income for the previous year	−168	−4	.
Deferred taxes on income	−269	−356	−24.4
Tax expense or income due to change in temporary differences and loss carryforwards	56	−23	.
Tax rate differences	5	−89	.
Tax expense due to write-offs of deferred taxes previously recognised on loss carryfowards	170	—	.
Tax income from previously unrecognised tax carryforwards	−500	−244	.
Total	**−240**	**−136**	**76.5**

The combined income tax rate applicable to Commerzbank Aktiengesellschaft and its German subsidiaries was 31.2%.

The following reconciliation shows the connection between net pre-tax profit according to IFRS and tax expense in the reporting year.

The Group income tax rate selected as a basis for the reconciliation is made up of the corporate income tax rate of 15.0% applied in Germany, plus the solidarity surcharge of 5.5%, and an average rate of 15.3% for trade tax. This produces a German income tax rate of 31.2%.

Income tax effects result from discrepancies between the tax rates applying to foreign units. Tax rates outside Germany ranged between 0% (Dubai) and 46% (New York).

As at December 31, 2011 the Group tax rate was −47.3% (previous year: −10.1%). Tax income for the full year resulted mainly from the retroactive capitalisation of deferred tax assets on tax loss carryforwards in the London and New York branches (€−368m). In addition, the use of loss carryforwards (€−254m) for which no deferred tax assets had been recognised in previous years and current taxes relating to other periods (€−267m) also had a positive effect on the Group tax rate. On the other hand deferred tax assets for new tax losses at some companies could not be recognised or a valuation allowance for previously recognised deferred tax assets (€683m) had to be established.

	2011	2010
	€m	
Pre-tax profit or loss under IFRS	**507**	**1,353**
Group's income tax rate (%)	31.2	30.9
Calculated income-tax expense in financial year	**158**	**417**
Effects of differing tax rates and tax rate changes on tax accruals recognised in income	5	−89
Impact of the recognition of deferred taxes on loss carryforwards	−500	−244
Effects of non-deductible operating expenses and tax-exempt income	−24	−104
Unrecognised deferred tax assets	683	123
Utilisation of tax carryforwards for which no deferred tax assets had been calculated	−254	−211
Effects of additions and deductions for trade tax	12	13
Current taxes relating to other periods	−267	—
Other effects	−53	−41
Taxes on income	**−240**	**−136**

The table below shows the value of current and deferred taxes resulting from items that were directly credited or debited to equity:

Taxes on income not recognised in the income statement	**31.12.2011**	**31.12.2010**	Change in %
		€m	
Current taxes on income	—	—	.
Deferred taxes on income	1,559	1,238	25.9
Measurement differences arising from cash flow hedges	298	389	−23.4
Revaluation reserve	1,044	827	26.2
Loss carryforwards	217	22	.
Other	—	—	.
Total	**1,559**	**1,238**	**25.9**

(41) Net income

Net income consists of remeasurements to fair value, impairments/impairment reversals, realised gains on disposal and subsequent recoveries on written-down financial instruments (see Note 5c). The net interest income table shows the interest components from the net interest income and net trading income notes by IAS 39 category.

	2011	2010	Change in %
		€m	
Net profit or loss from			
Trading assets and liabilities	580	1,410	−58.9
Applying the fair value option	292	131	.
Available-for-sale financial assets and holdings in companies accounted for using the equity method	−434	232	.
Loans and receivables	−4,567	−2,623	74.1
Other financial liabilities	—	—	.

	2011	2010	Change in %
		€m	
Net interest income from			
Trading assets and liabilities	1,012	698	45.0
Applying the fair value option	83	36	.
Available-for-sale financial assets	1,232	1,225	0.6
Loans and receivables	15,456	15,949	−3.1
Other financial liabilities	−9,780	−10,579	−7.6

(42) Earnings per share

	2011	**2010**	Change in %
Operating profit (€m)	507	1,386	–63.4
Consolidated profit or loss attributable to Commerzbank shareholders (€m)	638	1,430	.
Average number of ordinary shares issued	3,459,978,549	1,178,599,388	.
Operating profit per share (€)	0.15	1.18	–87.3
Earnings per share (€)	0.18	1.21	.

Earnings per share as per IAS 33 are based on the consolidated surplus attributable to Commerzbank shareholders and are calculated by dividing the adjusted consolidated surplus by the weighted average number of shares outstanding during the financial year. As in 2010, no conversion and option rights were outstanding in the reporting year. The figure for diluted earnings per share was therefore identical to the undiluted figure. The breakdown of operating profit is set out in the segment report (Note 44).

(43) Cost/income ratio

	2011	**2010**	Change in % points
		%	
Cost/income ratio in operating business	80.8	69.3	11.5

The cost/income ratio is the ratio of operating expenses to income before provisions.

(44) Segment reporting

Segment reporting reflects the results of the operating business segments within the Commerzbank Group. The segment information below is based on IFRS 8 Operating Segments, which adopts the so-called management approach. In accordance with this standard, segment information must be prepared on the basis of the internal reporting information that is evaluated by the chief operating decision maker to assess the performance of the operating segments and make decisions regarding the allocation of resources to the operating segments. Within the Commerzbank Group, the function of chief operating decision maker is exercised by the Board of Managing Directors.

Our segment reporting covers six operating segments and the Others and Consolidation segment. This reflects the Commerzbank Group's organisational structure and forms the basis for internal management reporting. The business segments are divided up on the basis of distinctions between products, services and/or customer target groups. As part of the ongoing refinement of the segments' business models the business responsibilities of the segments have been slightly adjusted. In 2011, assets were allocated based on this refined customer segmentation and the prior-year figures were restated accordingly.

– The Private Customers segment set up a new departmental organisation in 2011 and now consists of the divisions Private Customers, Direct Banking and Credit. The Private Customers division comprises the classic branch banking business, which offers standardised banking and financial services tailored to the typical needs of customers, and Wealth Management, which performs asset management and advisory services for high net worth customers in Germany and abroad. The division also includes Commerz Direct Service GmbH, which provides call centre services for private, commercial and wealth management customers. Direct Banking comprises the activities of comdirect bank Aktiengesellschaft and ebase GmbH, which together form the comdirect Group, a direct bank which primarily provides internet-based services, while the credit division is responsible for Commerzbank Aktiengesellschaft's loan processing centres in Germany.

– The Mittelstandsbank segment is divided into the three Group divisions Mittelstand Germany, Corporate Banking & International and Financial Institutions. The Mittelstand Germany division serves small and mid-sized customers, the public sector and institutional clients. Our comprehensive service offering includes payments, flexible financing solutions, interest rate and currency management products, professional investment advisory services and innovative investment banking solutions. In the Corporate Banking & International division we concentrate on serving corporate customers with revenues of over €500m. Smaller groups with a strong capital market affinity or significant operations outside Germany are also serviced by this division. The Corporate Banking & International division also contains the competence centre for companies from the renewable energy sector. With our foreign branch offices we act as a strategic partner for both the international activities of our German corporate customers and for international companies with business activities in our home market of Germany. The Financial Institutions division is responsible for relationships with banks and financial institutions in Germany and abroad, as well as with central banks. The strategic focus is on Commerzbank becoming customers' preferred source of trade finance-related services. Financial Institutions uses a network of over 7,000 correspondent banks, together with business relationships in emerging markets, to support the financing and settlement of the worldwide foreign trade activities of all of the Commerzbank Group's customers, and thus supports other divisions of the Bank in their international strategies.

- The Central & Eastern Europe segment comprises the operations of our Polish subsidiary BRE Bank, Bank Forum in Ukraine, Commerzbank Eurasija in Russia, Commerzbank Zrt. in Hungary, our branches in the Czech Republic and Slovakia, and our investments in seven microfinance banks and Russia's Promsvyazbank. These are grouped together under a management holding company. The holding company acts as a centre of competence and an interface to and from the foreign units. It sets and monitors the Group's objectives in Central & Eastern Europe on both the market and the risk side, ensures targets for operational excellence are met and develops growth initiatives in the region. The strategic focus on universal banking and direct banking in the Central & Eastern Europe segment was further strengthened in 2011. Against this backdrop, the corporate customer businesses of Commerzbank Eurasija in Russia, the branches in the Czech Republic and Slovakia and Commerzbank Zrt. in Hungary are being transferred to the Mittelstandsbank with effect from January 1, 2012.
- Corporates & Markets consists of three major businesses. Equity Markets & Commodities comprises trading and sales of equity and commodity-related financial products. Fixed Income & Currencies handles trading and sales of interest rate, credit and currency instruments. Corporate Finance provides arrangement and advisory services for equity, debt and hybrid instruments, securitisation solutions and Mergers & Acquisitions. The central credit portfolio management function of the Corporates & Markets segment is also based in this department. Corporates & Markets also houses Client Relationship Management, which is responsible for servicing German multinational industrial companies, international insurers, private equity investors and public sector customers.
- The Asset Based Finance segment combines the results from Commercial Real Estate (CRE) Germany, CRE International, Public Finance, Real Estate Asset Management as well as Ship Finance. CRE Germany, CRE International and Public Finance belong almost completely to the Commerzbank subsidiary Eurohypo Aktiengesellschaft along with Eurohypo's retail portfolio. Real Estate Asset Management primarily includes the activities of our subsidiary Commerz Real Aktiengesellschaft, and finally Ship Finance combines the ship financing activities of the Commerzbank Group, which are predominantly located in our subsidiary Deutsche Schiffsbank Aktiengesellschaft.
- The Portfolio Restructuring Unit (PRU) is responsible for managing down assets related to proprietary trading and investment activities which no longer fit into Commerzbank's client-centric strategy and were discontinued in 2009. The segment's goal is to reduce the portfolio in a way that optimises the bank's capital position. The positions managed by this segment initially included asset-backed securities (ABSs) which do not have a state guarantee, other structured credit products, proprietary trading positions in corporate or financial bonds and exotic credit derivatives. These positions were primarily transferred from the Corporates & Markets and former Commercial Real Estate segments to the Portfolio Restructuring Unit.
- The Others and Consolidation segment contains the income and expenses which are not attributable to the operational business segments. The Others category within this segment includes equity holdings which are not assigned to the operating segments as well as Group Treasury. The costs of the service units which – except for integration and restructuring costs – are charged in full to the segments are also shown here. Consolidation includes expense and income items that represent the reconciliation of internal management reporting figures shown in segment reporting with the consolidated financial statements in accordance with IFRS. The costs of the Group management units which are charged in full to the segments, except for integration and restructuring costs, are also reported under this heading.

The performance of each segment is measured in terms of operating profit or loss and pre-tax profit or loss, as well as return on equity and the cost/income ratio. Operating profit or loss is defined as the sum of net interest income after loan loss provisions, net commission income, net trading income and net income from hedge accounting, net investment income, current net income from companies accounted for using the equity method and other net income less operating expenses. As we report pre-tax profits, non-controlling interests are included in the figures for both profit or loss and average capital employed. All the revenue for which a segment is responsible is thus reflected in the pre-tax profit.

The return on equity is calculated as the ratio of profit (both operating and pre-tax) to average capital employed. It shows the return on the capital employed in a given segment. The operating cost/income ratio reflects the cost efficiency of the various segments and shows the relationship of operating expenses to income before provisions.

Income and expenses are reported in the segments by originating unit and at market prices, with the market interest rate method being used for interest rate operations. The actual funding costs for the segment-specific equity holdings allocated to each segment are shown in net interest income. The Group's return on capital employed is allocated to the net interest income of the various segments in proportion to the average capital employed in the segment. The interest rate used is the long-term risk-free rate on the capital market. The average capital employed was calculated using the Basel II methodology, based on the computed average risk-weighted assets and the capital charges for market risk positions (risk-weighted asset equivalents). At Group level, investors' capital is shown, which is used to calculate the return on equity. The regulatory capital requirement for risk-weighted assets assumed for segment reporting purposes is 7%.

The segment reporting of the Commerzbank Group shows the segments' pre-tax profit or loss. To adjust for the impact on earnings of specific tax-related transactions in the Corporates & Markets segment, the net interest income of Corporates & Markets includes a pre-tax equivalent of the after-tax income from these transactions. When segment reporting is reconciled with the figures from external accounting this pre-tax equivalent is eliminated in Others and Consolidation.

The carrying amounts of companies accounted for using the equity method were €694m (previous year: €737m) and are divided over the segments as follows: Private Customers €278m (previous year: €224m), Mittelstandsbank €96m (previous year: €95m), Corporates & Markets €85m (previous year: €33m), Asset Based Finance €154m (previous year: €320m) and Others and Consolidation €81m (previous year: €65m).

The operating expenses reported under operating profit or loss contain personnel expenses, other operating expenses as well as depreciation and write-downs on fixed assets and other intangible assets. Restructuring expenses are reported below the operating profit line in pre-tax profit or loss. Operating expenses are attributed to the individual segments on the basis of cost causation. The indirect expenses arising in connection with internal services are charged to the user of the service and credited to the segment performing the service. The provision of intra-group services is charged at market prices or at full cost.

The tables below contain information on the segments for the financial years 2011 and 2010.

2011	Private Customers	Mittelstandsbank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restructuring Unit	Others and Consolidation	Group
				€m				
Net interest income	2,027	2,174	648	832	1,021	49	−27	6,724
Loan loss provisions	−57	−188	−89	−146	−907	−5	2	−1,390
Net interest income after provisions	1,970	1,986	559	686	114	44	−25	5,334
Net commission income	1,754	1,086	217	300	260	—	−122	3,495
Net trading income and net income from hedge accounting	—	−42	251	1,069	123	−108	693	1,986
Net investment income	−2	−51	7	30	−3,799	4	200	−3,611
Current net income from companies accounted for using the equity method	19	11	—	15	−8	—	5	42
Other net income	22	−2	34	−12	−29	−7	1,247	1,253
Income before loan loss provisions	*3,820*	*3,176*	*1,157*	*2,234*	*−2,432*	*−62*	*1,996*	*9,889*
Income after loan loss provisions	*3,763*	*2,988*	*1,068*	*2,088*	*−3,339*	*−67*	*1,998*	*8,499*
Operating expenses	3,388	1,461	585	1,505	572	63	418	7,992
Operating profit or loss	**375**	**1,527**	**483**	**583**	**−3,911**	**−130**	**1,580**	**507**
Impairments of goodwill and brand names	—	—	—	—	—	—	—	—
Restructuring expenses	—	—	—	—	—	—	—	—
Pre-tax profit or loss	**375**	**1,527**	**483**	**583**	**−3,911**	**−130**	**1,580**	**507**
Assets	**57,979**	**85,099**	**26,406**	**203,985**	**207,349**	**15,274**	**65,671**	**661,763**
Average capital employed	**3,375**	**5,378**	**1,723**	**3,026**	**5,398**	**1,002**	**10,332**	**30,234**
Operating return on equity (%)	**11.1**	**28.4**	**28.0**	**19.3**	**−72.5**			**1.7**
Operating cost/income ratio (%)	**88.7**	**46.0**	**50.6**	**67.4**	**.**			**80.8**
Return on equity of pre-tax profit or loss (%)	**11.1**	**28.4**	**28.0**	**19.3**	**−72.5**			**1.7**
Staff (average headcount)	18,957	5,498	9,608	1,989	1,717	32	18,116	55,917

2010	Private Customers	Mittel-stands-bank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restructuring Unit	Others and Con-solidation	Group
				€m				
Net interest income	1,982	2,081	674	767	1,162	82	306	7,054
Loan loss provisions	–246	–279	–361	27	–1,584	–62	6	–2,499
Net interest income after provisions	1,736	1,802	313	794	–422	20	312	4,555
Net commission income	1,941	983	208	254	327	—	–66	3,647
Net trading income and net income from hedge accounting	1	24	73	1,160	–78	787	–9	1,958
Net investment income	31	188	–4	220	–352	–29	54	108
Current net income from companies accounted for using the equity method	10	30	—	11	–20	—	4	35
Other net income	–120	13	28	–20	–114	3	79	–131
Income before loan loss provisions	*3,845*	*3,319*	*979*	*2,392*	*925*	*843*	*368*	*12,671*
Income after loan loss provisions	*3,599*	*3,040*	*618*	*2,419*	*–659*	*781*	*374*	*10,172*
Operating expenses	3,552	1,442	565	1,633	609	106	879	8,786
Operating profit or loss	**47**	**1,598**	**53**	**786**	**–1,268**	**675**	**–505**	**1,386**
Impairments of goodwill and brand names	—	—	—	—	—	—	—	—
Restructuring expenses	—	—	—	—	33	—	—	33
Pre-tax profit or loss	**47**	**1,598**	**53**	**786**	**–1,301**	**675**	**–505**	**1,353**
Assets	**60,565**	**83,877**	**27,436**	**243,336**	**236,264**	**16,548**	**86,273**	**754,299**
Average capital employed	**3,494**	**5,545**	**1,628**	**3,854**	**6,276**	**1,212**	**8,972**	**30,981**
Operating return on equity (%)	**1.3**	**28.8**	**3.3**	**20.4**	**–20.2**			**4.5**
Operating cost/income ratio (%)	**92.4**	**43.4**	**57.7**	**68.3**	**65.8**			**69.3**
Return on equity of pre-tax profit or loss (%)	**1.3**	**28.8**	**3.3**	**20.4**	**–20.7**			**4.4**
Staff (average headcount)	20,007	5,367	9,733	1,991	1,875	52	18,651	57,676

Details for Others and Consolidation:

	2011			2010		
	Others	**Consoli-dation**	**Others and Consolidation**	**Others**	**Consoli-dation**	**Others and Consolidation**
			€m			
Net interest income	–44	17	–27	331	–25	306
Loan loss provisions	2	—	2	6	–	6
Net interest income after provisions	–42	17	–25	337	–25	312
Net commission income	–119	–3	–122	–65	–1	–66
Net trading income and net income from hedge accounting	642	51	693	10	–19	–9
Net investment income	201	–1	200	55	–1	54
Current net income from companies accounted for using the equity method	5	—	5	4	—	4
Other net income	1,242	5	1,247	101	–22	79
Income before loan loss provisions	*1,927*	*69*	*1,996*	*436*	*–68*	*368*
Income after loan loss provisions	*1,929*	*69*	*1,998*	*442*	*–68*	*374*
Operating expenses	431	–13	418	892	–13	879
Operating profit or loss	**1,498**	**82**	**1,580**	**–450**	**–55**	**–505**
Impairments of goodwill and brand names	—	—	—	—	—	—
Restructuring expenses	—	—	—	—	—	—
Pre-tax profit or loss	**1,498**	**82**	**1,580**	**–450**	**–55**	**–505**
Assets	**65,671**	**—**	**65,671**	**86,273**	**—**	**86,273**

Under Consolidation we report consolidation and reconciliation items between the results of the segments and the Others category on the one hand and the consolidated financial statements on the other. This includes the following items among others:

- Remeasurement effects from the application of hedge accounting to intra-bank transactions as per IAS 39 are shown in Consolidation.
- The pre-tax equivalent from tax-related transactions allocated to net interest income in the Corporates & Markets segment is eliminated again under Consolidation.

– Net remeasurement gains or losses on own bonds and shares incurred in the segments are eliminated under Consolidation.

– Other consolidation effects from intra-group transactions are also reported here.

– Integration and restructuring expenses of the Group management units are reported under Consolidation.

Segmentation on the basis of the location of the branch or group company produced the following breakdown:

2011 financial year	**Germany**	**Europe excluding Germany**	**America**	**Asia**	**Others**	**Total**
			€m			
Net interest income	4,377	2,055	197	95	—	6,724
Loan loss provisions	−618	−955	182	1	—	−1,390
Net interest income after provisions	3,759	1,100	379	96	—	5,334
Net commission income	2,999	401	54	41	—	3,495
Net trading income and net income from hedge accounting	1,374	545	48	19	—	1,986
Net investment income	−3,179	−438	7	−1	—	−3,611
Current net income from companies accounted for using the equity method	33	9	—	—	—	42
Other net income	1,211	35	−3	10	—	1,253
Income before loan loss provisions	*6,815*	*2,607*	*303*	*164*	—	*9,889*
Income after loan loss provisions	*6,197*	*1,652*	*485*	*165*	—	*8,499*
Operating expenses	6,236	1,482	165	109	—	7,992
Operating profit or loss	**−39**	**170**	**320**	**56**	**—**	**507**
Credit-risk-weighted assets	**122,556**	**55,850**	**7,385**	**3,978**	**—**	**189,769**

In 2010 we achieved the following results in the various geographical markets:

2010 financial year	**Germany**	**Europe excluding Germany**	**America**	**Asia**	**Others**	**Total**
			€m			
Net interest income	4,497	2,170	263	123	1	7,054
Loan loss provisions	−873	−1,302	−302	−22	—	−2,499
Net interest income after provisions	3,624	868	−39	101	1	4,555
Net commission income	3,189	360	70	28	—	3,647
Net trading income and net income from hedge accounting	381	1,496	72	9	—	1,958
Net investment income	57	1	44	6	—	108
Current net income from companies accounted for using the equity method	40	−5	—	—	—	35
Other net income	−130	−11	8	2	—	−131
Income before loan loss provisions	*8,034*	*4,011*	*457*	*168*	*1*	*12,671*
Income after loan loss provisions	*7,161*	*2,709*	*155*	*146*	*1*	*10,172*
Operating expenses	7,011	1,465	201	109	—	8,786
Operating profit or loss	**150**	**1,244**	**−46**	**37**	**1**	**1,386**
Credit-risk-weighted assets	**150,837**	**66,138**	**10,742**	**4,672**	**49**	**232,438**

Around 43% of income before loan loss provisions in Europe was accounted by our units in the UK (previous year: 55%), 34% by our units in Poland (previous year: 18%) and 7% by our units in Luxembourg (previous year: 12%). Credit risk-weighted assets are shown for the geographical segments rather than non-current assets. As a result of the acquisition of Dresdner Bank, a breakdown of Commerzbank Aktiengesellschaft's total income by products and services will only be possible once information based on uniform definitions is available for both the current financial year and the prior year.

Notes to the balance sheet

(45) Cash reserve

We include the following items in the cash reserve:

	31.12.2011	31.12.2010	Change in %
		€m	
Cash on hand	1,572	1,388	13.3
Balances with central banks	3,998	6,386	−37.4
Debt issued by public-sector borrowers and bills of exchange rediscountable at central banks	505	279	81.0
Total	**6,075**	**8,053**	**−24.6**

The balances with central banks include claims on the Bundes-bank totalling €1,179m (previous year: €1,111m). The average minimum reserve requirement for the period December 2011 to January 2012 amounted to €2,205m (previous year: €4,593m). Minimum reserve requirements are measured on the basis of average credit balances, so there were no restrictions on access to balances held at Deutsche Bundesbank.

(46) Claims on banks

	Total			Due on demand		Other claims	
	31.12.2011	31.12.2010	Change in %	31.12.2011	31.12.2010	31.12.2011	31.12.2010
				€m			
Banks in Germany	26,721	33,403	−20.0	10,961	16,628	15,760	16,775
Banks outside Germany	61,311	77,553	−20.9	24,906	28,723	36,405	48,830
Total	**88,032**	**110,956**	**−20.7**	**35,867**	**45,351**	**52,165**	**65,605**
of which relate to the category							
Loans and receivables	64,253	62,883	2.2				
Available-for-sale financial assets	—	—	.				
At fair value through profit or loss (fair value option)	23,779	48,073	−50.5				

Claims on banks after deduction of loan loss provisions amounted to €87,790m (previous year: €110,616m). The table below shows a breakdown of claims on banks by main transaction types:

	31.12.2011	31.12.2010	Change in %
		€m	
Reverse repos and cash collaterals	51,606	68,687	−24.9
Claims from money market transactions	2,789	6,765	−58.8
Promissory note loans	8,491	9,893	−14.2
Other claims	25,146	25,611	−1.8
Total	**88,032**	**110,956**	**−20.7**

The promissory note loans and other claims on banks include €8,205m of public-sector loans (previous year: €9,572m).

(47) Claims on customers

	31.12.2011	31.12.2010	Change in %
		€m	
Claims on customers in Germany	192,645	207,690	−7.2
Claims on customers outside Germany	111,854	129,182	−13.4
Total	**304,499**	**336,872**	**−9.6**
of which relate to the category			
Loans and receivables	280,636	308,456	−9.0
Available-for-sale financial assets	—	—	.
At fair value through profit or loss (fair value option)	23,863	28,416	−16.0

Claims on customers after deduction of loan loss provisions amounted to €296,586m (previous year: €327,755m). The table below shows a breakdown of claims on customers by main transaction types:

	31.12.2011	31.12.2010	Change in %
		€m	
Reverse repos and cash collaterals	26,042	29,963	−13.1
Claims from money market transactions	8,022	8,996	−10.8
Promissory note loans	21,601	26,599	−18.8
Mortgages and other claims secured by property charges	117,952	134,321	−12.2
Other claims	130,882	136,993	−4.5
Total	**304,499**	**336,872**	**−9.6**

The promissory note loans and other claims on customers include €27,690m of public-sector loans (previous year: €34,041m).

(48) Total lending

	31.12.2011	31.12.2010	Change in %
		€m	
Loans to banks	26,082	23,404	11.4
Loans to customers	277,831	306,912	−9.5
Total	**303,913**	**330,316**	**−8.0**

We distinguish loans from claims on banks and customers such that only claims for which a special loan agreement has been concluded with the borrower are shown as loans. Interbank money market transactions and reverse repo transactions, for example, are thus not shown as loans. Acceptance credits are also included in loans to customers.

(49) Loan loss provisions

Provisions for loan losses are made in accordance with rules that apply Group-wide and cover all discernible credit risks. For loan losses which have already occurred but are not yet known, we have calculated portfolio valuation allowances in line with procedures derived from the Basel II methodology. The breakdown of loan loss provisions is as follows:

	As at 1.1.2011	Allocations	Reversals	Utilisation	Change in the group of consolidated companies	Exchange rate changes/ reclassifications	As at 31.12.2011
				€m			
Provisions for on-balance sheet loan losses	9,457	3,055	2,003	2,129	−54	−171	8,155
Claims on banks	340	47	51	53	—	−41	242
Claims on customers	9,117	3,008	1,952	2,076	−54	−130	7,913
Provisions for off-balance sheet loan losses	615	412	486	7	—	−26	508
Total	**10,072**	**3,467**	**2,489**	**2,136**	**−54**	**−197**	**8,663**

With direct write-downs, write-ups and recoveries on claims written down taken into account, the allocations and reversals recognised in profit or loss resulted in provisions of €1,390m (previous year: €2,499m).

	Valuation allowances for specific risks		Valuation allowances for portfolio risks		Valuation allowances total		
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	Change in %
				€m			
As at 1.1.	**8,361**	**8,345**	**1,096**	**1,464**	**9,457**	**9,809**	**−3.6**
Allocations	2,893	3,894	162	243	3,055	4,137	−26.2
Deductions	3,669	3,888	463	649	4,132	4,537	−8.9
of which utilised	2,129	2,631	—	—	2,129	2,631	−19.1
of which reversals	1,540	1,257	463	649	2,003	1,906	5.1
Changes in the group of consolidated companies	−53	—	−1	—	−54	—	.
Exchange rate changes/ reclassifications	−166	10	−5	38	−171	48	.
As at 31.12.	**7,366**	**8,361**	**789**	**1,096**	**8,155**	**9,457**	**−13.8**

	Provisions for specific risks		Provisions for portfolio risks		Provisions for lending business		
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	Change in %
				€m			
As at 1.1.	**384**	**364**	**231**	**278**	**615**	**642**	**−4.2**
Allocations	357	207	55	96	412	303	36.0
Deductions	368	166	125	142	493	308	60.1
of which utilised	7	7	—	—	7	7	0.0
of which reversals	361	159	125	142	486	301	61.5
Changes in the group of consolidated companies	—	—	—	—	—	—	.
Exchange rate changes/ reclassifications	−24	−21	−2	−1	−26	−22	18.2
As at 31.12.	**349**	**384**	**159**	**231**	**508**	**615**	**−17.4**

The provisions for default risks by customer group were as follows as at December 31, 2011:

	Specific valuation allowances and provisions for lending business	**Loan losses[1] in 2011**	**Net allocation[2] to valuation allowances and provisions in lending business**
		€m	
Customers in Germany	**3,613**	**1,652**	**667**
Corporate customers	2,733	889	523
Manufacturing	844	239	109
Construction	48	75	−6
Trading	245	101	74
Services and others	1,596	474	346
Private Customers	880	763	144
Customers outside Germany	**4,033**	**1,011**	**832**
Corporate and retail customers	4,019	1,011	831
Public sector	14	—	1
Provisions for customer credit risk	**7,646**	**2,663**	**1,499**
Banks in Germany	−37	—	−126
Banks outside Germany	106	60	−24
Provisions for bank credit risk	**69**	**60**	**−150**
Total	**7,715**	**2,723**	**1,349**

1 Direct write-downs, utilised valuation allowances and utilised loan loss provisions.
2 Allocations less reversals.

Credit defaults and net allocations to provisions were counterbalanced by income of €1m from write-ups (previous year: €9m) and €181m (previous year: €184m) from recoveries on claims that had been written down. The table below presents the key provisioning ratios:

	2011	2010
	%	
Allocation ratio[1]	0.44	0.71
Default ratio[2]	0.81	0.82
Provision cover ratio[3]	2.74	2.85

[1] Net provisions (new provisions less reversals of valuation allowances and loan loss provisions, plus the balance of direct write-downs, write-ups and recoveries on claims previously written down) as a percentage of total lending.

[2] Credit defaults (utilised valuation allowances and loan loss provisions, plus the net balance of direct write-downs, write-ups and recoveries on claims previously written down) as a percentage of total lending.

[3] Total provisions (valuation allowances and loan loss provisions) as a percentage of lending volume; lending volume = claims under special credit agreements with borrowers (Note 48).

(50) Value adjustments for portfolio fair value hedges on the asset side

The adjustment to the fair value of underlying transactions hedged against interest rate risk was €147m (previous year: €113m). A matching liability from hedging transactions is shown on the other side of the balance sheet under negative fair values attributable to derivative hedging instruments.

(51) Positive fair values attributable to derivative hedging instruments

The positive fair values of derivatives which are used to hedge underlying transactions against interest rate risk are shown under this item.

	31.12.2011	31.12.2010	Change in %
		€m	
Positive fair values of micro fair value hedges	4,989	4,455	12.0
Positive fair values of fair value hedges	143	506	−71.7
Total	**5,132**	**4,961**	**3.4**

(52) Trading assets

The Group's trading activities include trading in:

- Bonds, notes and other interest-rate-related securities,
- Shares, other equity-related securities and units in investment funds,
- Promissory note loans,
- Foreign currencies and precious metals,
- Derivative financial instruments and
- Other assets held for trading.

Other assets held for trading comprise positive fair values of loans to be syndicated, lending commitments, emission rights as well as loans and money market trading transactions.

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

	31.12.2011	**31.12.2010**	Change in %
		€m	
Bonds, notes and other interest-rate-related securities	20,903	30,305	−31.0
Money market instruments	2,731	2,927	−6.7
issued by public-sector borrowers	2,334	1,938	20.4
issued by other borrowers	397	989	−59.9
Bonds and notes	18,172	27,378	−33.6
issued by public-sector borrowers	6,607	12,198	−45.8
issued by other borrowers	11,565	15,180	−23.8
Promissory note loans	1,063	1,810	−41.3
Shares, other equity-related securities and units in investment funds	9,703	11,704	−17.1
Equities	4,205	3,008	39.8
Units in investment funds	5,464	8,674	−37.0
Other equity-related securities	34	22	54.5
Positive fair values of derivative financial instruments	123,607	123,743	−0.1
Currency-related derivative transactions	17,515	18,345	−4.5
Interest-rate-related derivative transactions	98,365	97,012	1.4
Other derivative transactions	7,727	8,386	−7.9
Other assets held for trading	424	263	61.2
Total	**155,700**	**167,825**	**−7.2**

€20,470m (previous year: €30,690m) of the bonds, notes and other interest-rate-related securities and shares, other equity-related securities and units in investment funds were listed on a stock exchange. Other fair values of derivative financial instruments consist mainly of €3,303m (previous year: €4,125m) in equity derivatives and €4,060m (previous year: €3,565m) in credit derivatives.

(53) Financial investments

Financial investments are financial instruments not assigned to any other balance sheet item. They comprise bonds, notes and other interest-rate-related securities, shares and other equity-related securities not used for trading purposes, as well as units in investment funds, equity holdings (including companies not accounted for using the equity method and joint ventures) and holdings in non-consolidated subsidiaries.

	31.12.2011	31.12.2010	Change in %
		€m	
Bonds, notes and other interest-rate-related securities[1]	92,526	113,493	– 18.5
Money market instruments	2,084	5,036	– 58.6
issued by public-sector borrowers	364	2,874	.
issued by other borrowers	1,720	2,162	– 20.4
Bonds and notes	90,442	108,457	– 16.6
issued by public-sector borrowers	42,831	53,148	– 19.4
issued by other borrowers	47,611	55,309	– 13.9
Shares, other equity-related securities and units in investment funds	1,506	1,284	17.3
Equities	289	448	– 35.5
Units in investment funds	1,125	766	46.9
Other equity-related securities	92	70	31.4
Equity holdings	347	807	– 57.0
of which in banks	64	410	– 84.4
Holdings in non-consolidated subsidiaries	144	124	16.1
of which in banks	—	—	.
Total	**94,523**	**115,708**	**– 18.3**
of which relate to the category			
Loans and receivables	60,618	70,435	– 13.9
Available-for-sale financial assets	30,587	41,764	– 26.8
of which measured at amortised cost	456	372	22.6
At fair value through profit or loss (fair value option)	3,318	3,509	– 5.4

1 Reduced by portfolio valuation allowances for reclassified securities of €91m (previous year: €51m).

As at December 31, 2011 the financial investments included €456m (previous year: €372m) of equity-related securities which are predominantly unlisted (e.g. shareholdings in limited companies) and are measured at cost, as we do not have any reliable data to calculate fair value for these assets.

The following table shows the listed holdings contained in financial investments. The available-for-sale financial investments and those for which the fair value option is applied are listed with their fair values. Financial investments in the loans and receivables category are shown at amortised cost.

	31.12.2011	31.12.2010	Change in %
		€m	
Bonds, notes and other interest-rate-related securities	79,040	95,793	– 17.5
Shares, other equity-related securities and units in investment funds	894	581	53.9
Equity holdings	10	300	– 96.7
Total	**79,944**	**96,674**	**– 17.3**

In its press release of October 13, 2008, the IASB issued an amendment to IAS 39 relating to the reclassification of financial instruments. In accordance with the amendment, securities in the Public Finance portfolio for which there was no active market were reclassified from the available-for-sale financial assets category to the loans and receivables category in the financial years 2008 and 2009. In respect of the reclassified securities there was the intention and ability at the reclassification date to hold the securities for the foreseeable future or to final maturity. The securities concerned are primarily issued by public-sector borrowers (including European and North American local authorities and publicly guaranteed asset-backed securities) and financial institutions.

The revaluation reserve after deferred taxes for all the securities reclassified in financial years 2008 and 2009 was € – 0.8bn as at December 31, 2011 (previous year: € – 1.0bn). This negative portfolio will be dissolved over the remaining lifetime of the reclassified securities. If these reclassifications had not been carried out in 2008 and 2009, there would have been a revaluation reserve after deferred taxes of € − 4.3bn for these securities as at December 31, 2011 (previous year: € − 2.8bn); the change compared with a year ago was therefore € − 1.5bn (change December 31, 2009 to December 31, 2010: € − 1.4bn).

In addition to the portfolio valuation allowances of €40m (previous year: €1m) and the impairments on the reclassified Greek government bonds (€1.9bn), a net €1.5bn (previous year: €1.8bn) was recognised in the income statement for the reclassified securities in the current financial year.

On December 31, 2011 the carrying amount of the reclassified securities was €57.6bn (previous year: €67.1bn), fair value was €52.6bn (previous year: €64.6bn) and the cumulative portfolio valuation allowances were €91m (previous year: €51m). The transactions had average effective interest rates of between 0.5% and 14.3% (previous year: between 0.8% and 16.2%) and are expected to generate a cash inflow of €70.2bn (previous year: €84.3bn).

Impact of the European sovereign debt crisis

In the Commerzbank Group, the acquisition cost of Greek government bonds as of December 31, 2011 before adjusting for the total impairment requirement of around 74% was €3,018m (including accrued interest). Of this, €359m related to available-for-sale bonds and €2,659m to securities that were reclassified to the loans and receivables category in 2008 and 2009. The impairments applicable to them as of December 31, 2011 totalled €2,226m.

On the basis of our measurement methodology this resulted in a €1,938m write-down in the value of securities in the loans and receivables category. The carrying amount of these securities was therefore €721m as of December 31, 2011. The write-down under IAS 39.67 of the remaining bonds in the available-for-sale category to this lower fair value (market value as of December 31, 2011) led to a €288m expense in the current financial year with a carrying amount of €71m as of December 31, 2011.

We also executed hedging transactions to protect our portfolio against interest rate risk and to offset the effects of fluctuations in inflation. We recognise and measure these financial instruments in accordance with IAS 39.85 ff. The remeasurement effects result both from unwinding the financial instruments used for interest-rate hedging, and from writing down the financial instruments used to hedge fluctuations in inflation to the same extent as the bonds; the new carrying amount totalled €58m. The total impairment effect for these transactions amounted to €962m in 2011.

Changes in equity holdings and investments in non-consolidated subsidiaries:

	Equity holdings		Holdings in non-consolidated subsidiaries	
	2011	**2010**	**2011**	**2010**
	€m			
Fair value as at 1.1.	**807**	**1,194**	**124**	**158**
Acquisition cost as at 1.1.	878	1,569	343	320
Exchange rate changes	1	8	− 1	6
Additions	163	39	21	16
Disposals	229	691	26	53
Reclassifications to non-current assets and disposal groups held for sale	− 294	—	—	—
Other reclassifications/changes in the group of consolidated companies	− 1	− 47	271	54
Acquisition cost as at 31.12.	518	878	608	343
Write-ups	—	—	—	—
Cumulative write-downs as at 1.1.	326	613	219	162
Exchange rate changes	1	6	—	—
Additions	8	14	4	11
Disposals	2	297	18	19
Reclassifications to non-current assets and disposal groups held for sale	− 61	—	—	—
Other reclassifications/changes in the group of consolidated companies	—	− 10	259	65
Cumulative write-downs as at 31.12.	272	326	464	219
Cumulative changes from remeasurement to fair value	101	255	—	—
Fair value as at 31.12.	**347**	**807**	**144**	**124**

(54) Holdings in companies accounted for using the equity method

	2011	2010
	€m	
Fair value as at 1.1.	**737**	**378**
Acquisition cost as at 1.1.	821	410
Exchange rate changes	—	—
Additions	125	425
Disposals	27	—
Reclassifications to non-current assets and disposal groups held for sale	—	—
Other reclassifications/changes in the group of consolidated companies	14	–14
Acquisition cost as at 31.12.	933	821
Write-ups	—	—
Cumulative write-downs as at 1.1.	156	45
Exchange rate changes	—	—
Additions	158	111
Disposals	10	—
Reclassifications to non-current assets and disposal groups held for sale	—	—
Other reclassifications/changes in the group of consolidated companies	—	—
Cumulative write-downs as at 31.12.	304	156
Cumulative changes from remeasurement using the equity method	65	72
Fair value as at 31.12.	**694**	**737**
of which holdings in banks	339	279

The fair values include €106m from holdings in listed companies accounted for using the equity method; the corresponding market value as at December 31, 2011 was €103m.

In the Commerzbank Group, losses attributable to companies accounted for using the equity method are recognised in an amount not exceeding their equity book value. In seven cases the equity book value was €0. Excess losses were not recognised, since there is no obligation to offset excess losses. Future profits are first offset against unrecognised losses.

Where there are obligations arising from contingent liabilities towards discontinued operations at companies accounted for using the equity method, the Commerzbank Group is liable to the extent of its respective ownership interest. Our share in the total assets, liabilities, income and expenses of our holdings in companies accounted for using the equity method is as follows:

	31.12.2011	31.12.2010[1]	Change in %
		€m	
Assets	4,603	4,682	– 1.7
Liabilities	3,860	4,228	– 8.7
Income	413	349	18.3
Expenses	547	446	22.6

1 Prior-year figures restated.

Obligations arising from contingent liabilities towards companies accounted for using the equity method were €403m as of December 31, 2011. There were no discontinued operations at companies accounted for using the equity method.

Our share in the total assets, liabilities, income and expenses of associated companies and jointly controlled entities which are of minor significance was as follows:

	31.12.2011
	€m
Assets	542
Liabilities	588
Income	134
Expenses	129

(55) Intangible assets

	31.12.2011	31.12.2010	Change in %
		€m	
Goodwill	2,088	2,081	0.3
Other intangible assets	950	1,020	−6.9
Customer relationships	495	546	−9.3
Brand names	9	9	0.0
In-house developed software	243	219	11.0
Other	203	246	−17.5
Total	**3,038**	**3,101**	**−2.0**

Acquired software accounted for €198m (previous year: €240m) of the other item.

	Goodwill		Brand names	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
		€m		
Private Customers	1,079	1,079	—	—
Mittelstandsbank	569	569	—	—
Central & Eastern Europe	299	292	9	9
Corporates & Markets	138	138	—	—
Asset Based Finance	—	—	—	—
Portfolio Restructuring Unit	—	—	—	—
Others and Consolidation	3	3	—	—
Total	**2,088**	**2,081**	**9**	**9**

The impairment testing of goodwill did not identify any impairments in the financial year 2011. When testing for impairment, beta factors were applied for the detailed planning phase, as shown in the following table.

	Private Customers	**Mittelstands-bank**	**Corporates & Markets**	**Central & Eastern Europe**
Beta factor assumptions	1.31	1.45	1.71	1.24

Varying the beta factors to 1.0 and 2.0 for the detailed planning phase produced the following ratios of excess or deficient cover to carrying amount:

		Private Customers	**Mittelstands-bank**	**Corporates & Markets**	**Central & Eastern Europe**
Realistic value	Beta factor assumptions	143.7%	128.8%	0.7%	5.5%
Sensitivity analysis	Beta 1.00	151.7%	140.0%	10.8%	8.4%
	Beta 2.00	127.5%	116.0%	−3.2%	−3.1%

Within the sensitivities there was potential deficient cover for goodwill at a sensitivity of 2.0 in the Corporates & Markets (€−126m) and Central & Eastern Europe (€−74m) cash generating units. Applying beta factors of 1.71 and 1.24 resulted in excess cover of €+27m and €+131m respectively. At a beta factor of 1.756 or 1.714 the value in use corresponds to the carrying amount.

Intangible assets changed as follows:

	Goodwill		In-house developed software		Brand names and customer relationships		Other intangible assets	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
					€m			
Carrying amount as at 1.1.	**2,081**	**2,061**	**219**	**235**	**555**	**664**	**246**	**249**
Cost of acquisition/production as at 1.1.	2,850	2,830	825	895	987	983	1,797	1,683
Exchange rate changes	7	20	−7	14	—	4	−21	13
Additions	—	—	120	162	—	—	79	114
Disposals	1	—	179	238	—	—	290	29
Reclassifications/changes in the group of consolidated companies	—	—	14	−8	2	—	−22	16
Cost of acquisition/production as at 31.12.	2,856	2,850	773	825	989	987	1,543	1,797
Write-ups	—	—	—	—	—	—	—	—
Cumulative write-downs as at 1.1.	769	769	606	660	432	319	1,551	1,434
Exchange rate changes	—	—	−6	14	—	—	−11	9
Additions	—	—	89	118	51	93	100	105
of which unscheduled	—	—	27	41	1	1	1	—
Disposals	1	—	172	177	—	—	279	13
Reclassifications/changes in the group of consolidated companies	—	—	13	−9	2	20	−21	16
Cumulative write-downs as at 31.12.	768	769	530	606	485	432	1,340	1,551
Carrying amount as at 31.12.	**2,088**	**2,081**	**243**	**219**	**504**	**555**	**203**	**246**
Borrowing costs capitalised in the current financial year	—	—	—	—	—	—	—	—
Range of interest rates used (in %)	—	—	—	—	—	—	—	—

(56) Fixed assets

	Land and buildings		Office furniture and equipment	
	2011	**2010**	**2011**	**2010**
	€m			
Carrying amount as at 1.1.	**874**	**1,018**	**716**	**761**
Cost of acquisition/production as at 1.1.	1,329	1,506	3,488	3,403
Exchange rate changes	–16	11	–18	59
Additions	29	25	125	170
Disposals	27	185	693	218
Reclassifications to non-current assets and disposal groups held for sale	–7	—	128	—
Other reclassifications/changes in the group of consolidated companies	–46	–28	–215	74
Cost of acquisition/production as at 31.12.	1,262	1,329	2,815	3,488
Write-ups	—	—	—	—
Cumulative write-downs as at 1.1.	455	488	2,772	2,642
Exchange rate changes	–6	4	–10	52
Additions	43	81	192	203
of which unscheduled	5	41	—	—
Disposals	10	102	653	192
Reclassifications to non-current assets and disposal groups held for sale	—	—	33	—
Other reclassifications/changes in the group of consolidated companies	–14	–16	–124	67
Cumulative write-downs as at 31.12.	468	455	2,210	2,772
Carrying amount as at 31.12.	**794**	**874**	**605**	**716**
Borrowing costs capitalised in the current financial year	—	—	—	—
Range of interest rates used (in %)	—	—	—	—

The total value of fixed assets in the Commerzbank Group was €1,399m (previous year: €1,590m) Euro, of which €0.1m was pledged as collateral. Beyond this there were no restrictions with regard to rights of disposal relating to our fixed assets.

(57) Tax assets

	31.12.2011	**31.12.2010**	Change in %
		€m	
Current tax assets	**716**	**650**	**10.2**
in Germany	620	532	16.5
outside Germany	96	118	–18.6
Deferred tax assets	**4,154**	**3,567**	**16.5**
Tax assets recognised in income statement	2,583	2,329	10.9
Tax assets not recognised in income statement	1,571	1,238	26.9
Total	**4,870**	**4,217**	**15.5**

Deferred tax assets represent the potential income tax charge arising from temporary differences between the values assigned to assets and liabilities in the Group balance sheet in accordance with IFRS and their values for tax-accounting purposes in accordance with the local tax regulations for consolidated companies and future income tax relief arising from tax carryforwards and as yet unused tax credits.

For the following tax loss carryforwards no deferred tax assets nor any impairments of existing deferred tax assets were recognised as at December 31, 2011 due to the limited planning horizon and the resulting insufficient probability of their being utilised.

Tax loss carryforwards	**31.12.2011**	**31.12.2010**	Change in %
		€m	
Corporation tax/Federal tax	**11,680**	**10,620**	**10.0**
Can be carried forward for an unlimited period	10,417	10,302	1.1
Can be carried forward for a limited period	1,263	318	.
of which expire in the subsequent reporting period	—	—	.
Trade tax/Local tax	**4,628**	**4,029**	**14.9**
Can be carried forward for an unlimited period	3,966	3,793	4.6
Can be carried forward for a limited period	662	236	.
of which expire in the subsequent reporting period	—	—	.

Deferred tax assets for tax loss carryforwards are recognised mainly for domestic Group companies, the London branch and UK subsidiaries. Deferred tax assets were recognised in connection with the following items:

	31.12.2011	**31.12.2010**	Change in %
		€m	
Fair values of derivative hedging instruments	819	275	.
Trading assets and liabilities	714	941	−24.1
Claims on banks and customers	35	13	.
Financial investments	140	80	75.0
Provisions	45	60	−25.0
Liabilities to banks and customers	109	59	84.7
Other balance sheet items	259	463	−44.1
Tax loss carryforwards	2,033	1,676	21.3
Total	**4,154**	**3,567**	**16.5**

(58) Investment properties

Investment properties stood at €808m (previous year: €1,192m) and developed as follows:

	2011	**2010**
	€m	
Carrying amount as at 1.1.	**1,192**	**1,279**
Cost of acquisition/production as at 1.1.	1,470	1,455
Exchange rate changes	—	—
Additions	—	83
Deductions	115	70
Changes in the group of consolidated companies	4	—
Reclassifications	−142	2
Cost of acquisition/production as at 31.12.	1,217	1,470
Cumulative changes from remeasurement to fair value	−409	−278
Carrying amount as at 31.12.	**808**	**1,192**
Borrowing costs capitalised in the current financial year	—	—
Range of interest rates used (in %)	—	—

€170m (previous year: €268m) of the investment properties were acquired in rescue purchases. The additions during the period contain subsequent acquisition costs for significant properties of €4m (previous year: €49m). This item does not include any property held under operating lease agreements. There are no restrictions on resale, nor are there any obligations to purchase properties that require to be recorded here.

In the sensitivity analyses we assume a 50 bp upward or downward move in the property yield for investment properties and a 20% rise or fall in the land value for building land. For the main investment properties this would cause market value to fall by around €59m, or rise by €70m, respectively. For building land the market value would rise by €1m or fall by €1m respectively.

(59) Non-current assets and disposal groups held for sale

The balance sheet item non-current assets and disposal groups held for sale broke down as follows:

	31.12.2011	31.12.2010	Change in %
		€m	
Claims on banks	10	10	0.0
Claims on customers	158	128	23.4
Positive fair values of derivative hedging instruments	—	108	.
Trading assets	—	82	.
Financial investments	378	71	.
Fixed assets	65	196	– 66.8
Other assets	1,148	487	.
Total	**1,759**	**1,082**	**62.6**

In all cases of non-current assets and disposal groups held for sale, sales agreements have either already been concluded or will be concluded shortly. The contracts are expected to be fulfilled in 2012. The following subsidiaries, all of which are assigned to the Asset Based Finance segment, are affected:

- CG New Venture 2 Verwaltungsgesellschaft mbH, Wiesbaden
- CG New Venture 4 GmbH & Co. KG, Wiesbaden
- FM LeasingPartner GmbH, Bissendorf Kr Osnabrück
- GO German Office GmbH, Wiesbaden
- MS "CPO Alicante" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Ancona" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Bilbao" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Marseille" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Palermo" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Toulon" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Valencia" Offen Reederei GmbH & Co.KG, Hamburg
- Property Invest Italy Srl, Milan

The liabilities of disposal groups held for sale are described in Note 69.

In the current financial year an office building was reclassified from investment properties to assets held for sale. The sale was concluded in January 2012.

In addition, claims in the Mittelstandsbank segment, investment fund units in the Private Customers segment and equity holdings (Central & Eastern Europe and Others and Consolidation segments) were held for sale.

In the case of KGAL GmbH & Co. KG, Grünwald (Munich) however, we have halted the contractual negotiations with potential buyers and a sale is no longer expected in the near future. As a result, the company has been accounted for using the equity method since September 30, 2011.

We sold four of the disposal groups held for sale in the previous year as planned in the year under review.

(60) Other assets

Other assets mainly comprise the following items:

	31.12.2011	31.12.2010	Change in %
		€m	
Collection items	253	612	– 58.7
Precious metals	882	671	31.4
Leased equipment	209	221	– 5.4
Accrued and deferred items	304	340	– 10.6
Initial/variation margins receivable	270	2,636	– 89.8
Other assets	1,324	2,869	– 53.9
Total	**3,242**	**7,349**	**– 55.9**

Changes in leased assets within other assets were as follows:

	2011	2010
	€m	
Carrying amount as at 1.1.	**221**	**554**
Cost of acquisition/production as at 1.1.	364	788
Exchange rate changes	– 6	1
Additions	62	206
Deductions	43	97
Changes in the group of consolidated companies	—	—
Reclassifications	—	– 534
Cost of acquisition/production as at 31.12.	377	364
Cumulative write-downs as at 1.1.	143	234
Exchange rate changes	– 2	—
Additions	41	68
of which unscheduled	—	—
Deductions	14	18
Changes in the group of consolidated companies	—	—
Reclassifications	—	– 141
Cumulative write-downs as at 31.12.	168	143
Cumulative changes from remeasurement to fair value	—	—
Carrying amount as at 31.12.	**209**	**221**

(61) Liabilities to banks

	Total		
	31.12.2011	31.12.2010	Change in %
	€m		
Banks in Germany	45,302	45,475	– 0.4
Banks outside Germany	53,179	92,151	– 42.3
Total	**98,481**	**137,626**	**– 28.4**
of which relate to the category			
Liabilities measured at amortised cost	85,451	95,154	– 10.2
At fair value through profit or loss (fair value option)	13,030	42,472	– 69.3

	Due on demand		Other liabilities	
of which	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	€m			
Banks in Germany	8,358	17,097	36,944	28,378
Banks outside Germany	25,483	33,082	27,696	59,069
Total	**33,841**	**50,179**	**64,640**	**87,447**

The table below shows a breakdown of liabilities to banks by main transaction types:

	31.12.2011	31.12.2010	Change in %
	€m		
Repos and cash collaterals	18,985	44,016	– 56.9
Liabilities from money market transactions	25,286	35,166	– 28.1
Other liabilities	54,210	58,444	– 7.2
Total	**98,481**	**137,626**	**– 28.4**

(62) Liabilities to customers

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

	Total		
	31.12.2011	**31.12.2010**	Change in %
		€m	
Customers in Germany	**202,725**	**195,561**	**3.7**
Corporate customers	127,277	122,544	3.9
Private customers and others	66,946	66,144	1.2
Public sector	8,502	6,873	23.7
Customers outside Germany	**52,619**	**67,266**	**–21.8**
Corporate and retail customers	47,517	61,293	–22.5
Public sector	5,102	5,973	–14.6
Total	**255,344**	**262,827**	**–2.8**
of which relate to the category			
Liabilities measured at amortised cost	223,491	243,177	–8.1
At fair value through profit or loss (fair value option)	31,853	19,650	62.1

	Savings deposits		Other liabilities			
			due on demand		with agreed term or period of notice	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**
			€m			
Customers in Germany	**4,390**	**3,970**	**102,552**	**106,097**	**95,783**	**85,494**
Corporate customers	42	43	47,971	49,365	79,264	73,136
Private customers and others	4,348	3,926	53,071	54,658	9,527	7,560
Public sector	—	1	1,510	2,074	6,992	4,798
Customers outside Germany	**2,472**	**2,586**	**27,179**	**37,710**	**22,968**	**26,970**
Corporate and retail customers	2,471	2,585	23,715	32,864	21,331	25,844
Public sector	1	1	3,464	4,846	1,637	1,126
Total	**6,862**	**6,556**	**129,731**	**143,807**	**118,751**	**112,464**

Savings deposits broke down as follows:

	31.12.2011	**31.12.2010**	Change in %
		€m	
Savings deposits with agreed period of notice of three months	6,155	5,700	8.0
Savings deposits with agreed period of notice of more than three months	707	856	–17.4
Total	**6,862**	**6,556**	**4.7**

The table below shows a breakdown of liabilities to customers by main transaction types:

	31.12.2011	**31.12.2010**	Change in %
		€m	
Repos and cash collaterals	28,209	18,106	55.8
Liabilities from money market transactions	44,232	46,339	–4.5
Other liabilities	182,903	198,382	–7.8
Total	**255,344**	**262,827**	**–2.8**

(63) Securitised liabilities

Securitised 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.

The nominal interest paid on money-market paper ranged from 0.002% to 6.55% (previous year: 0.02% to 5.45%); for bonds and notes from 0.003% to 20.05% (previous year: 0.03% to 12.00%). Mortgage Pfandbriefe of €29,353m (previous year: €28,744m) and public-sector Pfandbriefe of €34,990m (previous year: €48,495m) were contained in securitised liabilities.

	Total		of which issued by mortgage banks	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
			€m	
Bonds and notes issued	100,311	116,270	65,386	80,284
Money market instruments issued	5,224	15,024	—	—
Own acceptances and promissory notes outstanding	138	62	25	55
Total	**105,673**	**131,356**	**65,411**	**80,339**
of which relate to the category				
Liabilities measured at amortised cost	102,593	128,150	65,411	80,339
At fair value through profit or loss (fair value option)	3,080	3,206	—	—

New issues with a total volume of €68.7bn were issued in 2011. In the same period the volume of bonds maturing amounted to €93.2bn and redemptions to €4.0bn. The table below lists the most important bonds and notes issued in 2011:

Equivalent	**Currency**	**Issuer**	**Interest rate** %	**Maturity**
€m				
1,500	EUR	Eurohypo Aktiengesellschaft	2.750	2014
1,250	EUR	Eurohypo Aktiengesellschaft	2.875	2016
1,000	EUR	Eurohypo Aktiengesellschaft	1.875	2013
800	EUR	Commerzbank Aktiengesellschaft	3.085[1]	2013
500	EUR	Eurohypo Aktiengesellschaft	4.125	2021

[1] Floating interest rate.

(64) Value adjustments for portfolio fair value hedges on the liability side

The adjustment to the fair value of underlying transactions hedged against interest rate risk was €938m (previous year: €121m). A matching asset item from hedging transactions is shown on the other side of the balance sheet under positive fair values attributable to derivative hedging instruments.

(65) Negative fair values of derivative hedging instruments

The negative fair values of derivatives used to hedge underlying transactions against interest rate risk are shown under this item.

	31.12.2011	**31.12.2010**	Change in %
		€m	
Negative fair values of micro fair value hedges	11,378	9,312	22.2
Negative fair values of portfolio fair value hedges	26	40	−35.0
Negative fair values of cash flow hedges	23	17	35.3
Total	**11,427**	**9,369**	**22.0**

(66) Trading liabilities

Trading liabilities show the negative fair values of derivative financial instruments that do not qualify for hedge accounting as well as lending commitments with negative fair values. Own issues in the trading book and delivery commitments arising from short sales of securities are also included under trading liabilities.

	31.12.2011	31.12.2010	Change in %
		€m	
Currency-related derivative transactions	20,762	19,368	7.2
Interest-rate-related derivative transactions	96,736	100,479	−3.7
Other derivative transactions	8,433	10,248	−17.7
Certificates and other notes issued	5,789	9,070	−36.2
Delivery commitments arising from short sales of securities, negative market values of lending commitments and other trading liabilities	6,127	13,228	−53.7
Total	**137,847**	**152,393**	**−9.5**

Other derivative transactions consisted mainly of €3,714m (previous year: €5,803m) in equity derivatives and €4,305m (previous year: €3,782m) in credit derivatives.

(67) Provisions

Provisions broke down as follows:

	31.12.2011	31.12.2010	Change in %
		€m	
Provisions for pensions and similar commitments	437	539	−18.9
Other provisions	3,324	4,239	−21.6
Total	**3,761**	**4,778**	**−21.3**

a) Provisions for pensions and similar commitments

Changes in provisions for pensions and similar commitments were as follows in 2011:

	As at 1.1.2011	Pension payments	Additions	Allocation to plan assets[1]	Reclassifications/ exchange rate changes	Changes in the group of consolidated companies	As at 31.12.2011
				€m			
Pension entitlements of active and former employees and pension entitlements of pensioners	356	245	186	73	67	−4	287
Early retirement	82	28	12	—	—	—	66
Part-time scheme for older staff	101	38	75	54	—	—	84
Total	**539**	**311**	**273**	**127**	**67**	**−4**	**437**

1 If taken into account when setting the level of provisions.

b) Pension obligations

Pension obligations and pension expense are calculated annually by independent actuaries, using the projected unit credit method. The underlying actuarial parameters are based on the norms in the country in which the pension plan was established. The parameters outside Germany are shown on the basis of weighted averages taking account of the respective relevant pension plans.

	31.12.2011	31.12.2010
	%	
Parameters for pension plans in Germany		
for determining the pension obligation at year-end		
Calculatory interest rate	4.8	4.9
Change in salaries	2.5	2.5
Adjustment to pensions	1.8	1.8
for determining pension expense in the financial year		
Calculatory interest rate	4.9	5.3
Change in salaries	2.5	2.5
Adjustment to pensions	1.8	1.8
Expected return on plan assets	5.5	5.7
Parameters for pension plans outside Germany		
for determining the pension obligation at year-end		
Calculatory interest rate	4.8	5.3
Change in salaries	3.0	3.2
Adjustment to pensions	2.9	3.2
for determining pension expense in the financial year		
Calculatory interest rate	5.3	5.5
Change in salaries	3.2	3.6
Adjustment to pensions	3.2	3.1
Expected return on plan assets	5.3	5.2
Parameters for post-employment medical plan		
for determining the benefit obligation at year-end		
Calculatory interest rate	4.8	5.4
Health care cost increase rate	5.7	6.0
for determining the expense in the financial year		
Calculatory interest rate	5.4	5.5
Health care cost increase rate	6.0	5.9

The pension obligations changed as follows:

	2011	2010
	€m	
Pension obligations as at 1.1.	**6,073**	**5,699**
Service cost	68	61
Interest expense	295	295
Pension payments	−283	−277
Actuarial gains (–) or losses (+)	36	314
Experience adjustments	−62	−5
Other adjustments	98	319
Changes in the group of consolidated companies	−4	−54
Past service cost	—	−1
Curtailments/Settlements	—	−6
Exchange rate changes	31	33
Other changes	26	9
Pension obligations as at 31.12.	**6,242**	**6,073**
of which completely or partially funded by plan assets	6,064	5,884
of which not funded by plan assets	178	189

The geographical breakdown of the pension obligations was as follows:

	31.12.2011	31.12.2010
	€m	
Germany	5,157	5,032
Europe (excluding Germany)	989	952
America	94	87
Asia and others	2	2
Total	**6,242**	**6,073**

A change in the discount rate or the rate of increase in health costs as at December 31, 2011 would have had the following effects:

	Obligation as at 31.12.2011	Expenses in 2012
	€m	
Interest rate sensitivity		
Discount rate +50bp	−437	—
Discount rate – 50bp	491	−1
Health care cost increase sensitivity		
Health care cost increase rate +100bp	2	—
Health care cost increase rate – 100bp	−2	—

The expenses for pensions and other employee benefits consisted of the following components:

	2011	2010
	€m	
Service cost	68	61
Interest expense	295	295
Expected income from plan assets	−284	−267
Past service cost	—	−1
Curtailments/Settlements	—	−5
Amortisation of actuarial gains (−) or losses (+)	107	9
Other	—	3
Expenses for defined benefit plans	**186**	**95**
Expenses for defined contribution plans	88	98
Other pension benefits (early retirement and part-time scheme for older staff)	87	104
Other pension-related expenses	19	20
Exchange rate changes	—	—
Expenses for pensions and similar employee benefits	**380**	**317**

In addition, personnel expense included €235m (previous year: €228m) in employers' contributions to the state pension scheme.

The expected return on plan assets is based on long-term bond yields at the balance sheet date for fixed-interest securities and on past market performance for other investments. The plan assets changed as follows:

	2011	2010
	€m	
Fair value as at 1.1.	**5,194**	**4,764**
Change in the group of consolidated companies	—	–28
Employer contributions	73	52
Expected income from plan assets	284	267
Pension payments	–38	–34
Reclassifications	33	–3
Exchange rate changes	29	27
Actuarial gains (+) or losses (–)	155	149
Fair value as at 31.12.	**5,730**	**5,194**
Current income from plan assets	439	416

In the financial year 2012 employer contributions of €54m to plan assets for defined benefit pension plans are expected in the Group as well as pension payments of €255m. The breakdown of the plan assets was as follows:

	31.12.2011	31.12.2010
	%	
Fixed-income securities	67.3	69.3
Equities	12.8	15.6
Investment fund units	8.8	9.2
Liquid assets	2.8	2.4
Others	8.2	3.5

Summary overview of the main components of defined benefit pension plans:

	2011	2010	2009	2008	2007
			€m		
Pension obligation (projected unit credit)	**6,242**	**6,073**	**5,699**	**2,118**	**2,202**
Fair value of plan assets	5,730	5,194	4,764	2,039	1,831
Funded status	**512**	**879**	**935**	**79**	**371**
Unrecognised actuarial gains (+) or losses (–)	–353	–576	–416	33	71
Past service income (+) or expense (–)	—	—	—	—	—
Recognition of defined benefit assets	128	53	33	—	—
Provisions for pensions	**287**	**356**	**552**	**112**	**442**

c) Other provisions

Changes in other provisions:

	As at 1.1.2011	Allocations	Utilisation	Reversals	Reclassification/ change in the group of consolidated companies	As at 31.12.2011
				€m		
Personnel provisions	819	484	543	80	–1	679
Restructuring measures	923	30	227	102	3	627
Specific risks in lending business	384	358	7	361	–25	349
Portfolio risks in lending business	231	55	—	125	–2	159
Bonuses for special savings schemes	30	7	15	—	9	31
Legal proceedings and recourse claims	808	277	90	118	–55	822
Other	1,044	361	535	173	–40	657
Total	**4,239**	**1,572**	**1,417**	**959**	**–111**	**3,324**

The provisions in the personnel area are predominantly short-term in nature, but also include provisions for service anniversaries, which are by their nature long-term and are utilised successively in subsequent reporting periods.

The average residual term of loan loss provisions is based on the residual terms of the contingent liabilities and irrevocable lending commitments set out in Note 92. In the case of legal disputes it is impossible to forecast the duration of proceedings and the amount of the liability with certainty at the date of establishing the provision. The provisions listed under other have mainly a residual term of under one year.

The provisions for restructuring measures derive predominantly from measures relating to the integration of the Dresdner Bank Group and are largely attributable to Human Resources and the Organisation and IT departments. The provisions are mainly spread over a term of up to four years, with the majority expected to be utilised by the end of 2012.

(68) Tax liabilities

	31.12.2011	31.12.2010	Change in %
		€m	
Current tax liabilities	**680**	**1,072**	**−36.6**
Tax liabilities to tax authorities	5	4	25.0
Provisions for income tax	675	1,068	−36.8
Deferred tax liabilities	**189**	**222**	**−14.9**
Tax liabilities recognised in income statement	176	222	−20.7
Tax liabilities not recognised in income statement	13	—	.
Total	**869**	**1,294**	**−32.8**

Provisions for taxes on income are potential tax liabilities which have not yet been formally assessed and potential liabilities for risks associated with tax audits. The liabilities to tax authorities represent payment obligations in respect of current taxes towards German and foreign tax authorities.

Deferred tax liabilities represent the potential income tax charge arising from temporary differences between the values assigned to assets and liabilities in the consolidated balance sheet in accordance with IFRS and their values for tax-accounting purposes in accordance with the local tax regulations for consolidated companies. They were recognised in connection with the following items:

	31.12.2011	31.12.2010	Change in %
		€m	
Trading assets and liabilities	38	53	−28.3
Fair values of derivative hedging instruments	56	52	7.7
Financial investments	25	29	−13.8
Claims on banks and customers	12	38	−68.4
Liabilities to banks and customers	19	2	.
Other balance sheet items	39	48	−18.8
Total	**189**	**222**	**−14.9**

(69) Liabilities from disposal groups held for sale

The breakdown of liabilities from disposal groups held for sale was as follows:

	31.12.2011	31.12.2010	Change in %
		€m	
Liabilities to banks	484	199	.
Liabilities to customers	11	214	−94.9
Negative fair values of derivative hedging instruments	97	181	−46.4
Provisions	—	56	.
Total	**592**	**650**	**−8.9**

(70) Other liabilities

	31.12.2011	31.12.2010	Change in %
		€m	
Liabilities attributable to film funds	1,952	2,197	– 11.2
Liabilities attributable to non-controlling interests	2,576	2,290	12.5
Accrued and deferred items	484	559	– 13.4
Variation margins payable	108	295	– 63.4
Other liabilities	1,448	2,795	– 48.2
Total	**6,568**	**8,136**	**– 19.3**

(71) Subordinated capital

Subordinated liabilities and profit-sharing certificates are equity within the meaning of Art. 10 (5) and (5a) of the German Banking Act (KWG) in the new version and are broken down as follows:

	31.12.2011	31.12.2010	Change in %
		€m	
Subordinated liabilities	**12,094**	**11,256**	**7.4**
of which Tier III capital as defined in Art. 10 (7) KWG	—	—	.
of which maturing within 2 years	1,701	2,175	– 21.8
Profit-sharing certificates outstanding	**975**	**1,259**	**– 22.6**
of which maturing within 2 years[1]	36	420	– 91.4
Accrued interest, including discounts[2]	– 165	– 187	– 11.8
Remeasurement effects	381	582	– 34.5
Total	**13,285**	**12,910**	**2.9**
of which relate to the category			
Liabilities measured at amortised cost	13,261	12,886	2.9
At fair value through profit or loss (fair value option)	24	24	0.0

[1] Prior-year figures restated.
[2] Including the impact of the adjustment of fair values of subordinated capital at the date of acquisition of Dresdner Bank.

The claims of creditors for repayment of these liabilities are subordinate to those of other creditors. The issuer cannot be obliged to repay the liability before the maturity date. In the event of insolvency or winding-up, subordinated liabilities may only be repaid after the claims of all senior creditors have been satisfied.

In 2011, the volume of subordinated liabilities maturing amounted to €0.9bn, redemptions to €1.3bn and new issues to €3.1bn. Issues of profit-sharing certificates in the amount of €0.3bn matured. Beyond this there were no significant changes in the reporting year.

The following major subordinated liabilities were outstanding at the end of 2011:

Start of maturity	€m	Currency in m	Issuer	Interest rate	Maturity
2011	1,254	1,254 EUR	Commerzbank Aktiengesellschaft	6.375	2019
2011	1,250	1,250 EUR	Commerzbank Aktiengesellschaft	7.750	2021
2007	600	600 EUR	Commerzbank Aktiengesellschaft	1.815[1]	2017
2006	502	502 EUR	Commerzbank Aktiengesellschaft	2.337[1]	2016
2008	500	500 EUR	Commerzbank Aktiengesellschaft	6.250	2014
2009	386	500 USD	Commerzbank Aktiengesellschaft	7.250	2015
2007	273	273 EUR	Commerzbank Aktiengesellschaft	5.625	2017
2011	322	322 EUR	Commerzbank Aktiengesellschaft	5.000	2018
2011	300	300 EUR	Commerzbank Aktiengesellschaft	5.000	2018
2003	250	250 EUR	Eurohypo Aktiengesellschaft	5.000	2016
2009	250	250 EUR	Commerzbank Aktiengesellschaft	5.000	2017
2003	220	220 EUR	Eurohypo Aktiengesellschaft	5.000	2014
2006	227	300 CAD	Commerzbank Aktiengesellschaft	2.159[1]	2016
1999	180	150 GBP	Commerzbank Aktiengesellschaft	6.625	2019
2002	150	150 EUR	Eurohypo Aktiengesellschaft	5.750	2012

[1] Floating interest rate.

In the year under review, the interest expense of the Group for subordinated liabilities totalled €682m (previous year: €713m). Interest accruals for interest not yet paid totalled €321m (previous year: €275m). Part of the profit-sharing certificate capital of the Commerzbank Group participates fully in losses.

Interest payments are made only if the issuing institution earns a distributable profit. The claims of holders of profit-sharing certificates for the repayment of principal are subordinate to those of other creditors. At year-end 2011, the following major profit-sharing certificate was outstanding:

Start of maturity	€m	Currency in m	Issuer	Interest rate	Maturity
2006	750	750 EUR	Commerzbank Aktiengesellschaft	5.386	2015

Interest expense on the outstanding profit-sharing certificates in the 2011 financial year was €107m (previous year: €162m). Interest accruals for interest not yet paid totalled €194m (previous year: €130m).

(72) Hybrid capital

	31.12.2011	31.12.2010	Change in %
		€m	
Hybrid capital	2,830	5,005	–43.5
Accrued interest, including discounts[1]	–1,131	–1,084	4.3
Remeasurement effects	476	260	83.1
Total	**2,175**	**4,181**	**–48.0**
of which relate to the category			
Liabilities measured at amortised cost	2,175	4,181	–48.0
At fair value through profit or loss (fair value option)	—	—	.

[1] Including the impact of the adjustment of fair values of hybrid capital at the date of acquisition of Dresdner Bank.

At the end of 2011, the following hybrid capital instruments were outstanding:

Start of maturity	€m	Currency in m	Issuer	Interest rate	Maturity
2006	1,000	1,000 EUR	Commerzbank Aktiengesellschaft	6.932	for an unlimited period
1999	773	1,000 USD	Dresdner Capital LLC I	8.151	2031
2003	306	306 EUR	Eurohypo Capital Funding Trust I	6.445	for an unlimited period
2006	190	190 EUR	Commerzbank Capital Funding Trust I	5.012	for an unlimited period
2006	186	186 EUR	Commerzbank Capital Funding Trust III	2.524	for an unlimited period
2005	152	152 EUR	Eurohypo Capital Funding Trust II	3.486	for an unlimited period
2006	138	116 GBP	Commerzbank Capital Funding Trust II	5.905	for an unlimited period

In the 2011 financial year interest of €152m (previous year: €155m). Hybrid capital forms part of the bank's liable equity capital. Interest payments are due in accordance with the issue conditions of the instrument. The claims of holders of hybrid instruments for repayment of their capital are subordinate to the claims of creditors of the liabilities reported under subordinated liabilities and profit-sharing certificates. In the financial year 2011, parts of the Trust Preferred Securities (TruPS) of the Commerzbank Capital Funding Trust I to III and the Eurohypo Capital Funding Trust I to II were repurchased. In January 2011, TruPS with a nominal value of €0.9bn were contributed as non-cash contributions against payment in shares (see page 207) and resulted in income of €0.3bn. In December 2011 we repurchased TruPS with a nominal volume of €1.3bn. This resulted in income of €0.7bn. The redemption increased our Core Tier I capital. Both measures reduced our hybrid capital by €2.2bn in the financial year 2011. Beyond this there were no significant changes.

(73) Equity structure

	31.12.2011	31.12.2010	Change in %
		€m	
a) Subscribed capital	5,113	3,047	67.8
b) Capital reserve[1]	11,158	1,507	.
c) Retained earnings[1]	8,822	9,140	–3.5
d) Silent participations	2,687	17,178	–84.4
Other reserves	–3,676	–2,999	22.6
e) Revaluation reserve	–2,511	–1,731	45.1
f) Cash flow hedge reserve	–810	–1,005	–19.4
g) Currency translation reserve	–355	–263	35.0
Total before non-controlling interests	**24,104**	**27,873**	**–13.5**
Non-controlling interests	699	785	–11.0
Equity	**24,803**	**28,658**	**–13.5**

1 Prior-year figures restated due to a change in the way in which treasury shares are reported (see Note 2).

a) Subscribed capital

The subscribed capital (share capital) of Commerzbank Aktiengesellschaft consists of no-par-value shares, each with a notional par value of €1.00. The shares are issued in bearer form. Purchases and disposals of treasury shares are added to or deducted from subscribed capital at a notional par value of €1.00.

	Units
Number of shares outstanding on 1.1.2011	**1,172,037,591**
plus treasury shares on 31.12. of the previous year	9,315,335
Issue of new shares	3,932,076,127
Number of shares issued on 31.12.2011	**5,113,429,053**
less treasury shares on balance sheet date	863,010
Number of shares outstanding on 31.12.2011	**5,112,566,043**

Before the treasury shares held by Commerzbank were deducted, the subscribed capital amounted to €5,113m. There are no preferential rights or restrictions on the payment of dividends at Commerzbank Aktiengesellschaft. All the shares in issue are fully paid up. The value of issued, outstanding and authorised shares was as follows:

	31.12.2011		31.12.2010	
	€m	1,000 units	€m	1,000 units
Shares issued	5,113.4	5,113,429	3,071.5	1,181,353
– Treasury shares	0.9	863	24.2	9,315
= Shares outstanding	5,112.6	5,112,566	3,047.3	1,172,038
Shares not yet issued from authorised capital	2,000.0	2,000,000	1,535.0	590,385
Total	**7,112.6**	**7,112,566**	**4,582.3**	**1,762,423**

The number of authorised shares was 7,113,429 thousand (previous year: 1,771,738 thousand shares). The notional value of the authorised shares was €7,113.5m (previous year: €4,606.5m).

As at December 31, 2011, 30,306 thousand shares (previous year: 10,774 thousand shares) had been pledged with the Group as collateral. 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. 7 of the German Companies Act (Aktiengesetz) were as follows:

	Number of shares in units	**Accounting par value[1]** in €1,000	**Percentage of share capital**
Balance as at 31.12.2011	863,010	863	0.02
Largest number acquired during the financial year	33,123,677	33,124	0.65
Total shares pledged by customers as collateral on 31.12.2011	30,305,845	30,306	0.59
Shares acquired during the financial year	1,194,554,038	1,194,554	—
Shares disposed of during the financial year	1,203,006,363	1,203,006	—

1 Notional par value per share €1.00.

The Bank has given an undertaking to the Financial Market Stabilisation Fund (SoFFin), represented by the Financial Market Stabilisation Authority (FMSA), that neither it nor any of its affiliated companies will buy back shares or other components of its liable equity capital (except as specified under Art. 71 (1) no. 2 and no. 4 (purchase on behalf of another party), no. 7 or no. 8 of the German Companies Act/Aktiengesetz).

In January 2012, Commerzbank Aktiengesellschaft agreed a package of measures to strengthen the capital base, in order to meet the stricter capital requirements calculated by the European Banking Authority (EBA) which enter into force on June 30, 2012. As part of these measures we plan to pay the individual variable compensation entitlements for the 2011 financial year in shares of Commerzbank Aktiengesellschaft. This affects a large proportion of our non-pay-scale employees, and, depending on the extent of the employee's participation, it could lead to an increase of around €250m in the capital base.

b) Capital reserve

The capital reserve shows, in addition to premiums from the issue of shares, fair values of share-based remuneration transactions in equity instruments that have not yet been exercised. If bonds and notes are issued for conversion and option rights entitling holders to purchase shares, the amounts realised are recognised in the capital reserve.

In addition, costs arising in connection with capital increases, which must be shown as a deduction from equity in accordance with IAS 32.35, are deducted from the capital reserve.

For the resale of treasury shares, the difference between the notional par value and the market value of the share is recognised in the capital reserve, if the latter exceeds the original acquisition costs of these shares.

c) Retained earnings

Retained earnings consist of the statutory reserve and other reserves. The statutory reserve contains reserves which are mandated by German law; in the parent company financial statements, the amounts assigned to this reserve may not be distributed. The total amount of retained earnings stated in the balance sheet resulted from other retained earnings of €8.822m (previous year: €9.140m). There were no statutory reserves at December 31, 2011 or December 31, 2010.

For purchases of treasury shares, the difference between the acquisition costs and the notional par value is recognised in the capital reserve. The resale of treasury shares is reported as a mirror-image of the purchase of treasury shares.

d) Silent participations

The contributions of SoFFin, represented by the FMSA, were reduced by €14.5bn from €16.4bn to €1.9bn over the course of the year through a number of capital measures (see page 207). The silent participations are based on the agreement dated December 19, 2008 and the supplementary agreement dated June 3, 2009 on the establishment of a silent partnership concluded between SoFFin, represented by the FMSA, and Commerzbank Aktiengesellschaft. Interest of 9% p.a. will be paid on the participations, which are eligible in full as Tier I capital. Repayment will be at par. The interest rate on the silent participations rises in years when a dividend is paid. The additional interest to be paid in such cases is based on the total cash dividend paid out. For approximately every €5.9m of cash dividend paid, the interest rate will rise by 0.01 percentage points.

SoFFin participates in any net loss in proportion to the ratio of the book value of the silent participation to the overall book value of all of the Company's liable capital participating in the net loss (Art. 10 (2a), (4) and (5) German Banking Act). After a reduction the silent participation will be written up again in the following financial years to its full original nominal value, provided that this does not thereby cause or increase a net loss.

Furthermore, Commerzbank Aktiengesellschaft and Allianz SE concluded an agreement on June 3, 2009 on the establishment of a silent partnership, on the basis of which Allianz, through a subsidiary, provided Commerzbank Aktiengesellschaft with a silent participation of €750m. The silent participation comes with a profit participation consisting of fixed interest of 9% p.a. on the nominal contribution amount plus additional dividend-linked remuneration of 0.01% p.a. for approximately each €5.9m of cash dividends paid.

Under IFRS the silent participations must be recognised separately within equity, and the interest paid on the silent participations set off directly against equity without affecting the income statement. Interest is only payable on the silent participations if the Company reports a net distributable profit in its separate accounts under the German Commercial Code (HGB). This condition was not met in 2011 and no expenses were therefore incurred (previous year: nil).

e) Revaluation reserve

Gains or losses from revaluing financial investments at fair value are recognised in the revaluation reserve net of deferred taxes. Gains or losses are recognised in the income statement only if the asset has been disposed of or impaired.

f) Cash flow hedge reserve

The net gain or loss on remeasuring the effective part of cash flow hedges is reported in this equity item after deduction of deferred taxes. We ended cash flow hedge accounting in the financial year 2009 with only a few exceptions and since then have been using micro hedge accounting and portfolio fair value hedge accounting to manage interest rate risks. From the date of this change, the cash flow hedge reserve reported in equity and the associated hedging transactions have been amortised in net interest income over the residual term of the hedging transactions. This has no impact on net income.

g) Currency translation reserve

The reserve from currency translation relates to translation gains and losses arising upon the consolidation of the capital accounts. This includes exchange rate differences arising from the consolidation of subsidiaries and companies accounted for using the equity method.

(74) 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. Conditional capital developed as follows:

						of which	
	Conditional capital 1.1.2011	**Additions**	**Expirations/ Utilisations**	**Authorisation expired**	**Conditional capital[1] 31.12.2011**	**used conditional capital**	**available lines**
				€m			
Convertible bonds/ bonds with warrants/profit-sharing certificates	1,448	2,892	1,441	1,346	1,553	—	1,553
Total	**1,448**	**2,892**	**1,441**	**1,346**	**1,553**	**—**	**1,553**

[1] €888m of the conditional capital is set aside for the issuance of shares upon exercise of the conversion rights granted to the Financial Market Stabilisation Fund (SoFFin), established under the German Financial Market Stabilisation Act and represented by the Financial Market Stabilisation Authority, as a silent partner in the Company. The conditional capital increase will only be carried out if SoFFin exercises these conversion rights.

As resolved at the Annual General Meeting on May 6, 2011, the Company's share capital shall be conditionally increased by up to €665,000,000.00, divided into 665,000,000 no-par-value bearer shares (Conditional Capital 2011/II). The conditional capital increase will only be carried out to the extent that the holders or creditors of convertible bonds or convertible profit-sharing certificates or warrants attached to bonds or profit-sharing certificates with warrants issued or guaranteed 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) of the German Companies Act) exercise, in the period up to May 5, 2016, their conversion/option rights or fulfil their related conversion or option obligations on the basis of the authorisation resolved by the Annual General Meeting on May 6, 2011 (Authorisation 2011) and other forms of performance in satisfaction thereof are not chosen.

As resolved at the Annual General Meeting in May 2009, the Company's share capital shall be conditionally increased by up to €888,333,333.00, divided into up to 888,333,333 no-par-value bearer shares (Conditional Capital 2011/III). The conditional capital increase is for the issuance of shares upon exercise of the conversion rights granted to the Financial Market Stabilisation Fund (SoFFin), established under the German Financial Market Stabilisation Act and represented by the Financial Market Stabilisation Authority, as silent partner in the Company. The conditional capital increase will only be carried out to the extent that SoFFin exercises these conversion rights.

Art. 4 (4), (5) and (6) in last year's version of the Articles of Association was cancelled by resolution of the AGM on May 6, 2011 in order to create a uniform new authorisation.

(75) Authorised capital

Date of AGM resolution	**Original amount**	**Used in previous years for capital increases**	**Used in 2011 for capital increases**	**Authorisation expired**	**Residual amount**	**Date of expiry**
	€m	€m	€m	€m	€m	
18.5.2010	1,535	—	307	1,228	—	18.5.2015
6.5.2011	2,000	—	—	—	2,000	5.5.2016
Total	**3,535**	**—**	**307**	**1,228**	**2,000**	

The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to increase the Company's share capital during the period up to May 5, 2016 through the issue of new no-par-value shares for cash or non-cash contributions, in either one or several tranches, by a maximum of €2,000,000,000.00 (Authorised Capital 2011). In principle, shareholders are to be offered subscription rights; the mandatory pre-emptive right may also be granted in such manner that the new shares are underwritten by a bank or a syndicate of banks under an obligation to offer them for subscription to shareholders of Commerzbank Aktien-gesellschaft. However, the Board of Managing Directors is authorised to exclude pre-emptive rights, with the approval of the Supervisory Board, in the following cases:

- To exclude fractional amounts from subscription rights;
- To the extent necessary, to grant 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) of the German Companies Act), subscription rights in the amount to which they would be entitled after exercising their conversion or option rights or fulfilling their corresponding conversion or option obligation;
- To issue employee shares up to the amount of €22,000,000.00 to employees of Commerzbank Aktiengesellschaft or of companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) of the German Companies Act;
- in order to increase the share capital for non-cash contributions;
- In the event of capital increases for cash, if the issue price of the new shares is not significantly lower than the stock exchange price for identical shares of the Company at the time the issue price is set. The shares issued under exclusion of pre-emptive rights under Articles 203 (1), 186 (3) sentence 4 German Companies Act on the basis of this authorisation may not exceed a total of 10% of the Company's share capital at the time the authorisation becomes effective or at the time the authorisation is exercised, whichever amount is lower. The upper limit of 10% of the share capital will be reduced by the proportion of share capital represented by any of the Company's own shares that are sold during the period of validity of Authorised Capital 2011, while excluding shareholders' pre-emptive rights in accordance with Art. 71 (1) no. 8 sentence 5, and Art. 186 (3) sentence 4 of the German Companies Act. The upper limit is further reduced by the pro-rata amount of share capital corresponding to those shares that must be issued to service options and convertible bonds with option or conversion rights or with option or conversion obligations, provided such bonds are issued during the period of validity of Authorised Capital 2011, while excluding pre-emptive rights subject to appropriate application of Art. 186 (3) sentence 4 of the German Companies Act.

The Board of Managing Directors is authorised to specify the other details of the capital increase and its execution. Art. 4 (3) in last year's version of the Articles of Association was cancelled by resolution of the AGM on May 6, 2011 in order to create a uniform new authorisation.

(76) The Bank's foreign currency position

On December 31, 2011 the Commerzbank Group had the following foreign currency assets and liabilities (excluding fair values of derivatives):

	31.12.2011					31.12.2010	Change
	USD	PLN	GBP	Others	Total	Total	%
				€m			
Cash reserve	2,391	211	39	1,127	3,768	5,767	−34.7
Claims on banks	22,439	323	1,164	3,225	27,151	32,651	−16.8
Claims on customers	41,832	6,492	14,847	18,746	81,917	89,898	−8.9
Trading assets	14,538	362	1,391	5,858	22,149	10,121	.
Financial investments	18,669	4,499	2,220	3,290	28,678	31,179	−8.0
Other balance sheet items	362	528	553	246	1,689	2,295	−26.4
Foreign currency assets	**100,231**	**12,415**	**20,214**	**32,492**	**165,352**	**171,911**	**−3.8**
Liabilities to banks	25,583	412	3,779	4,117	33,891	53,054	−36.1
Liabilities to customers	20,937	9,789	2,414	4,615	37,755	48,279	−21.8
Securitised liabilities	9,666	377	437	8,869	19,349	30,510	−36.6
Trading liabilities	2,616	21	153	507	3,297	7,236	−54.4
Other balance sheet items	1,725	383	623	1,028	3,759	4,346	−13.5
Foreign currency liabilities	**60,527**	**10,982**	**7,406**	**19,136**	**98,051**	**143,425**	**−31.6**

The open balance sheet positions outside trading business are matched by corresponding foreign exchange forward contracts and currency swaps with matching maturities.

Notes on financial instruments

(77) Derivative transactions

The Commerzbank Group conducts transactions with derivative financial instruments, as explained below.

A derivative is a financial instrument whose value is determined by a so-called underlying asset. The underlying asset may, for example, be an interest rate, commodity price, share price, foreign exchange rate or bond price. The financial instrument does not require any initial net investment, or an initial net investment that is smaller than would be required for other types of instrument that would be expected to have a similar response to changes in market factors. It is settled at a future date.

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

The nominal amount shows the volume traded by the Bank. The positive and negative fair values listed in the table, however, are the expenses which would be incurred by the Bank or the counterparty to replace the contracts originally concluded with transactions of an equivalent financial value. From the Bank's point of view, a positive fair value thus indicates the maximum potential counterparty-specific default risk that existed from derivative transactions on the balance sheet date.

In order to minimise both the economic and the regulatory credit risk arising from these instruments, we conclude master agreements (bilateral netting agreements) with our counterparties (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-mitigating techniques only where we consider them enforceable in the jurisdiction in question, if the counterparty becomes insolvent. We obtain legal opinions from various international law firms in order to verify enforceability.

Similar to the master agreements are the collateral agreements (e.g. collateralisation 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 exposure.

The table below shows the nominal amounts and the fair values of the derivative business broken down by interest rate-based contracts, currency-based contracts and contracts based on other price risks and the maturity structure of these transactions. The fair values are the sum totals of the positive and negative amounts per contract and are shown without deducting collateral and without taking account of any netting agreements, because these work on a cross-product basis. By definition, no positive fair values exist for options which have been written. The nominal amount represents the gross volume of all sales and purchases. The maturity dates listed for the transactions are based on the term to maturity of the contracts and not the maturity of the underlying. The table below also shows the fair value of derivatives based on the net method of presentation as set out in Note 1. The netting volume as at December 31, 2011 totalled €194,925m (previous year: €207,088m). On the assets side, €193,561m of this was attributable to positive fair values and €1,364m to received variation margins. Netting on the liabilities side involved negative fair values of €194,753m and liabilities from paid variation margins of €172m.

31.12.2011	Nominal amount Residual terms due on demand	up to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total	Fair value positive	negative
	€m							
Foreign-currency-based forward transactions								
OTC products	5	367,938	192,056	169,590	104,667	834,256	17,891	20,805
Foreign exchange spot and forward contracts	—	304,435	102,508	26,620	683	434,246	7,621	8,250
Interest rate and currency swaps	—	21,507	49,745	125,972	96,200	293,424	7,881	10,306
Currency call options	—	19,580	17,747	7,881	3,814	49,022	2,065	—
Currency put options	—	22,002	20,255	8,263	3,370	53,890	—	2,078
Other foreign exchange contracts	5	414	1,801	854	600	3,674	324	171
Exchange-traded products	—	547	63	3	—	613	—	—
Currency futures	—	544	63	1	—	608	—	—
Currency options	—	3	—	2	—	5	—	—
Total	**5**	**368,485**	**192,119**	**169,593**	**104,667**	**834,869**	**17,891**	**20,805**
Interest-based forward transactions								
OTC products	7	656,015	2,013,079	2,805,060	2,406,901	7,881,062	296,597	302,788
Forward rate agreements	—	84,028	1,017,256	4,886	—	1,106,170	314	318
Interest rate swaps	—	565,961	946,942	2,671,066	2,225,766	6,409,735	283,700	289,933
Call options on interest rate futures	—	2,587	25,838	63,043	77,493	168,961	9,824	—
Put options on interest rate futures	—	2,818	19,028	58,601	95,768	176,215	—	10,442
Other interest rate contracts	7	621	4,015	7,464	7,874	19,981	2,759	2,095
Exchange-traded products	—	1,406	33,716	2,452	3,902	41,476	—	—
Interest rate futures	—	1,314	25,602	2,438	3,888	33,242	—	—
Interest rate options	—	92	8,114	14	14	8,234	—	—
Total	**7**	**657,421**	**2,046,795**	**2,807,512**	**2,410,803**	**7,922,538**	**296,597**	**302,788**
Other forward transactions								
OTC products	698	24,887	44,681	161,952	21,124	253,342	7,812	8,518
Structured equity/index products	693	12,766	8,976	15,165	1,432	39,032	2,059	1,604
Equity call options	—	4,032	6,450	6,029	98	16,609	1,244	—
Equity put options	—	3,850	7,882	9,913	1,348	22,993	—	2,109
Credit derivatives	—	3,077	19,585	129,066	18,194	169,922	4,145	4,390
Precious metal contracts	3	788	1,001	413	—	2,205	92	121
Other transactions	2	374	787	1,366	52	2,581	272	294
Exchange-traded products	—	27,241	30,358	19,179	232	77,010	—	—
Equity futures	—	6,740	638	3	—	7,381	—	—
Equity options	—	14,754	20,539	14,740	232	50,265	—	—
Other futures	—	1,500	1,730	1,060	—	4,290	—	—
Other options	—	4,247	7,451	3,376	—	15,074	—	—
Total	**698**	**52,128**	**75,039**	**181,131**	**21,356**	**330,352**	**7,812**	**8,518**
Total pending forward transactions								
OTC products	710	1,048,840	2,249,816	3,136,602	2,532,692	8,968,660	322,300	332,111
Exchange-traded products	—	29,194	64,137	21,634	4,134	119,099	—	—
Total	**710**	**1,078,034**	**2,313,953**	**3,158,236**	**2,536,826**	**9,087,759**	**322,300**	**332,111**
Net position in the balance sheet							**128,739**	**137,358**

31.12.2010	Nominal amount Residual terms due on demand	up to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total	Fair value positive	negative
				€m				
Foreign-currency-based forward transactions								
OTC products	4	556,439	269,677	229,003	128,309	1,183,432	18,960	19,716
Foreign exchange spot and forward contracts	—	459,796	124,259	35,974	1,011	621,040	7,760	7,471
Interest rate and currency swaps	—	20,690	56,431	153,471	114,166	344,758	8,391	9,481
Currency call options	—	34,420	41,393	18,545	6,735	101,093	2,560	—
Currency put options	—	40,779	46,507	19,363	5,328	111,977	—	2,586
Other foreign exchange contracts	4	754	1,087	1,650	1,069	4,564	249	178
Exchange-traded products	—	2,943	189	—	—	3,132	—	—
Currency futures	—	2,943	189	—	—	3,132	—	—
Currency options	—	—	—	—	—	—	—	—
Total	**4**	**559,382**	**269,866**	**229,003**	**128,309**	**1,186,564**	**18,960**	**19,716**
Interest-based forward transactions								
OTC products	23	935,289	1,659,611	3,783,989	3,560,026	9,938,938	308,399	316,541
Forward rate agreements	—	115,631	492,410	3,108	—	611,149	261	295
Interest rate swaps	—	809,751	1,119,744	3,657,641	3,383,598	8,970,734	298,659	306,996
Call options on interest rate futures	—	2,357	26,445	58,615	74,552	161,969	6,820	—
Put options on interest rate futures	—	3,335	18,794	56,266	93,894	172,289	—	7,052
Other interest rate contracts	23	4,215	2,218	8,359	7,982	22,797	2,659	2,198
Exchange-traded products	—	1,415	125,290	6,650	4,128	137,483	—	—
Interest rate futures	—	582	73,385	6,489	4,128	84,584	—	—
Interest rate options	—	833	51,905	161	—	52,899	—	—
Total	**23**	**936,704**	**1,784,901**	**3,790,639**	**3,564,154**	**10,076,421**	**308,399**	**316,541**
Other forward transactions								
OTC products	1,436	22,923	51,038	167,423	24,788	267,608	8,433	10,295
Structured equity/index products	1,433	9,930	12,237	14,146	1,837	39,583	1,977	2,645
Equity call options	—	2,064	9,756	8,823	349	20,992	2,148	—
Equity put options	—	2,820	12,754	11,947	993	28,514	—	3,158
Credit derivatives	—	3,534	13,800	129,526	21,503	168,363	3,612	3,830
Precious metal contracts	3	4,087	1,412	1,121	—	6,623	308	125
Other transactions	—	488	1,079	1,860	106	3,533	388	537
Exchange-traded products	—	27,731	50,086	38,616	1,467	117,900	—	—
Equity futures	—	7,043	451	15	12	7,521	—	—
Equity options	—	16,314	43,640	36,483	1,455	97,892	—	—
Other futures	—	2,350	1,970	840	—	5,160	—	—
Other options	—	2,024	4,025	1,278	—	7,327	—	—
Total	**1,436**	**50,654**	**101,124**	**206,039**	**26,255**	**385,508**	**8,433**	**10,295**
Total pending forward transactions								
OTC products	1,463	1,514,651	1,980,326	4,180,415	3,713,123	11,389,978	335,792	346,552
Exchange-traded products	—	32,089	175,565	45,266	5,595	258,515	—	—
Total	**1,463**	**1,546,740**	**2,155,891**	**4,225,681**	**3,718,718**	**11,648,493**	**335,792**	**346,552**
Net position in the balance sheet							**128,704**	**139,464**

Breakdown of derivatives business by borrower group:

The table below shows the positive and negative fair values of the Commerzbank Group's derivative business broken down by counterparty. The Commerzbank Group conducts derivative business primarily with counterparties with excellent credit ratings. A large portion of the fair values is concentrated in banks and financial institutions based in OECD countries.

	31.12.2011		**31.12.2010**	
	Fair value		Fair value	
	positive	negative	positive	negative
	€m			
OECD central governments	2,957	2,723	1,442	1,515
OECD banks	117,508	132,843	113,015	125,386
OECD financial institutions	190,712	190,841	210,674	213,304
Other entities, private individuals	10,020	3,375	9,437	4,642
Non-OECD banks	1,103	2,329	1,224	1,705
Total	**322,300**	**332,111**	**335,792**	**346,552**

The outstanding volume of the Commerzbank Group's transactions as a protection buyer or seller amounted to €87,796m (previous year: €89,106m) and €82,126m (previous year: €79,257m) respectively as of the balance sheet date. 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.

	31.12.2011		**31.12.2010**	
	Nominal values		Nominal values	
	Buyer of protection	Seller of protection	Buyer of protection	Seller of protection
	€m			
OECD central governments	7,731	6,277	8,126	7,122
OECD banks	8,094	8,108	6,851	7,224
OECD financial institutions	7,883	9,174	7,301	6,002
Other entities, private individuals	62,823	57,638	65,756	58,051
Non-OECD banks	1,265	929	1,072	858
Total	**87,796**	**82,126**	**89,106**	**79,257**

Details of derivatives in cash flow hedge accounting:

The nominal values of derivatives used for cash flow hedging until this was ended in 2009 (see Note 73) totalled €233bn as at December 31, 2011 (previous year: €335bn). The table below shows the periods in which these are likely to expire:

	31.12.2011	**31.12.2010**
	€m	
Up to 3 months	17	17
More than 3 months up to 1 year	31	85
More than 1 year up to 5 years	160	176
More than 5 years	25	57

Underlying hedged transactions existed in each maturity band with at least the same nominal value.

(78) Assets pledged as collateral

Financial assets were pledged as collateral for the following financial liabilities:

	31.12.2011	31.12.2010	Change in %
		€m	
Liabilities to banks	41,834	60,504	−30.9
Liabilities to customers	29,148	19,330	50.8
Securitised liabilities	—	—	.
Other liabilities	—	—	.
Total	**70,982**	**79,834**	**−11.1**

The following financial assets (own and third-party holdings) were pledged as collateral for the above-mentioned liabilities, which are shown after netting:

	31.12.2011	31.12.2010	Change in %
		€m	
Claims on banks and customers	24,031	23,911	0.5
Trading assets and financial investments	60,371	66,602	− 9.4
Other assets	—	—	.
Total	**84,402**	**90,513**	**− 6.8**

The recipient of the collateral has the right under contract or in accordance with customary practice to sell or pledge the following financial assets of the Commerzbank Group to others:

	31.12.2011	31.12.2010	Change in %
		€m	
Claims on banks and customers	77	94	−18.1
Trading assets and financial investments	19,087	41,771	−54.3
Other assets	—	—	.
Total	**19,164**	**41,865**	**−54.2**

Collateral was furnished to borrow funds as part of securities repurchase agreements (repos). In 2011, greater use was made of third-party securities for pledging as collateral. Collateral was also furnished for funds borrowed for specific purposes and securities-lending transactions. The transactions were carried out under the standard market terms for securities lending and repurchase transactions.

(79) Maturities of assets and liabilities

The table below lists all assets and liabilities (except for positive and negative fair values of derivative financial instruments) showing whether they are short-term or long-term. Please refer to Note 77 for the maturity breakdown of derivatives.

The residual term or the time of anticipated realisation or fulfilment is defined as short-term if the period between the reporting date and the instrument's maturity date is less than one year.

Financial instruments in trading assets and liabilities without contractual maturities, the cash reserve item, non-current assets and liabilities held for sale and current taxes on income are classified as short-term. By contrast, the items holdings in companies accounted for using the equity method, intangible assets, fixed assets, investment properties and deferred taxes are generally classified as long-term. When classifying other assets and liabilities we use an estimate for the relevant items. For information on how the maturities of the main types of provisions are classified, please refer to Note 67.

	Short-term	Long-term
	€m	
Cash reserve	6,075	—
Claims on banks	77,365	10,425
Claims on customers	102,172	194,414
Trading assets	17,435	14,658
Financial investments	10,297	84,226
Holdings in companies accounted for using the equity method	—	694
Intangible assets	—	3,038
Fixed assets	—	1,399
Investment properties	—	808
Non-current assets and disposal groups held for sale	1,759	—
Current tax assets	716	—
Deferred tax assets	—	4,154
Other assets	2,298	1,091
Total	**218,116**	**314,908**
Liabilities to banks	62,390	36,091
Liabilities to customers	208,755	46,589
Securitised liabilities	28,160	77,513
Trading liabilities	10,379	1,537
Provisions	3,083	678
Current tax liabilities	680	—
Deferred tax liabilities	—	189
Liabilities from disposal groups held for sale	592	–
Other liabilities	2,978	4,528
Subordinated and hybrid capital	1,143	14,317
Total	**318,160**	**181,442**

In the maturity breakdown, we show the residual terms of financial instruments that are subject to contractual maturities. The residual term is defined as the period between the balance sheet date and the contractual maturity date of the financial instruments. In the case of financial instruments which are paid in partial amounts, the residual term of each partial amount has been used.

	Residual terms as at 31.12.2011				
	due on demand and unlimited term	**up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**More than 5 years**
			€m		
Claims on banks	35,867	30,236	11,475	8,858	1,596
Claims on customers	24,716	49,752	34,677	98,002	97,352
Bonds, notes and other interest-rate-related securities and promissory note loans in trading assets	42	3,617	3,649	6,208	8,450
Bonds, notes and other interest-rate-related securities held in financial investments	4	4,407	5,886	33,092	49,137
Total	**60,629**	**88,012**	**55,687**	**146,160**	**156,535**
Liabilities to banks	33,841	23,526	5,023	22,456	13,635
Liabilities to customers	129,731	62,481	16,543	12,119	34,470
Securitised liabilities	—	17,727	10,433	58,921	18,592
Trading liabilities	1,180	1,132	1,940	1,489	48
Subordinated and hybrid capital[1]	—	—	1,175	3,919	10,805
Total	**164,752**	**104,866**	**35,114**	**98,904**	**77,550**

1 Excluding deferred interest and discounts (€ – 1,296m) and remeasurement effects (€857m).

	Residual terms as at 31.12.2010				
	due on demand and unlimited term	**up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**More than 5 years**
			€m		
Claims on banks	45,351	45,557	7,044	10,928	2,076
Claims on customers	21,098	59,879	40,818	110,558	104,519
Bonds, notes and other interest-rate-related securities and promissory note loans in trading assets	222	5,685	3,894	12,114	10,200
Bonds, notes and other interest-rate-related securities held in financial investments	16	5,366	10,324	37,682	60,105
Total	**66,687**	**116,487**	**62,080**	**171,282**	**176,900**
Liabilities to banks	50,179	56,284	4,634	13,315	13,214
Liabilities to customers	143,807	54,520	15,898	13,158	35,444
Securitised liabilities	62	23,679	18,011	66,248	23,356
Trading liabilities[1]	1,371	304	3,886	3,061	448
Subordinated and hybrid capital[2]	—	55	1,741	3,341	12,383
Total	**195,419**	**134,842**	**44,170**	**99,123**	**84,845**

1 Adjusted.
2 Excluding deferred interest and discounts (€ – 1,271m) and remeasurement effects (€842m).

(80) Fair value of financial instruments

Determination of fair value

This note provides more information on the fair values of financial instruments which are not recognised at fair value in the balance sheet, but for which a fair value must be disclosed in accordance with IFRS 7. For the financial instruments reported in the balance sheet at fair value the accounting methodology is set out in the accounting policies (Notes 2 to 30) and in the sections "Measurement of financial instruments" and "Fair value hierarchy" in Note 81.

The nominal value of financial instruments that fall due on a daily basis is taken as their fair value. These instruments include the cash reserve as well as overdrafts and demand deposits in the claims on banks and customers or liabilities to banks and customers items.

Market prices are not available for loans and deposits as there are no organised markets in which these financial instruments are traded. Fair value is determined for these instruments by using recognised mathematical valuation methods with current market parameters. A discounted cash flow model is used for loans with parameters based on a risk-free yield curve, credit spreads and a fixed premium to cover liquidity spreads, administrative expenses and the cost of capital. A risk-free yield curve is also used to determine the fair value of liabilities, with Commerzbank Aktiengesellschaft's own credit spread and a premium for administrative costs being incorporated separately. The model also uses market risk premiums for mortgage Pfandbriefe, public-sector Pfandbriefe and loans taken out by the Bank.

The fair value of securitised liabilities, subordinated liabilities and hybrid capital is determined on the basis of available market prices. A number of different factors, including current market interest rates and the Group's credit rating are taken into account in determining fair value. If market prices are not available, the fair values are determined on the basis of mathematical valuation models (e.g. discounted cash flow or option price models), which are in turn based on yield curves, volatilities, own credit spreads etc. Particularly in cases where the Bank has issued structured debt instruments, which are measured at fair value, the Bank's own credit spread is used in determining fair value.

The table below compares the fair values of the balance sheet items with their carrying values:

	Fair value		Carrying amount		Difference	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**
			€bn			
Assets						
Cash reserve	6.1	8.1	6.1	8.1	—	—
Claims on banks	87.6	110.5	87.8	110.6	−0.2	−0.1
Reverse repos and cash collaterals	51.6	68.7	51.6	68.7		
Claims from money market transactions	2.8	6.8	2.8	6.8		
Promissory note loans	8.3	9.7	8.5	9.9	−0.2	−0.2
Other claims	25.1	25.6	25.1	25.5	0.0	0.1
Loan loss provisions	−0.2	−0.3	−0.2	−0.3		
Claims on customers	292.9	327.3	296.6	327.8	−3.7	−0.5
Reverse repos and cash collaterals	26.0	30.0	26.0	30.0		
Claims from money market transactions	8.0	9.0	8.0	9.0		
Promissory note loans	21.1	26.2	21.6	26.6	−0.5	−0.4
Mortgages and other claims secured by property charges	115.2	133.5	118.0	134.3	−2.8	−0.8
Other claims	130.5	137.7	130.9	137.0	−0.4	0.7
Loan loss provisions	−7.9	−9.1	−7.9	−9.1		
Value adjustment portfolio fair value hedges[1]	0.0	0.0	0.1	0.1	−0.4	−0.1
Positive fair values of derivative hedging instruments	5.1	5.0	5.1	5.0	—	—
Trading assets	155.7	167.8	155.7	167.8	—	—
Financial investments	89.4	113.1	94.5	115.7	−5.1	−2.6
Loans and receivables	55.5	67.8	60.6	70.4	−5.1	−2.6
Available-for-sale	30.1	41.4	30.1	41.4		
Unlisted equity holdings	0.5	0.4	0.5	0.4		
At fair value through profit or loss	3.3	3.5	3.3	3.5		
Other assets	15.8	19.2	15.8	19.2	—	—

1 The fair value adjustments on portfolio fair value hedges are contained in the relevant balance sheet line items of the hedged items.

	Fair value		Carrying amount		Difference	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**
			€bn			
Liabilities						
Liabilities to banks	98.3	137.7	98.5	137.6	−0.2	0.1
Repos and cash collaterals	19.0	44.0	19.0	44.0		
Liabilities from money market transactions	25.3	35.2	25.3	35.2		
Other liabilities	54.0	58.5	54.2	58.4	−0.2	0.1
Liabilities to customers	255.1	262.6	255.3	262.8	−0.2	−0.2
Repos and cash collaterals	28.2	18.1	28.2	18.1		
Liabilities from money market transactions	44.2	46.3	44.2	46.3		
Other liabilities	182.7	198.2	182.9	198.4	−0.2	−0.2
Securitised liabilities	104.6	130.3	105.7	131.4	−1.1	−1.1
Measured at amortised cost	101.5	127.1	102.6	128.2	−1.1	−1.1
At fair value through profit or loss	3.1	3.2	3.1	3.2		
Value adjustment portfolio fair value hedges[1]	0.0	0.0	0.9	0.1	−0.9	−0.1
Negative fair values of derivative hedging instruments	11.4	9.4	11.4	9.4	—	—
Trading liabilities	137.8	152.4	137.8	152.4	—	—
Subordinated and hybrid capital	11.8	14.5	15.5	17.1	−3.7	−2.6
Other liabilities	11.8	14.9	11.8	14.9	—	—

1 The fair value adjustments on portfolio fair value hedges are contained in the relevant balance sheet line items of the hedged items.

(81) Information on the fair value hierarchy of financial instruments

Measurement of financial instruments

Under IAS 39, all financial instruments are initially recognised at fair value; in the case of financial instruments that are not classified as at fair value through profit or loss, fair value plus certain transaction costs. Subsequently, those financial instruments that are classified as at fair value through profit or loss or available-for-sale financial assets are measured at fair value on an ongoing basis. For this purpose, at fair value through profit or loss includes derivatives, instruments held for trading and instruments designated at fair value.

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing, independent parties in an arm's length transaction. The most suitable measure of fair value is the quoted price for an identical instrument in an active market (fair value hierarchy Level I). In those cases where no quoted prices are available, valuation is based on quoted prices for similar instruments in active markets. To reflect the price at which an asset could be exchanged or a liability settled, asset positions are valued at the bid price and liability positions are valued at the ask price. Where quoted prices are not available for identical or similar financial instruments, fair value is derived using an appropriate valuation model where the data inputs are obtained, as far as possible, from observable market sources (fair value hierarchy Level II).

While most valuation techniques rely on data from observable market sources, certain financial instruments are valued using models that incorporate other inputs for which there is insufficient recent observable market data. These valuations inherently include a greater level of management judgement. These unobservable inputs may include data that is extrapolated, interpolated, or may be derived by approximation to correlated or historical data. However, such inputs maximise market or third-party inputs and rely as little as possible on entity-specific inputs (fair value hierarchy Level III).

The fair values which can be realised at a later date can deviate from the fair values as calculated under Level III.

Valuation models must be consistent with accepted economic methodologies for pricing financial instruments and must incorporate all factors that market participants would consider appropriate in setting a price. All fair values are subject to the Group's internal controls and procedures which set out the standards for independently verifying or validating fair values. These controls and procedures are managed by the Independent Price Verification Group within the Finance function. The models, inputs, and resulting fair values are reviewed regularly with Senior Management and the Risk function.

Fair value hierarchy

Under IFRS7, financial instruments carried at fair value are assigned to the three levels of the fair value hierarchy as follows:

Level I: Financial instruments where the fair value is based on quoted prices for identical financial instruments in an active market.

Level II: Financial instruments where no quoted prices are available for identical instruments in an active market and the fair value is established using valuation techniques.

Level III: Financial instruments where valuation techniques are used that incorporate inputs for which there is insufficient observable market data and where these inputs have a more than insignificant impact on the fair value.

The allocation of certain financial instruments to the relevant level is subject to the judgement of management, particularly if the valuation is based both on observable market data and unobservable market data. An instrument's classification may change over time, to take account of changes in market liquidity and in the interests of price transparency.

In the tables below the financial instruments reported in the balance sheet at fair value are broken down by balance sheet item and valuation method. They are broken down according to whether fair value is based on quoted market prices (Level I), observable market data (Level II) or unobservable market data (Level III).

Financial assets		31.12.2011				31.12.2010			
		Level I	Level II	Level III	Total	Level I[1]	Level II[1]	Level III	Total
		€bn							
Claims on banks	At fair value through profit or loss	—	23.8	—	23.8	—	48.1	—	48.1
Claims on customers	At fair value through profit or loss	—	23.7	0.2	23.9	0.2	27.6	0.6	28.4
Positive fair values of derivative hedging instruments	Hedge accounting	—	5.1	—	5.1	—	5.0	—	5.0
Trading assets	Held for trading	29.7	121.8	4.2	155.7	40.0	123.8	4.0	167.8
of which positive fair values from derivatives		—	121.1	2.5	123.6	—	123.0	0.7	123.7
Financial investments	At fair value through profit or loss	3.1	—	0.2	3.3	3.5	—	—	3.5
	Available-for-sale financial assets	27.7	2.1	0.8	30.6	38.4	2.1	1.3	41.8
Total		**60.5**	**176.5**	**5.4**	**242.4**	**82.1**	**206.6**	**5.9**	**294.6**

[1] Prior-year figures restated (available-for-sale financial assets only).

Financial liabilities		31.12.2011				31.12.2010			
		Level I	Level II	Level III	Total	Level I[1]	Level II[1]	Level III	Total
		€bn							
Liabilities to banks	At fair value through profit or loss	0.1	12.9	—	13.0	0.6	41.9	—	42.5
Liabilities to customers	At fair value through profit or loss	1.5	30.4	—	31.9	1.3	18.4	—	19.7
Securitised liabilities	At fair value through profit or loss	3.1	—	—	3.1	3.2	—	—	3.2
Negative fair values of derivative hedging instruments	Hedge accounting	—	11.4	—	11.4	—	9.4	—	9.4
Trading liabilities	Held for trading	11.6	124.8	1.4	137.8	21.0	130.1	1.3	152.4
of which negative fair values from derivatives		—	124.7	1.2	125.9	—	130.1	—	130.1
Subordinated capital	At fair value through profit or loss	—	—	—	—	—	—	—	—
Total		**16.3**	**179.5**	**1.4**	**197.2**	**26.1**	**199.8**	**1.3**	**227.2**

[1] Prior-year figures restated (trading liabilities only).

In 2011 we reclassified €0.6bn for positive market values and €0.2bn for negative market values of certain derivative products from Level II to Level III, as no observable market data was available for valuing these products. Beyond these, there were no other significant reclassifications between Level I, Level II and Level III. The changes in financial instruments in the Level III category in financial year 2010 were as follows:

Financial assets	Trading assets	Positive fair values of derivatives[1]	At fair value through profit or loss[2]	Available-for-sale financial assets	Total
			€m		
Fair value as at 1.1.2010	**1,290**	**3,799**	**972**	**1,229**	**7,290**
Changes in the group of consolidated companies	—	—	—	—	—
Gains or losses recognised in the income statement during the period	537	—	−419	—	118
Gains or losses recognised in equity	—	—	—	453	453
Purchases	37	—	—	205	242
Sales	—	—	—	−67	−67
Issues	—	—	—	—	—
Redemptions	—	—	—	−170	−170
Reclassifications	1,447	−3,106	93	−356	−1,922
Fair value as at 31.12.2010	**3,311**	**693**	**646**	**1,294**	**5,944**
Changes in the group of consolidated companies	—	—	—	—	—
Gains or losses recognised in the income statement during the period	173	−7	—	—	166
Gains or losses recognised in equity			—	−11	−11
Purchases	80	154	—	456	690
Sales	−863	−113	—	−20	−996
Issues	—	—	—	—	—
Redemptions	−194	−59	—	−622	−875
Reclassifications	−819	1,868	−291	−270	488
Fair value as at 31.12.2011	**1,688**	**2,536**	**355**	**827**	**5,406**

1 Including hedging instruments.
2 Excluding trading assets and positive fair values attributable to derivatives.

Financial liabilities	Trading liabilities	Negative fair values of derivatives[1]	At fair value through profit or loss[2]	Total
		€m		
Fair value as at 1.1.2010	**27**	**2,391**	**29**	**2,447**
Changes in the group of consolidated companies	—	—	—	—
Gains or losses recognised in the income statement during the period	4	—	—	4
Gains or losses recognised in equity	—	—	—	—
Purchases	—	—	—	—
Sales	—	—	—	—
Issues	—	—	—	—
Redemptions	—	—	—	—
Reclassifications	1,240	−2,371	−29	−1,160
Fair value as at 31.12.2010	**1,271**	**20**	**—**	**1,291**
Changes in the group of consolidated companies	—	—	—	—
Gains or losses recognised in the income statement during the period	−8	−24	—	−32
Gains or losses recognised in equity	—		—	—
Purchases	32	—	—	32
Sales	—	−63	—	−63
Issues	—	59	—	59
Redemptions	—	−216	—	−216
Reclassifications	−1,054	1,386	—	332
Fair value as at 31.12.2011	**241**	**1,162**	**—**	**1,403**

1 Including hedging instruments.
2 Excluding trading assets and negative fair values attributable to derivatives.

Sensitivity analysis

Where the value of financial instruments is based on unobservable input parameters, the precise level of these parameters at the balance sheet date may be derived from a range of reasonable possible alternatives at the judgement of the management. In preparing the financial statements, appropriate levels for these unobservable input parameters are chosen to be consistent with existing market evidence and in line with the Group's valuation control approach.

The purpose of this disclosure is to illustrate the potential impact of the relative uncertainty in the fair values of financial instruments with valuations based on unobservable input parameters, although it should be noted that these parameters lie at the extreme ends of the range of reasonable possible alternatives. In practice, it is unlikely that all unobservable parameters would simultaneously lie at the extremes of their range of reasonable possible alternatives and the estimates given are thus likely to be greater than the true level of uncertainty in the fair value of these instruments. The purpose of these figures is not to estimate or predict future changes in fair value. The unobservable parameters were shifted by either 1% to 10% or by a measure of standard deviation as deemed appropriate by our independent valuation experts in each individual case.

The following table presents the sensitivity analysis by type of instrument:

	2011		
	Positive effects on income statement	**Negative effects on income statement**	**changed parameters**
		€m	
Derivatives	**121**	**−145**	
Equity-related transactions	13	−37	cash flow
Credit derivatives	40	−40	correlation, discount yield
Interest-rate-related transactions	68	−68	mean reversion, correlation
Other transactions	—	—	
Securities	**169**	**−162**	
Interest-rate-related transactions	169	−162	credit spread, discount yield
of which ABS	131	−126	yield, recovery rate, credit spread
Equity-related transactions	—	—	
Loans	**5**	**−5**	

Day-One-P&L

The Commerzbank Group has entered into transactions where the fair value was calculated using a valuation model, where not all material input parameters are observable in the market. The initial carrying value of such transactions is the transaction price. The difference between the transaction price and the fair value of the valuation model is called day-one profit or loss. The day-one profit or loss is not immediately recognized in profit or loss, but over the tenor of the respective transaction. As soon as there is a quoted market price on an active market for such transactions or all material input parameters become observable, the accrued day-one profit or loss is immediately recognized in the net trading income. A cumulated difference between transaction price and model valuation is calculated for all Level III inventory. Material impacts only result from financial instruments held for trading; the development is as follows:

	2011			2010		
Day-one-P&L	**Trading assets**	**Trading liabilities**	**Total**	**Trading assets**	**Trading liabilities**	**Total**
			€m			
Balance as at 1.1.	**1**	**1**	**2**	**11**	**5**	**16**
Allocations not recognised in income statement	—	3	3	2	—	2
Reversals recognised in income statement	1	1	2	12	4	16
Balance as at 31.12.	**—**	**3**	**3**	**1**	**1**	**2**

(82) Information on financial assets and financial liabilities for which the fair value option is applied

In the Commerzbank Group, the fair value option is primarily used to avoid accounting mismatches arising from securities and loans hedged with interest rate or credit derivatives. This also applies to structured debt instruments we have issued which have been hedged with interest rate or foreign currency derivatives.

The fair value option is also used for financial instruments if their management and performance is evaluated on a fair value basis and for financial instruments with embedded derivatives.

All in all, the results of applying the fair value option amounted to €292m (previous year: €131m) (see Note 34).

Applying the fair value option in order to avoid accounting mismatches and for financial instruments with embedded derivatives produced the following values as broken down by balance sheet item:

	31.12.2011	31.12.2010	Change in %
		€m	
Claims on banks	—	—	.
Claims on customers	619	805	−23.1
Financial investments	2,597	2,048	26.8
Total assets	**3,216**	**2,853**	**12.7**
Liabilities to banks	34	591	−94.2
Liabilities to customers	1,497	1,292	15.9
Securitised liabilities	3,080	3,206	−3.9
Subordinated and hybrid capital	24	24	.
Total liabilities	**4,635**	**5,113**	**−9.3**

Of the total claims of €619m measured at fair value, €266m (previous year: €159m) were hedged by credit derivatives. In the year under review, the change in the fair value of claims attributable to changes in default risk was €24m (previous year: €−130m) and amounted cumulatively to €−148m (previous year: €−166m).

The change in the fair value of the related risk-limiting credit derivatives amounted to €30m in the financial year 2010 (previous year: €28m) and amounted cumulatively to €−2m (previous year: €−22m).

For liabilities to which the fair value option was applied, the change in fair value for credit-risk reasons was €−293m for the 2011 financial year (previous year: €−89m). The cumulative change was €−359m (previous year: €−138m). The repayment amount of the financial liabilities measured at fair value was €4,501m (previous year: €8,625m).

The credit risk-specific changes in the fair value of the claims and liabilities were primarily calculated as changes in fair values less value changes resulting from market conditions.

The fair value option was also used for financial instruments if their management and performance is measured on a fair value basis. This applied chiefly to repurchase agreements, money market transactions and cash collaterals paid and received. The following balance sheet items were affected:

	31.12.2011	31.12.2010	Change in %
		€m	
Claims on banks	23,779	48,073	−50.5
Claims on customers	23,244	27,611	−15.8
Financial investments	721	1,461	−50.7
Total assets	**47,744**	**77,145**	**−38.1**
Liabilities to banks	12,996	41,882	−69.0
Liabilities to customers	30,356	18,358	65.4
Securitised liabilities	—	—	.
Subordinated and hybrid capital	—	—	.
Total liabilities	**43,352**	**60,240**	**−28.0**

There were no significant changes in the fair values of assets and liabilities arising from default risk, since these consisted of short-term money market transactions and collaterals in securities lending business. Furthermore, for €40,535m of financial assets at fair value through profit or loss (reverse repos after netting; previous year: €64,554m) we received €48,642m (previous year: €78,988m) of securities as collateral to reduce counterparty risk.

The repayment amount of financial liabilities at fair value through profit or loss was €43,284m (previous year: €60,260m).

Risk Management

(83) Risk management

Risk management is an essential component of all Commerzbank business processes and is designed to support the management of the bank. Risks are identified, measured and then managed and monitored in line with the Bank's risk appetite.

Commerzbank defines risk as the danger of possible losses or profits foregone due to internal or external factors. In risk management we normally distinguish between quantifiable risks – those to which a value can normally be attached in financial statements or in regulatory capital requirements – and non-quantifiable types of risk such as reputational and compliance risk.

The Bank's Chief Risk Officer (CRO) is responsible for implementing the Group's risk policy guidelines for quantifiable risks laid down by the Board of Managing Directors. The CRO regularly reports to the Board of Managing Directors and the Risk Committee of the Supervisory Board on the overall risk situation within the Group.

Risk management activities are split between Credit Risk Management, Market Risk Management, Intensive Care and Risk Controlling, and Capital Management, all of which span across the group and report directly to the CRO. The heads of these four risk management divisions together with the CRO make up the Risk Management Board within Group Management.

The Chairman of the Board of Managing Directors (CEO) bears responsibility for controlling risks related to the Bank's business strategy and reputational risks. The Chief Financial Officer (CFO) assumes responsibility for controlling compliance risk with particular regard to investor protection, insider guidelines and money laundering. The nature and scale of the risks arising from financial instruments are set out in the risk report.

(84) Default risk

The Commerzbank rating and scoring methods, in use for all key credit portfolios, form the basis for measuring default risks. Both the calibration of the probabilities of default assigned to individual counterparties or loans and the evaluation of collateral are based on an analysis of historical data from the Commerzbank portfolio. The basis for the annual recalibration of the methods is the experience of the current year.

Rating breakdown

The Commerzbank rating method comprises 25 rating levels for loans not in default (1.0 to 5.8) and 5 default classes (6.1 to 6.5). The Commerzbank master scale allocates a non-overlapping range of probabilities of default that are stable over time to each rating class. The rating methods are subject to annual validation and recalibration so that they reflect the latest projection based on all actual observed defaults.

Commerzbank master scale

Commerzbank AG rating	PD and EL mid-point as percentage	PD and EL range as percentage	S&P		
1.0	0	0	AAA	AAA	Investment grade
1.2	0.01	0–0.02			
1.4	0.02	0.02–0.03	AA+	AA	
1.6	0.04	0.03–0.05	AA, AA–		
1.8	0.07	0.05–0.08	A+, A	A	
2.0	0.11	0.08–0.13	A–		
2.2	0.17	0.13–0.21	BBB+	BBB	
2.4	0.26	0.21–0.31	BBB		
2.6	0.39	0.31–0.47			
2.8	0.57	0.47–0.68	BBB–		
3.0	0.81	0.68–0.96	BB+	BB	Non-investment grade
3.2	1.14	0.96–1.34	BB		
3.4	1.56	1.34–1.81			
3.6	2.10	1.81–2.40	BB–		
3.8	2.74	2.40–3.10	B+	B	
4.0	3.50	3.10–3.90			
4.2	4.35	3.90–4.86	B		
4.4	5.42	4.86–6.04			
4.6	6.74	6.04–7.52			
4.8	8.39	7.52–9.35	B–		
5.0	10.43	9.35–11.64			
5.2	12.98	11.64–14.48	CCC+	CCC	
5.4	16.15	14.48–18.01			
5.6	20.09	18.01–22.41	CCC to CC–		
5.8	47.34	22.41–99.99			
6.1		>90 days past due	C, D-I, D-II		Default
6.2		Imminent insolvency			
6.3	100	Restructuring with recapitalisation			
6.4		Termination without insolvency			
6.5		Insolvency			

Consistent with the master scale method, the default ranges assigned to the ratings within the Commerzbank master scale remain unchanged for the purpose of comparability (stable over time and for the portfolio). External ratings are shown as well for guidance. A direct reconciliation is not possible, however, because for external ratings the observed default rates of different portfolios fluctuate from year to year.

The credit approval authorities of both individual staff and the committees (Board of Managing Directors, credit committee, credit sub-committees) are graduated by size of exposure and rating group. The most important control variable for default risk is expected losses (EL) as derived from the ratings. The credit risk strategy sets target values for individual sub-portfolios. This ensures that the expected risk provision is kept in line with the strategic objectives of the Bank, such as the target rating from rating agencies or the target portfolio quality and structure.

(85) Market risk

Market risk is the risk of financial losses due to changes in market prices (interest rates, commodities, credit spreads, exchange rates and equity prices) or in parameters that affect prices such as volatilities and correlations. The losses may impact profit or loss directly, e.g. in the case of trading book positions, or they may be reflected in the revaluation reserve or in hidden liabilities/reserves in the case of banking book positions. We also monitor market liquidity risk, which covers cases where it is not possible for the Bank to liquidate or hedge risky positions in a timely manner and to the desired extent on acceptable terms as a result of insufficient liquidity in the market.

Market risk is managed by means of a sophisticated system of limits, combined with reliable and optimized methods for measuring and monitoring. Commerzbank uses economic capital (risk-taking capability) and business expectations to establish its market risk limits, which ensures a risk/reward-based management of market risk. The extent to which the limits are used, together with the relevant P&L figures, is reported daily to the Board of Managing Directors and the various heads of divisions.

For the daily quantification and monitoring of market risk, especially that arising in proprietary trading, statistical methods are used to calculate the value at risk (VaR). The underlying statistical parameters for the regulatory capital adequacy requirements are based on an observation period of the past 254 trading days, a 10-day holding period and a confidence level of 99%. For internal market risk management the same observation period is used, with a 1-day holding period and a confidence level of 97.5%. The value at risk models are being constantly adapted to the changing environment.

As a result of the takeover of Dresdner Bank and with the agreement of the German Federal Financial Supervisory Authority (BaFin) Commerzbank temporarily used two parallel market risk models which had both been approved by the supervisory authorities to determine its regulatory capital adequacy requirements in the first three quarters of 2011. For the positions of the old Commerzbank general market risk was calculated on the basis of an historical simulation, while specific interest rate risk (specific market risk) was calculated by means of a variance/covariance approach. For the positions of the former Dresdner Bank we used a VaR model based on historical data with a stochastic Gaussian normal distribution assumption. At the end of December 2011 the Federal Financial Supervisory Authority (BaFin) gave Commerzbank the authorisation to use the newly developed internal VaR model on the basis of an historical simulation to calculate both general market risk and specific interest rate risk. Commerzbank has been using this model since the fourth quarter of 2011 to calculate market risk and the capital adequacy requirements. The model includes methods and processes to calculate additional market risk indicators (Stressed VaR, Equity Event VaR and Incremental Risk Charge) to meet the Basel 2.5 regulatory requirements as of December 31, 2011.

Commerzbank is now using the same market risk model based on an historical simulation for internal risk management and for calculating regulatory capital. This ensures that risk measurement is consistent across the whole Group and will meet the future requirements of Basel III.

The reliability of the internal model in use at any time is regularly checked using backtesting methods. Apart from meeting supervisory requirements, the aim is to assess and steadily improve forecasting quality. The number of significant deviations is also used by the supervisory authorities as the basis for the evaluation of the internal risk models.

The table below shows the group-wide regulatory market risk of the trading portfolio including the foreign exchange risks of the banking book, as used for calculating capital requirements. The value at risk shows the potential losses which will not be exceeded with a 99% degree of probability for a holding period of 10 days:

Group	**31.12.2011**	**31.12.2010**
	€m	
Minimum	119.3	165.2
Median	210.1	236.1
Maximum	323.2	320.8
Year-end figure	**186.9**	**250.4**

Because the value at risk concept forecasts potential losses under normal market conditions, Commerzbank also calculates stress tests to cover possible extreme scenarios. Stress tests are intended to simulate the impact of crises and extreme market conditions.

Stress tests performed across portfolios simulate the impact of historical and conceivable future crisis scenarios on the Group as a whole. The overall picture is rounded off by monthly specific scenario analyses for each asset class (e.g. hypothetical interest rate, equity, foreign exchange and credit spread scenarios).

Stress tests by division, adjusted to the risk factors of the individual portfolios, are also used.

(86) 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 manage them are included in the measurement of interest rate risk.

The interest rate risks at Group level are currently measured using a net present value approach.

The impact of an interest rate shock on the economic value of the Group's banking books is simulated monthly in compliance with regulatory requirements. In accordance with the Banking Directive, the Federal Financial Supervisory Authority (BaFin) has prescribed a uniform unexpected change in interest rates to be used by all banks, which have to report on the results of this stress test every quarter.

BaFin amended the change in interest rates to be used to +200 basis points and −200 basis points at the end of 2011. The +200 basis point scenario produced a potential loss of €2,052m and the −200 basis point scenario a potential profit of €1,829m. These figures include the exposures of Commerzbank Aktiengesellschaft together with the subsidiaries Eurohypo Aktiengesellschaft and comdirect bank Aktiengesellschaft. The Bank was well below the defined threshold for a potential decline in equity (20% for "outlier" banks).

(87) Operational risk

Operational risk (OpRisk) at Commerzbank is based on the German Solvency Regulation (SolvV) and is defined as the risk of loss resulting from the inadequacy or failure of internal processes and systems, people or from external events. This definition includes legal risks; it does not cover reputational risks or strategic risks.

The Operational Risk Committee is kept regularly informed about the risk situation. It deals in particular with the management of operational risks within the Group. The aim is to optimise the expected loss from OpRisk from a cost-benefit perspective and to minimise the potential for unexpected loss. In so doing, the Operational Risk Committee takes an end-to-end view of the processes within the Bank with the aim of recognising risks in a timely manner. The Operational Risk Committee also deals with all issues relating to the implementation of AMA (the Advanced Management Approach) in the Group and arising from the Minimum Requirements for Risk Management (MaRisk) regulations with regard to operational risk. It is in particular responsible for the implementation of the guidelines under section 280 SolvV, which is the operational responsibility of Group Risk Control & Capital Management (GRM-CC).

The Group's operational risk profile, expressed in terms of the events incurred (losses and provisions) per event category under section 287 SolvV, shows that around 92% of the losses fall into the event category of product-related losses. GRM-CC conducts regular benchmarking of the values to data from the operational risk data exchange ORX and to public data; these confirm the high proportion of product-related losses on the market.

OpRisk events	**31.12.2011**		**31.12.2010**	
	€m	%	€m	%
Internal fraud	2.9	1.2	9.9	3.6
External fraud	8.9	3.6	8.6	3.1
Material damage and system failures	0.6	0.2	1.6	0.6
Product-related losses	230.7	92.2	195.8	71.4
Procedural errors	6.5	2.6	56.2	20.5
Errors relating to employment conditions	0.7	0.3	2.3	0.8
Group	**250.3**	**100.0**	**274.4**	**100.0**

(88) Concentration of credit risk

Concentrations of credit risk may arise through business relations with individual borrowers or groups of borrowers which share a number of features and which are individually able to service debt and are influenced to the same extent by changes in certain overall economic conditions. Besides obtaining collateral and applying a uniform lending policy, the Bank has entered into a number of master netting agreements to minimise credit risks. These give the Bank the right to net claims on and liabilities to a customer in the event of the default or insolvency of that customer. The carrying values of credit risks relating to claims on customers were as follows at December 31, 2011:

	Claims	
	31.12.2011	**31.12.2010**
	€m	
Customers in Germany	**192,645**	**207,690**
Corporate customers	98,876	97,316
Manufacturing	20,833	22,291
Construction	2,264	2,489
Trading	8,706	8,845
Services and others	67,073	63,691
Public sector	25,707	35,574
Private Customers	68,062	74,800
Customers outside Germany	**111,854**	**129,182**
Corporate and retail customers	103,059	120,285
Public sector	8,795	8,897
Sub-total	**304,499**	**336,872**
less valuation allowances	−7,913	−9,117
Total	**296,586**	**327,755**

The carrying values of credit risks relating to contingent liabilities and irrevocable lending commitments were as at December 31, 2011:

	Contingent liabilities, irrevocable lending commitments	
	31.12.2011	**31.12.2010**
	€m	
Customers and banks in Germany	**43,288**	**46,424**
Banks	749	1,374
Corporate customers	39,769	42,811
Manufacturing	10,939	15,082
Construction	1,091	1,769
Trading	4,217	3,239
Services and others	23,522	22,721
Public sector	67	379
Private Customers	2,703	1,860
Customers and banks outside Germany	**48,291**	**52,794**
Banks	9,906	9,102
Corporate and retail customers	37,691	43,051
Public sector	694	641
Sub-total	**91,579**	**99,218**
less provisions	−451	−556
Total	**91,128**	**98,662**

The book values of credit risk concentrations in loans and receivables, contingent liabilities and irrevocable lending commitments listed above do not form the basis for the internal management of credit risk, as credit risk management also takes account of collateral, probabilities of default and other economic factors. To this extent these amounts are therefore not representative of the Bank's assessment of its actual credit risk.

(89) Maximum credit risk

The maximum credit risk exposure in accordance with IFRS 7 – excluding collateral or other credit enhancements – is equal to the carrying amount of the relevant assets in each class, or the nominal value in the case of irrevocable lending commitments and contingent liabilities. The table below shows the carrying amounts or nominal values of financial instruments with a potential default risk:

Maximum credit risk	**31.12.2011**	**31.12.2010**	Change in %
		€m	
Bonds, notes and other interest-rate-related securities under	114,492	145,608	– 21.4
Trading assets	21,966	32,115	– 31.6
Financial investments	92,526	113,493	– 18.5
Claims on banks	88,032	110,956	– 20.7
Claims on customers	304,499	336,872	– 9.6
Positive fair values of derivative financial instruments	128,739	128,704	0.0
Trading assets	123,607	123,743	– 0.1
Hedging instruments under IAS 39	5,132	4,961	3.4
Other trading assets	424	263	61.2
Irrevocable lending commitments	53,911	60,566	– 11.0
Contingent liabilities	37,217	38,096	– 2.3

The maximum credit risk exposures listed above do not form the basis for the management of credit risk internally, as credit risk management also takes account of collateral, probabilities of default and other economic factors. To this extent these amounts are therefore not representative of the Bank's assessment of its actual credit risk.

The collateral for the exposures in the white and grey book, which is taken into account in risk management, is mostly held by Commerzbank Aktiengesellschaft, Eurohypo Aktiengesellschaft and BRE Bank and totals around €116bn. In the Private Customers segment, the collateral predominantly consists of mortgages on owner-occupied and buy-to-let residential property. In the Mittelstandsbank, collateral is spread over various types of security. They mainly relate to mortgages on commercial properties and various forms of guarantees. The portfolio in the Central & Eastern Europe segment is mainly backed by mortgages, in both retail and commercial businesses. The collateral in the Corporates & Markets portfolio principally comprises assignments and pledging of assets. In Asset Based Finance, collateral mainly relates to commercial land charges and also to charges on owner-occupied and buy-to-let properties.

The exposures of Deutsche Schiffsbank Aktiengesellschaft are mostly backed by ship mortgages.

(90) Liquidity ratio of Commerzbank Aktiengesellschaft

The liquidity of a bank is considered adequate if the liquidity ratio is not lower than 1. The liquidity ratio is the ratio between the funds available from the reporting date up to the end of the following month (first maturity bracket) and the outflows expected during this period. The standardised approach under the German Liquidity Regulation was used by Commerzbank Aktiengesellschaft in 2011.

As at December 31, 2011 the liquidity ratio calculated by Commerzbank Aktiengesellschaft was 1.17 (previous year: 1.08). Excess liquidity from the first maturity bracket was €29.0bn (previous year: €20.4bn). The following are the liquidity ratios for Commerzbank Aktiengesellschaft in 2011:

	Month-end level		**Month-end level**
January	1.09	July	1.05
February	1.08	August	1.07
March	1.15	September	1.10
April	1.10	October	1.12
May	1.10	November	1.10
June	1.07	December	1.17

Other notes

(91) Subordinated assets

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

	31.12.2011	**31.12.2010**	Change in %
		€m	
Claims on banks	56	66	– 15.2
Claims on customers	564	529	6.6
Trading assets	147	222	– 33.8
Financial investments	519	41	.
Total	**1,286**	**858**	**49.9**
of which on or in banks in which an equity holdings exists	—	1	– 100.0

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

(92) Contingent liabilities and irrevocable lending commitments

The Commerzbank Group extends credit facilities to its customers, granting them rapid access to funds to meet their short-term and long-term financing needs. The credit facilities can be provided in different forms, as shown in the following examples:

- Guarantees, where the Group guarantees the repayment of a loan borrowed by a customer from another party;
- Standby letters of credit, which enhance a customer's credit standing and enable the customer to obtain trade finance at a lower cost;
- Documentary credits for trade finance payments, which are made on behalf of a customer and where the Group is reimbursed at a later date;
- Standby facilities for short-term debt instruments and debt paper issued on a revolving basis, which enable customers to issue money market paper or medium-term debt instruments when needed without having to go through the normal issue procedure every time.

Customers' total exposure under loans and guarantees may be secured by collateral. In addition third parties may have sub-participations in irrevocable lending commitments and guarantees.

The figures listed in the table below would only have to be written off, if all customers utilised their facilities completely and then defaulted (and there was no collateral). However, in practice the majority of these facilities expire without ever being utilised. As a result these amounts are unrepresentative in terms of assessing risk, the actual future loan exposure or resulting liquidity requirements. The risk report contains further information on credit risk arising from financial guarantee contracts and irrevocable lending commitments as well as on the monitoring and management of liquidity risks.

	31.12.2011	31.12.2010	Change in %
		€m	
Contingent liabilities	**37,217**	**38,096**	**−2.3**
from rediscounted bills of exchange credited to borrowers	1	3	−66.7
from guarantees and indemnity agreements	37,160	38,087	−2.4
Credit guarantees	3,085	3,632	−15.1
Other guarantees	26,368	27,256	−3.3
Letters of credit	7,274	6,939	4.8
Guarantees for ABS securitisations	—	—	.
Other warranties	433	260	66.5
Other commitments	56	6	.
Irrevocable lending commitments	**53,911**	**60,566**	**−11.0**
Book credits to banks	1,332	1,442	−7.6
Book credits to customers	51,121	56,058	−8.8
Acceptance credits	1,429	3,016	−52.6
Letters of credit	29	50	−42.0
Total	**91,128**	**98,662**	**−7.6**

The maturities of contingent liabilities and irrevocable lending commitments were as follows:

	31.12.2011	31.12.2010	Change in %
		€m	
Due on demand	2,284	2,307	−1.0
Up to 3 months	30,925	29,641	4.3
More than 3 months up to 1 year	20,254	20,729	−2.3
More than 1 year up to 5 years	34,617	41,322	−16.2
More than 5 years	3,048	4,663	−34.6
Total	**91,128**	**98,662**	**−7.6**

Loan loss provisions for off balance-sheet commitments have been deducted from the respective items in these tables.

(93) Repurchase agreements (repo and reverse repo transactions), securities lending and cash collaterals

Under its repurchase agreements, the Commerzbank Group sells or purchases securities with the obligation to repurchase or return them. The money received from repurchase agreements where we are the borrower (i.e. where we are under an obligation to take the securities back) is shown in the balance sheet as a liability to banks or customers. The securities delivered to the lender continue to be reported in the balance sheet in accordance with their relevant category. As lender the Commerzbank Group recognises a claim on the borrower equal to the cash collateral it has paid out. We hold the securities, which are the collateral for the transaction, in custody.

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 assets or under financial investments, whereas borrowed securities do not appear in the balance sheet. We report cash collateral which we have furnished for securities lending transactions (cash collateral out) as a claim and collateral received as a liability (cash collateral in). Cash collateral outs are also deposited as security in connection with derivative transactions.

The repurchase agreements and securities lending transactions concluded up to the balance sheet date and the cash collaterals break down as follows:

	31.12.2011	31.12.2010	Change in %
		€m	
Repurchase agreements as a borrower			
Carrying amount of securities transferred	37,697	57,166	–34.1
Cash collaterals received			
Liabilities to banks	9,164	28,481	–67.8
Liabilities to customers	20,529	13,923	47.4
Securities lent in securities lending transactions			
Carrying amount of securities transferred	12,699	14,005	–9.3
Cash collaterals received			
Liabilities to banks	9,821	15,535	–36.8
Liabilities to customers	7,680	4,183	83.6
Sum of the carrying amounts of securities transferred	**50,396**	**71,171**	**–29.2**
Sum of collaterals received	**47,194**	**62,122**	**–24.0**
Repurchase agreements as a lender			
Fair value of securities received	50,002	81,478	–38.6
Cash collaterals paid			
Claims on banks	24,082	40,528	–40.6
Claims on customers	17,922	25,148	–28.7
Securities borrowed in securities lending transactions			
Fair value of securities received	12,491	28,914	–56.8
Cash collaterals paid[1]			
Claims on banks	27,524	28,159	–2.3
Claims on customers	8,120	4,815	68.6
Sum of fair values from securities received	**62,493**	**110,392**	**–43.4**
Sum of collaterals given	**77,648**	**98,650**	**–21.3**

[1] Including cash collateral paid out in connection with derivatives.

The carrying value of securities lent was €12,699m (previous year: €14,005m), against which there were related liabilities of €17,501m (previous year: €19,718m) as well as securities of €583m (previous year: €1,721m) as collateral. The claims and liabilities from repurchase agreements are shown after netting.

(94) Collateral received

The fair value of collaterals received, which the Bank has a right to sell on or pledge even where the provider does not default, were as follows:

	31.12.2011	31.12.2010	Change in %
		€m	
Total amount of collaterals received	93,218	135,068	–31.0
of which			
Sold on or repledged	30,726	24,676	24.5
of which			
Subject to an obligation to return	—	—	.

The transactions were carried out on standard market terms for securities lending and repurchase transactions and loan transactions.

(95) Fiduciary transactions

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

	31.12.2011	31.12.2010	Change in %
		€m	
Claims on banks	53	303	−82.5
Claims on customers	728	838	−13.1
Other assets	492	495	−0.6
Fiduciary assets	**1,273**	**1,636**	**−22.2**
Liabilities to banks	66	67	−1.5
Liabilities to customers	1,207	1,569	−23.1
Fiduciary liabilities	**1,273**	**1,636**	**−22.2**

(96) Capital requirements and capital ratios

The amended German Banking Act and the Solvency Regulation, which implemented the Basel II Capital Accord in Germany, impose obligations on the German banks to maintain minimum capital ratios. Banks are required to maintain a minimum ratio of capital to risk-weighted assets of 8% (total capital ratio). A minimum requirement of 4% applies for the ratio of Tier I capital to risk-weighted assets (Tier I capital ratio).

A bank's total capital is made up of Tier I, Tier II and Tier III capital. Core Tier I capital consists largely of subscribed capital plus reserves, non-controlling interests and the silent participations of SoFFin, less certain items such as goodwill, equity holdings and intangible assets. Adding hybrid capital gives us Tier 1 capital. Tier II capital comprises profit-sharing certificates and subordinated long-term liabilities. The changes to the German Banking Act (KWG) and the Solvency Regulation made by the Capital Requirements Directive III have further tightened up the regulatory treatment of capital deduction items and the charges for risk-weighted assets.

At the same time the European Banking Authority announced a EU-wide capital exercise which introduced a new capital requirement for Europe's major banks. This requires banks to meet a core Tier I ratio of 9% by June 30, 2012 after marking their sovereign bond exposures to market.

Commerzbank seeks to achieve the following objectives in managing its capital:

- Adherence to the statutory minimum capital requirements at Group level and in all companies included in the regulatory Group,
- Ensuring that the planned capital ratios are met, including the new EBA requirements,
- Provision of sufficient reserves to guarantee the Bank's freedom of action at all times,
- Strategic allocation of Tier I capital to business segments and divisions in order to exploit growth opportunities.

During the financial crisis the importance of adequate Tier I capital levels for banks has become an issue of increasing public concern. At Commerzbank Tier I capital has always been a key management target. The Bank's specifications for the capital ratios far exceed the minimum statutory requirements. The Bank's risk-taking capability and market expectations play an important role in determining the internal capital ratio targets. As a result Commerzbank has set a target corridor for regulatory capital; this is currently approximately 9% to 10% for Tier I capital and 10.5% to 12.5% for total capital. Beyond this, however, Commerzbank plans to meet the increased requirements for core Tier I capital announced by the EBA and BaFin by June 30, 2012.

Tier I capital is allocated via a regular process which takes account of the Bank's strategic direction, profitable new business opportunities in the core business of each banking department as well as risk appetite issues.

All measures relating to the Bank's capital – whether the issue of equity or any potential repurchase of shares – are proposed by the Bank's central asset-liability committee and approved by the Board of Managing Directors, subject to the authorisation granted by the AGM.

In the past year Commerzbank met the minimum statutory capital requirements as well as the much stricter requirements of SoFFin at all times. The structure of the Commerzbank Group's capital was as follows:

	31.12.2011	31.12.2010	Change in %
		€m	
Tier I capital			
Subscribed capital	5,113	3,047	67.8
Reserves, non-controlling interests, treasury shares	17,430	8,276	.
Silent participations	1,937	16,428	–88.2
Hybrid capital	2,746	4,999	–45.1
Other	–1,037	–1,023	1.4
Total	**26,189**	**31,727**	**–17.5**
Tier II capital			
Hybrid capital	—	—	.
Profit-sharing certificates	726	674	7.7
Reserves in securities (amount reported: 45%)	61	148	–58.8
Subordinated liabilities	10,533	9,328	12.9
Other	–949	–1,020	–7.0
Total	**10,371**	**9,130**	**13.6**
Tier III capital	**—**	**—**	**.**
Eligible equity	**36,560**	**40,857**	**–10.5**

The changes in Tier I capital largely reflect the capital increase carried out in 2011. A substantial portion of the SoFFin silent participation was repaid as a result of this capital increase. We also bought back hybrid capital and issued new subordinated debt.

The fall in credit risk-weighted assets was largely due to a reduction in non-strategic business. The changes deriving from CRD III effective December 31, 2011 led to a significant increase in the capital requirement for market risk in particular.

	Capital adequacy requirement		risk-weighted assets[1]		
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	Change in %
			€m		
Credit risk	15,182	18,595	189,769	232,438	–18.4
Market risk	1,640	1,059	20,500	13,238	54.9
Operational risk	2,106	1,746	26,325	21,825	20.6
Total	**18,928**	**21,400**	**236,594**	**267,500**	**–11.6**
Eligible equity	36,560	40,857			–10.5
Tier I capital ratio (%)	11.1	11.9			
Total capital ratio (%)	15.5	15.3			

[1] Risk-weighted assets are calculated by multiplying the capital requirements by 12.5.

The reconciliation of reported equity with eligible capital is as follows:

31.12.2011	Tier I capital/ Equity	Tier II capital/ subordinated capital	**Total**
		€m	
Reported in balance sheet	24,803	13,285	38,088
Revaluation reserve	2,511		2,511
Cash flow hedge reserve	810		810
Non-controlling interests not to be shown in Tier I capital (incl. revaluation reserve, cash flow hedge reserve), changes in the group of consolidated companies and goodwill	−1,686		−1,686
Other capital subject to a 15% limit	1,114		1,114
Other capital subject to a 35% limit	1,632		1,632
Reclassification from silent participations to other capital	−750		−750
Parts of subordinated capital not eligible due to limited residual term		−1,210	−1,210
Deferred revaluation reserves for securities		61	61
Other	−2,245	−1,765	−4,010
Eligible equity	**26,189**	**10,371**	**36,560**

(97) Securitisation of loans

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. The hedging effect of a credit derivative may relate both to individual loans or securities and to entire portfolios of loans or securities. As a rule, security is furnished by means of a synthetic securitisation by credit default swap (CDS) and/or by credit-linked notes (CLNs). This enables us to achieve three important goals:

– Risk diversification (reduction of credit risks in the portfolio, especially concentration risks),

– Easing the burden on equity capital (the transfer of credit risks to investors leads to a reduction in the regulatory capital requirements under the Solvency Regulation) and

– Funding (use of securitisation as an alternative funding instrument to unsecured bearer bonds).

As of the 2011 financial year-end, the Commerzbank Group (Commerzbank Aktiengesellschaft and one subsidiary) had launched six securitisation programmes as the buyer of protection.

The range of legal maturity dates stretches from 9 to 76 years. A total of €5.6bn loans to customers had been securitised by end-December 2011. This reduced the Bank’s risk-weighted assets by €1.7bn.

Name of transaction	**Buyer of protection**	**Year transacted**	**Contract period of transactions**	**Type of claim**	**Total lending**	**Reduction of risk-weighted assets**
			in years		€m	€m
Cosmo Finance 2007-1	Commerzbank Aktiengesellschaft	2007	20	Mittelstand customers	1,951	490
Cosmo Finance 2008-1	Commerzbank Aktiengesellschaft	2008	14	Mittelstand customers	1,498	552
Cosmo II-1 Ltd.	Commerzbank Aktiengesellschaft	2011	9	Mittelstand customers	990	347
Provide GEMS 2002-1 PLC	Eurohypo Aktiengesellschaft	2002	45	Residential real estate portfolio	170	39
Semper Finance 2006-1	Eurohypo Aktiengesellschaft	2006	76	Project Castle – commercial real estate portfolio	645	154
Semper Finance 2007-1	Eurohypo Aktiengesellschaft	2007	36	Commercial real estate portfolio	385	89
					5,639	**1,671**

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

	2011			2010		
	Total	Male	Female	Total	Male	Female
Group	55,917	27,097	28,820	57,676	31,141	26,535
in Germany	42,377	20,977	21,400	43,378	21,776	21,602
outside Germany	13,540	6,120	7,420	14,298	9,365	4,933

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 was 62% (previous year: 59%) of the standard working time.

	2011			2010		
	Total	Male	Female	Total	Male	Female
Trainees	2,503	1,227	1,276	2,616	1,313	1,303

(99) Related party transactions

a) Business relationships

As part of its normal business Commerzbank Aktiengesellschaft and/or its consolidated companies do business with related entities and persons. These include parties that are controlled but not consolidated for reasons of materiality, companies accounted for using the equity method, equity holdings, external providers of occupational pensions for employees of Commerzbank Aktiengesellschaft, key management personnel and members of their families as well as companies controlled by these persons. Key management personnel refers exclusively to members of Commerzbank Aktiengesellschaft's Board of Managing Directors and Supervisory Board who were active during the financial year.

As the guarantor of the Financial Market Stabilisation Authority (FMSA), which administers the Financial Market Stabilisation Fund (SoFFin), the German federal government holds a stake of 25% plus 1 share in Commerzbank Aktiengesellschaft, which gives it the potential to exert significant influence over the Bank. As a result the German federal government and entities controlled by it constitute related parties as defined by IAS 24. In the tables below we present relationships with federal government-controlled entities and agencies separately from relationships with other related parties. Assets, liabilities and off-balance sheet items involving related parties (excluding federal agencies) changed as follows in the year under review:

Assets	**31.12.2011**	**31.12.2010**	Change in %
	€m		
Claims on banks	**343**	**617**	−44.4
Subsidiaries	—	—	.
Holdings in companies accounted for using the equity method and holdings in related companies	343	617	−44.4
Claims on customers	**1,876**	**1,359**	38.0
Subsidiaries	600	321	86.9
Holdings in companies accounted for using the equity method and holdings in related companies	1,270	1,032	23.1
Key management personnel	2	3	−33.3
Other related entities/persons	4	3	33.3
Trading assets	**1**	**1,285**	−99.9
Subsidiaries	—	1,285	−100.0
Holdings in companies accounted for using the equity method and holdings in related companies	1	—	.
Other related entities/persons	—	—	.
Financial investments	**105**	**82**	28.0
Subsidiaries	64	69	−7.2
Holdings in companies accounted for using the equity method and holdings in related companies	5	9	−44.4
Other related entities/persons	36	4	.
Other assets	**426**	**298**	43.0
Subsidiaries	—	—	.
Holdings in companies accounted for using the equity method and holdings in related companies	426	298	43.0
Total	**2,751**	**3,641**	−24.4

Liabilities and equity	31.12.2011	31.12.2010	Change in %
		€m	
Liabilities to banks	**2**	**5**	−60.0
Subsidiaries	—	—	.
Holdings in companies accounted for using the equity method and holdings in related companies	2	5	−60.0
Liabilities to customers	**1,236**	**983**	25.7
Subsidiaries	106	208	−49.0
Holdings in companies accounted for using the equity method and holdings in related companies	371	117	.
Key management personnel	8	10	−20.0
Other related entities/persons[1]	751	648	15.9
Trading liabilities	**8**	**2,021**	−99.6
Subsidiaries	—	2,021	−100.0
Holdings in companies accounted for using the equity method and holdings in related companies	8	—	.
Other related entities/persons	—	—	.
Subordinated capital	**622**	**624**	−0.3
Subsidiaries	—	—	.
Holdings in companies accounted for using the equity method and holdings in related companies	—	—	.
Other related entities/persons[1]	622	624	−0.3
Other liabilities	**23**	**16**	43.8
Subsidiaries	19	9	.
Holdings in companies accounted for using the equity method and holdings in related companies	4	7	−42.9
Total	**1,891**	**3,649**	−48.2

[1] Prior-year figures restated.

The total liabilities to other related companies include €1.2bn (previous year: €1.3bn) for external pension providers.

Off-balance sheet items	31.12.2011	31.12.2010	Change in %
		€m	
Guarantees and collaterals granted to	**146**	**590**	−75.3
Subsidiaries	41	36	13.9
companies accounted for using the equity method and holdings in related companies	105	554	−81.0
Key management personnel	—	—	.
Other related entities/persons	—	—	.
Guarantees and collaterals received from	**7**	**7**	0.0
Subsidiaries	7	7	0.0
companies accounted for using the equity method and holdings in related companies	—	—	.
Key management personnel	—	—	.
Other related entities/persons	—	—	.

The following income arose from loan agreements with, deposits from and services provided in connection with related parties (excluding federal agencies):

Income	1.1.-31.12.2011	1.1.-31.12.2010	Change in %
		€m	
Non-consolidated subsidiaries			
Interest income	44	60	−26.7
Commission income	8	2	.
Goods and services	—	—	.
Holdings in companies accounted for using the equity method and holdings in related companies			
Interest income	113	114	−0.9
Commission income	9	12	−25.0
Goods and services	—	—	.
Key management personnel			
Interest income	—	—	.
Commission income	—	—	.
Goods and services	—	—	.
Other related entities/persons			
Interest income	2	—	.
Commission income	—	—	.
Goods and services	—	—	.
Totals			
Interest income	159	174	−8.6
Commission income	17	14	21.4
Goods and services	—	—	.

The expenses from loan agreements with, deposits from and services provided in connection with related parties (excluding federal agencies) are shown in the table below.

The operating expenses under key management personnel relate to remuneration of board members reported as personnel expense and salaries of the employee representatives on the Supervisory Board employed by the Commerzbank Group. They also include remuneration paid to the members of the Supervisory Board. The taxes item relates to VAT reimbursed to members of the Board of Managing Directors and Supervisory Board.

Expenses	1.1.-31.12.2011	1.1.-31.12.2010	Change in %
		€m	
Non-consolidated subsidiaries			
Interest expense	1	—	.
Commission expense	30	33	−9.1
Goods and services	14	48	−70.8
Write-downs/impairments	—	—	.
Holdings in companies accounted for using the equity method and holdings in related companies			
Interest expense	8	—	.
Commission expense	16	—	.
Goods and services	12	9	33.3
Write-downs/impairments	—	—	.
Key management personnel			
Interest expense	—	—	.
Commission expense	—	—	.
Operating expenses	8	7	14.3
Goods and services	—	—	.
Write-downs/impairments	—	—	.
Taxes	—	—	.

Expenses	1.1.-31.12.2011	1.1.-31.12.2010	Change in %
		€m	
Other related entities/persons			
Interest expense	54	56	−3.6
Commission expense	—	—	.
Goods and services	—	—	.
Write-downs/impairments	—	—	.
Totals			
Interest expense	63	56	12.5
Commission expense	46	33	39.4
Operating expenses	8	7	14.3
Goods and services	26	57	−54.4
Write-downs/impairments	—	—	.
Taxes	—	—	.

Claims on key management personnel were as follows:

	31.12.2011	31.12.2010	Change in %
		€1,000	
Board of Managing Directors	1,773	2,647	−33.0
Supervisory Board	322	484	−33.5
Total	**2,095**	**3,131**	**−33.1**

Members of the Board of Managing Directors have been granted cash advances and loans with terms ranging from on demand to a due date of 2042 and at interest rates ranging between 3.2% and 8.3%, for amounts overdrawn in certain cases up to 10.9%. Collateral security is provided on normal market terms, if necessary through land charges or rights of lien.

Members of the Supervisory Board have been granted loans with terms ranging from on demand up to a due date of 2037 and at interest rates ranging between 2.6% and 6.3%, and on amounts overdrawn in certain cases up to 10.9%. Collateral security is provided on normal market terms, if necessary through land charges or rights of lien.

With the exception of rental guarantees the companies of the Commerzbank Group did not have any contingent liabilities relating to members of the Board of Managing Directors or the Supervisory Board in the year under review.

Banking transactions with related parties are carried out on normal market terms and conditions.

Transactions with federal agencies

The Commerzbank Group conducts transactions with federal government-controlled entities as part of its ordinary business activities on standard market terms and conditions. Details of the relationship with SoFFin are contained in Note 73. The table below sets out the assets and liabilities relating to transactions with federal agencies as at December 31, 2011:

	31.12.2011	31.12.2010	Change in %
		€m	
Cash reserve	1,179	1,111	6.1
Claims on banks	286	726	– 60.6
Claims on customers	3,349	2,991	12.0
Trading assets	3,576	5,040	– 29.0
Financial investments	3,865	7,079	– 45.4
Total	**12,255**	**16,947**	**– 27.7**
Liabilities to banks	13,390	15,262	– 12.3
Liabilities to customers	256	88	.
Trading liabilities	299	1,951	– 84.7
Subordinated capital	1,937	16,428	– 88.2
Total	**15,882**	**33,729**	**– 52.9**
Guarantees and collaterals			
granted	24	298	– 91.9
received	5,000	5,000	0.0

The financial instruments included under trading assets and financial investments are debt instruments.

Income and expenses for transactions with federal government-controlled entities were as follows:

	1.1.-31.12.2011	1.1.-31.12.2010	Change in %
		€m	
Income			
Interest income	320	163	96.3
Commission income	—	—	.
Goods and services	8	8	0.0
Expenses			
Interest income	82	27	.
Commission income	48	48	0.0
Goods and services	—	—	.
Write-downs/impairments	—	—	.

b) Remuneration of key management personnel

A detailed description of the remuneration system for the members of the Board of Managing Directors and for members of the Supervisory Board is provided in the remuneration report (see Page 43 ff.). Excluding the past service cost included in the calculation of pension liabilities for the members of the Board of Managing Directors, the total remuneration of the members of the Board of Managing Directors and Supervisory Board was as follows:

	2011	2010
	€1,000	
Board of Managing Directors	5,343	5,260[1]
Supervisory Board	1,619	1,563[2]
Total	**6,962**	**6,823**

1 Including employer contributions to BVV retirement fund (prior-year figures restated).
2 Excluding reimbursement of VAT (prior-year figures restated).

Remuneration of the Board of Managing Directors includes standard non-monetary benefits (chiefly use of company cars and insurance plus the tax due on these, and employer contributions to the BVV occupational retirement fund).

Board of Managing Directors. The table below shows the breakdown of the remuneration paid to the Board of Managing Directors:

		Basic salary	Variable remuneration[2]	Remuneration for serving on boards[3]	Reduction as per SoFFin cap[3]	Share-based remuneration plans	Total monetary remuneration	Other[4]	Total
					€1,000				
Martin Blessing	2011	500	—			—	500	69	569
	2010	500	—	—	—	—	500	115	615
Frank Annuscheit	2011	500	—			—	500	50	550
	2010	500	—	23	–23	—	500	102	602
Markus Beumer	2011	500	—			—	500	59	559
	2010	500	—	10	–10	—	500	46	546
Dr. Achim Kassow	2011[1]	292	—			—	292	44	336
	2010	500	—	113	–113	—	500	72	572
Jochen Klösges	2011	500	—			—	500	39	539
	2010	500	—	—	—	—	500	65	565
Michael Reuther	2011	500	—			—	500	69	569
	2010	500	—	—	—	—	500	73	573
Dr. Stefan	2011	500	—			—	500	46	546
Schmittmann	2010	500	—	—	—	—	500	52	552
Ulrich Sieber	2011	500	—			—	500	68	568
	2010	500	—	22	–22	—	500	62	562
Dr. Eric Strutz	2011	500	—			—	500	33	533
	2010	500	—	36	–36	—	500	91	591
Martin Zielke	2011	500	—			—	500	74	574
	2010[1]	78	—	14	–14	—	78	4	82
Total	**2011**	**4,792**	**—**			**—**	**4,792**	**551**	**5,343**
	2010	**4,578**	**—**	**218**	**–218**	**—**	**4,578**	**682**	**5,260**

1 Pro rata temporis from the date of appointment or up to the date of departure from the Board.

2 Payable in the following year subject to approval of the annual financial statements; no variable remuneration was paid for 2011 or 2010.

3 Remuneration for serving on the boards of Group companies paid in the financial years 2011 and 2010 is offset in full against the SoFFin cap of the previous year and has therefore been allocated to the previous year in the table.

4 The "Other" column includes non-monetary benefits granted in the year under review, tax due on non-monetary benefits and employer contributions to the BVV occupational retirement fund.

The table below shows the remuneration expense for the Board of Managing Directors in accordance with the categories of IAS 24.17. The post-employment benefits contain both the service cost included in pension provisions and the employer contributions to BVV. As a result the totals in the table below differ from the two previous tables.

	2011	2010
	€1,000	
Short-term employee benefits	5,371	5,353
Post-employment benefits	2,743	2,323
Other long-term benefits	—	—
Termination benefits	—	—
Share-based remuneration	—	—
Total	**8,114**	**7,676**

The assets backing the Bank's retirement benefit plan for present and former members of the Board of Managing Directors or their surviving dependants have been transferred to Commerzbank Pensions-Trust e.V. as part of a contractual trust arrangement.

As at December 31, 2011, pension obligations for active members of the Board of Managing Directors amounted to €11.8m (previous year: €10.3m).

After deduction of plan assets transferred and after allowing for actuarial gains and losses, the provisions for pension obligations in respect of active members of the Board of Managing Directors amounted to €0.2m on December 31, 2011 (previous year: €0.5m).

In the table below we have shown the projected annual pension entitlement on the assumption of retirement at age 62 alongside the net present value of the pension entitlement at December 31, 2011. We have also shown the service cost included in the calculation of pension provisions. The amounts are calculated considering the current term of appointment of the individual board members, assuming the board members will not be incapable for work nor collect pensions before reaching the age of 62 and will remain on the board until the pension is due.

	Pension entitlement		
2011	Projected annual pension at retirement age of 62	Net present value	Service cost
		€1,000	
Martin Blessing	456	3,030	301
Frank Annuscheit	288	1,107	282
Markus Beumer	288	935	238
Jochen Klösges	288	674	283
Michael Reuther	288	1,801	350
Dr. Stefan Schmittmann	288	1,511	489
Ulrich Sieber	288	623	247
Dr. Eric Strutz	288	1,774	175
Martin Zielke	288	393	358
Total		**11,848**	**2,723**

Payments to former members of the Board of Managing Directors of Commerzbank Aktiengesellschaft and their surviving dependants came to €8,275 thousand in the financial year 2010 (previous year: €6,519 thousand). The pension liabilities for these persons amounted to €74.4m (previous year: €70.9m).

The active members of the Board of Managing Directors have participated in the long-term performance plans (LTPs) which are described in detail in Note 25 and represent a share-based form of compensation. In order to participate in the various plans, the members of the Board of Managing Directors have invested in up to 2,500 Commerzbank Aktiengesellschaft shares per plan at their individual discretion, the chairman in up to 5,000 shares per plan, at current market prices.

The table below provides information on the long-term performance plans of active members of the Board of Managing Directors, acquired in their capacity as active board members, effective as at December 31, 2011. The members of the Board of Managing Directors renounced all the shares acquired under the 2008 LTP in February 2009 and will therefore not receive any payments from this plan. The fair value of the 2007 plan was zero as at December 31, 2011. The provisions were already reversed in full in the previous year.

	LTP	Number of participating shares (units)	Fair value at grant date	Fair value at 31.12.2011	Pro rata provisions as at 31.12.2011
			€1,000		
Martin Blessing	2008	—	—	—	—
	2007	2,500	79	—	—
Michael Reuther	2008	—	—	—	—
	2007	2,500	79	—	—
Dr. Eric Strutz	2008	—	—	—	—
	2007	2,500	79	—	—
Totals	**2008**	**—**	**—**	**—**	**—**
	2007	**7,500**	**237**	**—**	**—**
Total 2011		**7,500**	**237**	**—**	**—**
Total 2010		**18,700**	**619**	**—**	**—**

Members of the Board of Managing Directors not listed in the table above held no LTPs as at December 31, 2011 which they had acquired as an active board member. As the board members were not entitled to any variable remuneration for the financial year 2011 due to the ongoing SoFFin caps, they did not receive any deferred share-based payments under the Short Term or Long Term Incentives (for further details see the Remuneration Report).

Supervisory Board. Remuneration for the members of the Supervisory Board is regulated in Art. 15 of the Articles of Association of Commerzbank Aktiengesellschaft. Members of the Supervisory Board received total net remuneration for financial year 2011 of €1,619 thousand (previous year: €1,563 thousand). Of this figure, the basic remuneration and remuneration for serving on committees amounted to €1,199 thousand (previous year: €1,240 thousand) and attendance fees to €420 thousand (previous year: €323 thousand). Attendance fees are paid for participating in the meetings of the Supervisory Board and its six committees (Presiding, Audit, Risk, Nomination, Conciliation and Social Welfare Committees) which met in the year under review. The value added tax (currently 19%) payable on the remuneration of the members of the Supervisory Board resident in Germany was reimbursed by the Bank. Contrary to the previous year's practice this reimbursement was not treated as a component of remuneration. No value added tax is payable for members of the Supervisory Board resident outside Germany.

The overall remuneration of €1,619 thousand (previous year: €1,563 thousand) is categorised as short-term employee benefits in accordance with IAS 24.17.

The Board of Managing Directors and Supervisory Board held no more than 1% in total (previous year: under 1%) of the issued shares and option rights of Commerzbank Aktien-gesellschaft on December 31, 2011.

(100) Share-based payment plans

Due to the performances already made by employees there were again expenses relating to share-based payments in the 2011 financial year. Further details and the terms and conditions of the LTP are available in Note 25 of this annual report. Share-based payment expense was as follows:

	2011	2010
	€m	
Cash-settled plans	4	3
of which LTP	—	1
Share awards	—	—
CIP	2	—
Equity-settled plans	17	2
of which: CIP	15	—
Total	**21**	**5**

The provisions for cash-settled plans and the reserves in equity for plans settled with equity instruments were as follows:

	31.12.2011	31.12.2010
	€m	
Provisions	12	8
of which LTP	—	2
Share awards	8	—
CIP	2	—
Equity reserves	20	3
of which: CIP	15	—

Share Awards. The share awards made in the previous year were reported in personnel provisions as of December 31, 2010. The level of these provisions relating to share-based payments could not be finally established until March 2011 when the individual variable payments were determined. The amount of the provisions attributable to share awards was reassigned to the provision for share awards in the financial year 2011. The number of rights outstanding under the share award programmes changed as follows during the financial year:

	Number of awards 2011
	(units)
Balance as at 1.1.	**—**
Granted during the year	6,842,932
Forfeited during the year	174,882
Exercised during the year	277,246
Expired during the year	—
Balance as at 31.12.	**6,390,804**

Commerzbank Incentive Plan. As set out in Note 25, the number of shares which beneficiaries are entitled to acquire under the Commerzbank Incentive Plan, which has been in force since the 2011 financial year, are not determined until the following year. The expense of €17m recognised for the CIP is matched by a provision of €2m for cash-settled plans and an allocation of €15m to the capital reserves.

Long-Term Performance Plan (LTPs) Due to the exercise criteria for LTP plans set out in Note 25 we do not expect these to pay out at any time up to the expiry of the final plan in 2013. As a result, the fair value for the outstanding rights could no longer be determined. The remaining provision of around €1m for LTP plans was reversed. The number of outstanding LTP rights changed as follows:

	Number of awards	
	2011	**2010**
	(units)	
Balance as at 1.1.	**947,850**	**988,400**
Granted during the year	—	—
Forfeited during the year	6,300	40,550
Exercised during the year	—	—
Expired during the year	262,600	—
Balance as at 31.12.	**678,950**	**947,850**

(101) Other commitments

Payment commitments to Group external entities and non-consolidated entities on shares not fully paid up amounted to €56.3m (previous year: €67.8m).

The Bank had an additional funding obligation of up to €96m (previous year: €96m) to Liquiditäts-Konsortialbank (Liko) GmbH, Frankfurt am Main. The individual banking associations have also undertaken additional funding obligations to Liko. To cover such obligations, Group companies have guaranteed to Liko as primary obligor that they will meet any payment to their respective associations.

In accordance with 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 as a result of support provided for banks in which Commerzbank holds a majority interest.

Securities with a book value of 7,381m (previous year: €7,501m) have been deposited as collateral to meet obligations to futures and options exchanges and clearing houses.

(102) Lessor and lessee figures

Lessor disclosures – operating leases

Commerzbank acts as a lessor in operating lease arrangements. As at the balance sheet date these leases primarily comprised leased real estate and vehicles.

The following minimum leasing payments stemming from non-cancellable leases will accrue to the Commerzbank Group over the next few years from operating leases granted:

Due date	**31.12.2011**	**31.12.2010**
	€m	
Up to 1 year	196	184
1 year to 5 years	508	572
More than 5 years	69	160
Total	**773**	**916**

No conditional lease instalments have been agreed in the leases.

Lessor disclosures – finance leases

Commerzbank acts as a lessor for finance leases. As at the balance sheet date these leases primarily comprise leased real estate and office furniture and equipment (e.g. vehicles, copying machines). The relationship between gross investments and net present value of the minimum leasing payments was as follows:

	31.12.2011	31.12.2010
	€m	
Outstanding lease payments	2,042	3,392
+ guaranteed residual values	114	129
= minimum lease payments	2,156	3,521
+ non-guaranteed residual values	9	9
= gross investments	2,165	3,530
– unrealised financial income	260	464
= net investments	1,905	3,066
– net present value of non-guaranteed residual values	6	6
= net present value of minimum lease payments	1,899	3,060

The minimum lease payments include the total lease instalments to be paid by the lessee under the lease agreement plus the guaranteed residual value. The non-guaranteed residual value is estimated at the beginning of the lease agreement and reviewed as of the reporting date on a regular basis. Unrealised financial income is equivalent to the interest implicit in the lease agreement between the reporting date and the end of the contract. The term of the gross investment and net present values of the minimum lease payments from non-cancellable finance leases broke down as follows:

Residual terms as at 31.12.	Gross investments		Net present value of minimum lease payments	
	2011	2010	2011	2010
	€m			
Up to 1 year	782	1,012	677	881
1 year to 5 years	989	1,645	878	1,384
More than 5 years	394	873	344	795
Total	**2,165**	**3,530**	**1,899**	**3,060**

Lessee disclosures – operating leases

The Group's existing obligations arising from operating leases involve rental and leasing agreements for buildings, office furniture and equipment and led in the financial year 2011 to expenses of €618m (previous year: €562m). The breakdown of the expenses was as follows:

	2011
	€m
Minimum lease payments	28
Payments for terminable agreements	260
Conditional payments	351
– Sublease income	21
Total	**618**

For rental and lease agreements that cannot be terminated, the following expenses are forecast for future years:

Due date	31.12.2011	31.12.2010
	€m	
Up to 1 year	547	549
1 year to 5 years	1,483	1,625
More than 5 years	1,236	1,355
Total	**3,266**	**3,529**

Real estate lease agreements usually have terms of between 1 and 30 years with up to 3 options to extend the lease by a further 3 to 5 years. Price adjustment clauses exist in a number of different forms such as step-up leases and index clauses. Subletting agreements have been signed for buildings no longer in use in the Commerzbank Group. These leases are non-cancellable. The following income will accrue to the Commerzbank Group in the next few years from these leases:

Due date	**31.12.2011**	**31.12.2010**
	€m	
Up to 1 year	39	54
1 year to 5 years	86	136
More than 5 years	11	103
Total	**136**	**293**

As in the previous year, these leases do not contain any agreements on contingent rents.

(103) Date of release for publication

The Group financial statements were approved by the Board of Managing Directors for submission to the Supervisory Board on February 27, 2012. The Supervisory Board is responsible for reviewing and formally approving the Group financial statements. Preliminary figures for the 2011 results were released by the Board of Managing Directors for publication on February 20, 2012.

(104) Corporate Governance Code

We have issued our annual declaration of compliance with the German Corporate Governance Code pursuant to Art. 161, German Companies Act (Aktiengesetz) and made it permanently available to shareholders on the internet (www.commerzbank.com). An annual declaration of compliance with the German Corporate Governance Code pursuant to Art. 161, German Companies Act (Aktiengesetz) has also been issued for comdirect bank Aktiengesellschaft and made permanently available on the internet (www.comdirect.de).

(105) Letters of comfort

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

Name	**Registered office**
AFÖG GmbH & Co. KG	Frankfurt/Main
comdirect bank Aktiengesellschaft	Quickborn
Commerz (East Asia) Ltd.	Hong Kong
Commerzbank (Eurasija) SAO	Moscow
Commerzbank Europe (Ireland)	Dublin
Commerzbank Europe Finance (Ireland) plc.	Dublin
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main
Commerzbank International S.A.	Luxembourg
CommerzTrust GmbH	Frankfurt/Main
Commerz Markets LLC	New York
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg
Eurohypo Aktiengesellschaft	Eschborn

(106) Holdings in affiliated and other companies

We provide the following information pursuant to Art. 313 (2) of the German Commercial Code (HGB) on the consolidated financial statements including the disclosures pursuant to Art. 285 No. 11a HGB. Footnotes and comments on the tables below appear at the end of this note.

1. Affiliated companies

a) Affiliated companies included in the consolidated financial statements

Name	Registered office	Share of capital held %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000
ABORONUM Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Berlin KG	Düsseldorf	0.0	85.0	EUR	35	4
ADMERA Grundstücks-Vermietungs-gesellschaft mbH	Düsseldorf	100.0		EUR	25	2
AFÖG GmbH & Co. KG	Frankfurt/Main	100.0		EUR	78,866	−72,359
AGV Allgemeine Grundstücksverwaltungs-und -verwertungsgesellschaft mitbeschränkter Haftung	Eschborn	100.0		EUR	40	—b)
AJUNTA Grundstücks-Vermietungs-gesellschaft mbH	Düsseldorf	100.0		EUR	−4,908	−1,582
ALDUNA Grundstücks-Vermietungs-gesellschaft mbH	Düsseldorf	100.0		EUR	−10,397	−3,378
ALTEREGO Beteiligungsgesellschaft mbH	Düsseldorf	100.0		EUR	959	−6,721
ASCARA Grundstücks-Vermietungs-gesellschaft mbH	Düsseldorf	100.0		EUR	−689	−488
ASTUTIA Beteiligungsgesellschaft mbH	Düsseldorf	100.0		EUR	3,788	—b)
Atlas-Vermögensverwaltungs-Gesellschaftmit beschränkter Haftung	Frankfurt/Main	100.0		EUR	235,563	—b)
BERGA Grundstücks-VerwaltungsgesellschaftmbH & Co. KG	Grünwald	100.0	19.0	EUR	−1,286	55
Brafero-Sociedade Imobiliária, S.A.	Lisbon, Portugal	100.0		EUR	24,189	2,410
BRE Bank Hipoteczny S.A.	Warsaw, Poland	100.0		PLN	389,186	20,878
BRE Bank SA	Warsaw, Poland	69.7		PLN	7,610,906	1,066,012
BRE Faktoring S.A.	Warsaw, Poland	100.0		PLN	61,503	15,077[1])
BRE Finance France S.A.	Levallois Perret, France	100.0		EUR	618	−94
BRE Holding Sp. z.o.o.	Warsaw, Poland	100.0		PLN	465,904	14,374
BRE Leasing Sp. z o.o.	Warsaw, Poland	100.0		PLN	151,354	37,828
BRE Ubezpieczenia Sp. z.o.o.	Warsaw, Poland	100.0		PLN	45,001	31,956
BRE Ubezpieczenia Towarzystwo Ubezpieczen i Reasekuracji S.A.	Warsaw, Poland	100.0		PLN	67,783	8,396
BRE.locum S.A.	Lodz, Poland	80.0		PLN	119,488	10,303
Bridge Re Limited	Hamilton, Bermuda	100.0		USD	411	30
CB Building Kirchberg GmbH	Düsseldorf	100.0		EUR	3,104	888
CBG Commerz Beteiligungsgesellschaft Holding mbH	Frankfurt/Main	100.0		EUR	6,137	—b)
CBG Commerz Beteiligungskapital GmbH & Co. KG	Frankfurt/Main	100.0		EUR	44,208	10,381
CFB-Fonds Transfair GmbH	Düsseldorf	100.0		EUR	26	—b)
CG New Venture 2 Verwaltungs-gesellschaft mbH	Wiesbaden	100.0		EUR	20,315	5
CG New Venture 4 GmbH & Co. KG	Wiesbaden	99.9	99.0	EUR	20,315	−4,353
CG NL Holding B.V.	Amsterdam, Netherlands	100.0		EUR	3	−29
CG Real Estate Master FCP-SIF S.A.R.L.	Luxembourg, Luxembourg	55.4		EUR	203,243	8,468
CGM Lux 1 S.à.r.l.	Luxembourg, Luxembourg	100.0		EUR	639	143
CGM Lux 2 S.à.r.l.	Luxembourg, Luxembourg	100.0		EUR	344	7,298
CGM Lux 3 S.à.r.l.	Luxembourg, Luxembourg	100.0		EUR	1,074	11,504
Coba Holdings I, LLC	Wilmington, Delaware, USA	100.0		USD	376,590	−33,189
Coba Vermögensverwaltungsgesellschaft mbH	Düsseldorf	100.0		EUR	26	—b)
comdirect bank Aktiengesellschaft	Quickborn	80.5		EUR	475,671	116,340
Commerz (East Asia) Limited	Hong Kong, Hong Kong	100.0		EUR	2,161	98
Commerz Asset Management Asia Pacific Pte Ltd	Singapore, Singapore	100.0		SGD	29,482	382
Commerz Business Consulting GmbH	Frankfurt/Main	100.0		EUR	76	—b)
Commerz Direktservice GmbH	Duisburg	100.0		EUR	1,178	—b)
Commerz Grundbesitz Beteiligungs-gesellschaft mbH & Co. KG	Frankfurt/Main	90.0		EUR	13,325	1,211
Commerz Markets LLC	Wilmington, Delaware, USA	100.0		USD	417,417	12,120
Commerz Real Verwaltung und Treuhand GmbH	Düsseldorf	100.0		EUR	26	—b)
Commerz Real AG	Eschborn	100.0		EUR	408,394	—b)

Name	Registered office	Share of capital held %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000
Commerz Real Asset Verwaltungsgesellschaft mbH	Grünwald	100.0		EUR	25	—[b]
Commerz Real Baucontract GmbH	Düsseldorf	100.0		EUR	4,238	—[b]
Commerz Real Baumanagement GmbH	Düsseldorf	100.0		EUR	52	—[b]
Commerz Real Fonds Beteiligungs-gesellschaft mbH	Düsseldorf	100.0		EUR	151	—[b]
Commerz Real Immobilien GmbH	Düsseldorf	100.0		EUR	12,936	—[b]
Commerz Real Investmentgesellschaft mbH	Wiesbaden	100.0		EUR	21,968	—[b]
Commerz Real IT-Leasing GmbH	Düsseldorf	100.0		EUR	1,954	—[b]
Commerz Real Mietkauf GmbH	Düsseldorf	100.0		EUR	26	—[b]
Commerz Real Mobilienleasing GmbH	Düsseldorf	100.0		EUR	−3,395	—[b]
Commerz Real Spezialfondsgesellschaft mbH	Wiesbaden	100.0		EUR	5,948	—[b]
Commerz Securities Hong Kong Limited	Hong Kong, Hong Kong	100.0		JPY	2,167,176	−82,956[2]
Commerz Services Holding GmbH	Frankfurt/Main	100.0		EUR	12,564	—[b]
Commerz Systems GmbH	Frankfurt/Main	100.0		EUR	6,214	1,568
Commerz Transaction Services Mitte GmbH	Erfurt	100.0		EUR	2,849	—[b]
Commerz Transaction Services Nord GmbH	Magdeburg	100.0		EUR	1,557	—[b]
Commerz Transaction Services West GmbH	Hamm	100.0		EUR	1,346	—[b]
Commerzbank (Eurasija) SAO	Moscow, Russia	100.0		RUB	11,045,218	141,941
Commerzbank (South East Asia) Ltd.	Singapore, Singapore	100.0		EUR	16,898	−565
Commerzbank Asset Management Asia Ltd.	Singapore, Singapore	100.0		SGD	1,263	−1,576
Commerzbank Auslandsbanken Holding AG	Frankfurt/Main	100.0		EUR	1,792,196	—[b]
Commerzbank Auslandsbanken Holding Nova GmbH	Frankfurt/Main	100.0		EUR	675,040	—[b]
Commerzbank Capital Funding LLC I	Wilmington, Delaware, USA	100.0		EUR	2	0
Commerzbank Capital Funding LLC II	Wilmington, Delaware, USA	100.0		GBP	2	0
Commerzbank Capital Funding LLC III	Wilmington, Delaware, USA	100.0		EUR	2	0
Commerzbank Capital Funding Trust I	Newark, Delaware, USA	100.0		EUR	1	0
Commerzbank Capital Funding Trust II	Newark, Delaware, USA	100.0		GBP	1	0
Commerzbank Capital Funding Trust III	Newark, Delaware, USA	100.0		EUR	1	0
Commerzbank Capital Investment Company Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Europe (Ireland)	Dublin, Ireland	100.0		EUR	358,011	−10,426
Commerzbank Europe Finance (Ireland) plc	Dublin, Ireland	100.0		EUR	55	2
Commerzbank Finance 2 S.à.r.l.	Luxembourg, Luxembourg	100.0		EUR	967	−29
Commerzbank Finance 3 S.à.r.l.	Luxembourg, Luxembourg	100.0		EUR	470	3,487
Commerzbank Finance BV	Amsterdam, Netherlands	100.0		EUR	1,493	−562
Commerzbank Holdings (UK) Limited	London, United Kingdom	100.0		GBP	484,339	23,658
Commerzbank Holdings France	Paris, France	100.0		EUR	87,638	0
Commerzbank Immobilien- und Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0		EUR	462,597	—[b]
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main	100.0		EUR	4,459,000	—[b]
Commerzbank International S.A.	Luxembourg, Luxembourg	100.0		EUR	482,586	59,047
Commerzbank Investments (UK) Limited	London, United Kingdom	100.0		GBP	726,809	−16,659
Commerzbank Leasing (Guernsey) Limited	St. Peter Port, Guernsey	100.0		EUR	8	0
Commerzbank Leasing 1 S.à.r.l.	Luxembourg, Luxembourg	100.0		GBP	410	164
Commerzbank Leasing 2 S.à.r.l.	Luxembourg, Luxembourg	100.0		GBP	32,467	−30,331
Commerzbank Leasing 4 S.à.r.l.	Luxembourg, Luxembourg	100.0		GBP	−91	−15
Commerzbank Leasing 5 S.à r.l.	Luxembourg, Luxembourg	100.0		GBP	97	−12
Commerzbank Leasing 6 S.à.r.l.	Luxembourg, Luxembourg	100.0		GBP	91	−24
Commerzbank Leasing December – 1 Limited	London, United Kingdom	100.0		GBP	−1,020	−2,507
Commerzbank Leasing December – 10	London, United Kingdom	100.0		GBP	32	0
Commerzbank Leasing December – 11	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December – 12 Limited	London, United Kingdom	100.0		USD	−137	−391
Commerzbank Leasing December – 13 Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December – 15	London, United Kingdom	100.0		GBP	−271	0
Commerzbank Leasing December – 17 Limited	London, United Kingdom	100.0		GBP	4,291	4,084
Commerzbank Leasing December – 19 Limited	London, United Kingdom	100.0		GBP	12,741	−42,186
Commerzbank Leasing December – 20 Limited	London, United Kingdom	100.0		GBP	300	300

Name	Registered office	Share of capital held %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000
Commerzbank Leasing December – 21 Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December – 22 Limited	London, United Kingdom	100.0		GBP	0	– 22
Commerzbank Leasing December – 23 Limited	London, United Kingdom	100.0		GBP	60	35
Commerzbank Leasing December – 24 Limited	London, United Kingdom	100.0		GBP	0	– 737
Commerzbank Leasing December – 26 Limited	London, United Kingdom	100.0		GBP	240	– 1,105
Commerzbank Leasing December – 3 Limited	London, United Kingdom	100.0		GBP	150	– 277
Commerzbank Leasing December – 4 Limited	London, United Kingdom	74.0		GBP	20	0
Commerzbank Leasing December – 7 Limited	Edinburgh, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December – 8 Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December – 9 Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing Holdings Limited	London, United Kingdom	100.0		GBP	3,435	56
Commerzbank Leasing Limited	London, United Kingdom	100.0		GBP	2,738	629
Commerzbank Leasing March – 3 Limited	London, United Kingdom	100.0		GBP	4	– 1
Commerzbank Leasing September – 5 Limited	London, United Kingdom	100.0		GBP	8	13
Commerzbank Leasing September – 6 Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Online Ventures Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Overseas Holdings Limited	London, United Kingdom	100.0		GBP	8,500	– 539
Commerzbank Property Management & Services Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Securities Ltd	London, United Kingdom	100.0		GBP	10	0
Commerzbank Securities Nominees Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank U.S. Finance, Inc.	Wilmington, Delaware, USA	100.0		USD	673	17
Commerzbank Zrt.	Budapest, Hungary	100.0		HUF	23,465,000	1,210,935
CommerzFactoring GmbH	Mainz	50.1		EUR	1,099	—[b)]
CR KaiserKarree Holding S.a.r.l.	Luxembourg, Luxembourg	100.0		EUR	– 1,191	– 180
CSA COMMERZ SOUTH AFRICA (PROPRIETARY) LIMITED	Johannesburg, South Africa	100.0		ZAR	5,276	– 557
Deutsche Schiffsbank Aktiengesellschaft	Hamburg/Bremen	100.0		EUR	911,722	0
Dom Inwestycyjny BRE Banku S.A.	Warsaw, Poland	100.0		PLN	79,449	26,824
Dresdner Capital LLC I	Wilmington, Delaware, USA	100.0		USD	1,624	42
Dresdner Capital LLC IV	Wilmington, Delaware, USA	100.0		JPY	18,333	124
Dresdner Kleinwort – Grantchester, Inc.	Wilmington, Delaware, USA	100.0		USD	27,846	0
Dresdner Kleinwort & Co. Holdings, Inc.	Wilmington, Delaware, USA	100.0		USD	232,235	7,539
Dresdner Kleinwort Capital Inc.	New York, New York, USA	100.0		USD	1,338	– 2,287
Dresdner Kleinwort do Brasil Limitada	Rio de Janeiro, Brazil	100.0		BRL	– 14,120	– 18
Dresdner Kleinwort EIV Manager, Inc.	Wilmington, Delaware, USA	100.0		USD	– 18	0
Dresdner Kleinwort Finance Inc.	Wilmington, Delaware, USA	100.0		USD	2,367	266
Dresdner Kleinwort Flags Inc.	Wilmington, Delaware, USA	100.0		USD	140,479	0
Dresdner Kleinwort Group Holdings, LLC	Wilmington, Delaware, USA	100.0		USD	170,918	1
Dresdner Kleinwort Holdings LLC	Wilmington, Delaware, USA	100.0		USD	40,162	– 25,227
Dresdner Kleinwort LLC	Wilmington, Delaware, USA	100.0		USD	34,167	145
Dresdner Kleinwort Limited	London, United Kingdom	100.0		GBP	38,614	74,370
Dresdner Kleinwort Luminary Inc.	Wilmington, Delaware, USA	100.0		USD	806,144	316
Dresdner Kleinwort Moon LLC	Wilmington, Delaware, USA	100.0		USD	28,845	– 6,221
Dresdner Kleinwort Pfandbriefe Investments II, Inc.	Wilmington, Delaware, USA	100.0		USD	650,792	– 18,028
Dresdner Kleinwort Services (Guernsey) Limited	St. Peter Port, Guernsey	100.0		GBP	2	0
Dresdner Kleinwort Wasserstein (Argentina) S.A.	Buenos Aires, Argentina	100.0		BRL	112	– 28
Dresdner Kleinwort Wasserstein Securities (India) Private Limited	Mumbai, India	75.0		INR	78,388	993
Dresdner Lateinamerika Aktiengesellschaft	Hamburg	100.0		EUR	50,109	—[b)]
Dresdner UK Investments 2 B.V.	Amsterdam, Netherlands	100.0		EUR	929	9
Dresdner UK Investments N.V.	Amsterdam, Netherlands	100.0		EUR	1,693	9
DSB Vermögensverwaltungs-gesellschaft mbH	Frankfurt/Main	100.0		EUR	25	—580[a)]
EH Estate Management GmbH	Eschborn	100.0		EUR	3,280	—[b)]
EHNY MoLu IV, LLC	Dover, Delaware, USA	100.0		USD	75	9,675

Name	Registered office	Share of capital held %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000
EHY Real Estate Fund I, LLC	Wilmington, Delaware, USA	100.0		USD	−3,864	−22
Elco Leasing Limited	London, United Kingdom	100.0		GBP	0	−4
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg, Luxembourg	100.0		EUR	507,765	21,832
Espacio Leon Propco S.L.U.	Madrid, Spain	100.0		EUR	−16,539	601
Eurohypo (Japan) Corporation	Tokyo, Japan	100.0		JPY	2,477,632	−1,479,654
Eurohypo Aktiengesellschaft	Eschborn	100.0		EUR	5,661,992	—b)
Eurohypo Capital Funding LLC I	Wilmington, Delaware, USA	100.0		EUR	1	0
Eurohypo Capital Funding LLC II	Wilmington, Delaware, USA	100.0		EUR	3	0
Eurohypo Capital Funding Trust I	Wilmington, Delaware, USA	100.0		EUR	1	0
Eurohypo Capital Funding Trust II	Wilmington, Delaware, USA	100.0		USD	1	0
EUROHYPO Europäische Hypothekenbank S.A.	Senningerberg, Luxembourg	100.0		EUR	337,160	−223,725
European Bank for Fund Services Gesellschaftmit beschränkter Haftung (ebase)	Aschheim	100.0		EUR	20,256	5,451
European Venture Partners (Holdings) Ltd	St. Helier, Jersey	85.0		GBP	0	0
European Venture Partners Ltd	London, United Kingdom	100.0		GBP	0	0
FABA Vermietungsgesellschaft mbH	Düsseldorf	95.0	75.0	EUR	26	294
Felix (CI) Limited	George Town, Grand Cayman, Cayman Islands	100.0		GBP	26	0
FHB – Immobilienprojekte GmbH	Eschborn	100.0		EUR	26	—b)
Film Library Holdings LLC	Melville, New York, USA	51.0		USD	28,678	−318
FM LeasingPartner GmbH	Bissendorf	50.4		EUR	827	268
Forum Almada, Gestao de Centro Comercial, Sociedade Unipessoal Lda. II & Comandita	Lisbon, Portugal	100.0		EUR	−36,505	699
Forum Almada-Gestao de Centro Commercial, Sociedade Unipessoal, Lda.	Lisbon, Portugal	100.0		EUR	30,044	6,433
Forum Immobiliengesellschaft mbH	Eschborn	100.0		EUR	1,861	—b)
Forum Montijo, Gestao de Centro Comercial Sociedade Unipessoal, Lda	Lisbon, Portugal	100.0		EUR	−25,076	−5,848
Frankfurter Gesellschaft für Vermögensanlagen mit beschränkter Haftung	Eschborn	100.0		EUR	5,952	—b)
Futura Hochhausprojektgesellschaft mbH	Eschborn	100.0		EUR	2,421	—b)
General Leasing (No.16) Limited	London, United Kingdom	43.8	100.0	GBP	343	640
G-G-B Gebäude- und Grundbesitz GmbH	Eschborn	100.0		EUR	256	—b)
GIE Dresdner Kleinwort France i.L.	Paris, France	100.0		EUR	0	0
GO German Office GmbH	Wiesbaden	100.0		EUR	28,508	—b)
gr Grundstücks GmbH Objekt Corvus	Frankfurt/Main	100.0		EUR	50	−7
gr Grundstücks GmbH Objekt Corvus & Co. Sossenheim KG	Frankfurt/Main	100.0		EUR	228	−131
Gresham Leasing March – 1 Limited	London, United Kingdom	25.0	100.0	GBP	1,065	0
Gresham Leasing March – 2 Limited	London, United Kingdom	25.0	100.0	EUR	2,171	−240
Grundbesitzgesellschaft Berlin Rungestr. 22–24 mbH	Eschborn	100.0		EUR	258	−29
Herradura Ltd	London, United Kingdom	100.0		EUR	5	0
Hibernia Beta Beteiligungsgesellschaftmit beschränkter Haftung	Frankfurt/Main	100.0		EUR	59,953	−16,469
Hibernia Eta Beteiligungsgesellschaftmit beschränkter Haftung	Frankfurt/Main	85.0		EUR	42,823	−11,767
Hibernia Gamma Beteiligungsgesellschaftmit beschränkter Haftung	Frankfurt/Main	60.6		EUR	102,633	−36,453
Hibernia Sigma Beteiligungsgesellschaftmit beschränkter Haftung	Frankfurt/Main	100.0		EUR	42,827	−11,766
Hurley Investments No.3 Limited	London, United Kingdom	100.0		GBP	1,943	−801,350
IVV – Immobilien – Verwaltungs-und Verwertungsgesellschaft mbH	Eschborn	100.0		EUR	26	— b)
KENSTONE GmbH	Eschborn	100.0		EUR	26	— b)
Kommanditgesellschaft MS “CPO ALICANTE” Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	20,290	−1,434
Kommanditgesellschaft MS “CPO ANCONA” Offen Reederei GmbH & Co.	Hamburg	77.2	77.2	EUR	39,557	−231
Kommanditgesellschaft MS “CPO BILBAO” Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	20,755	954
Kommanditgesellschaft MS “CPO MARSEILLE” Offen Reederei GmbH & Co.	Hamburg	77.2	77.2	EUR	36,950	−951

Name	Registered office	Share of capital held %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000
Kommanditgesellschaft MS "CPO PALERMO" Offen Reederei GmbH & Co.	Hamburg	73.9	73.9	EUR	39,460	– 477
Kommanditgesellschaft MS "CPO TOULON" Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	38,213	– 5,864
Kommanditgesellschaft MS "CPO VALENCIA" Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	21,424	– 667
Langham Nominees Ltd	St. Peter Port, Guernsey	100.0		GBP	0	0
LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Anthropolis KG	Ludwigshafen	94.5	94.4	EUR	– 4,883	1,836
LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Grindelwaldweg KG	Düsseldorf	94.5	94.6	EUR	– 7,355	3,949
Limited Liability Company "ABRIO"	Kiev, Ukraine	100.0		UAH	83,899	– 13,255[a)]
Limited Liability Company "ACUS"	Kiev, Ukraine	100.0		UAH	183,507	– 94,429[a)]
Limited Liability Company "CLIOS"	Kiev, Ukraine	100.0		UAH	119,369	– 100,864[a)]
Limited Liability Company "FESTLAND"	Kiev, Ukraine	100.0		UAH	465,385	0[a)]
Limited Liability Company "MERUS"	Kiev, Ukraine	100.0		UAH	37,704	– 24,388[a)]
Limited Liability Company "MODUS CAPITAL"	Kiev, Ukraine	100.0		UAH	381,168	– 228,291[a)]
Limited Liability Company "RIDOS"	Kiev, Ukraine	100.0		UAH	96,288	– 83,611[a)]
Limited Liability Company "SANTOS CAPITAL"	Kiev, Ukraine	100.0		UAH	169,736	– 70,545[a)]
Limited Liability Company "VALIDUS"	Kiev, Ukraine	100.0		UAH	468,567	– 312,527[a)]
LUGO Photovoltaik Beteiligungs gesellschaft mbH	Düsseldorf	100.0		EUR	–12,012	– 12,420
Marlyna Ltd	London, United Kingdom	100.0		GBP	0	0
Marylebone Commercial Finance – 2	London, United Kingdom	25.0	100.0	GBP	7,047	32
Marylebone Commercial Finance Limited	London, United Kingdom	25.0	87.0	EUR	571	0
Max Lease S.à.r.l. & Cie. Secs	Luxembourg, Luxembourg	100.0		EUR	3,711	799
MERKUR Grundstücks GmbH	Frankfurt/Main	100.0		EUR	7,594	—[b)]
Messestadt Riem "Office am See" I GmbH	Eschborn	94.0		EUR	–134	—[b)]
Messestadt Riem "Office am See" II GmbH	Eschborn	94.0		EUR	459	—[b)]
Messestadt Riem "Office am See" III GmbH	Eschborn	94.0		EUR	19	—[b)]
Morris (S.P.) Holdings Limited	London, United Kingdom	100.0		GBP	0	0
NAVALIS Schiffsbetriebsgesellschaft mbH & Co. MS "NEDLLOYD JULIANA" KG	Hamburg	93.6	92.8	EUR	17,771	1,477
NAVIPOS Schiffsbeteiligungsgesellschaft mbH	Hamburg	100.0		EUR	902	443
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lampertheim KG	Düsseldorf	100.0		EUR	20	166
NORA Grundstücks-VermietungsgesellschaftmbH & Co. Objekte Plön und Preetz KG	Düsseldorf	90.0	65.0	EUR	–526	82
Nordboden Immobilien- und Handelsgesellschaft mbH	Eschborn	100.0		EUR	315	—[b)]
NOVELLA Grundstücks-Vermietungs-gesellschaft mbH	Düsseldorf	100.0		EUR	10,804	—[b)]
OLEANDRA Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Jupiter KG	Grünwald	100.0	51.0	EUR	25,466	2,096
OLEANDRA Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Luna KG	Grünwald	100.0	51.0	EUR	2,825	336
OLEANDRA Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Neptun KG	Grünwald	100.0	51.0	EUR	16,467	1,645
OLEANDRA Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Pluto KG	Grünwald	100.0	51.0	EUR	27,178	2,383
OLEANDRA Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Uranus KG	Grünwald	100.0	51.0	EUR	43,882	1,728

Name	Registered office	Share of capital held %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000
OLEANDRA Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Venus KG	Grünwald	100.0	51.0	EUR	23,288	1,769
Pisces Nominees Limited	London, United Kingdom	100.0		GBP	76,844	– 74,154
Property Invest GmbH	Eschborn	100.0		EUR	21,337	– 70
Property Invest Italy S.r.l.	Milan, Italy	100.0		EUR	47,262	– 96
PUBLIC JOINT STOCK COMPANY “BANK FORUM”	Kiev, Ukraine	96.1		UAH	1,491,141	– 777,209
Real Estate Holdings Limited	Hamilton, Bermuda	100.0		BMD	20,148	– 9,237
Real Estate TOP TEGEL Drei GmbH	Eschborn	94.0		EUR	60	—[b]
Real Estate TOP TEGEL Eins GmbH	Eschborn	94.0		EUR	421	—[b]
Real Estate TOP TEGEL Sechs GmbH	Eschborn	94.0		EUR	129	—[b]
Real Estate TOP TEGEL Vier GmbH	Eschborn	94.0		EUR	60	—[b]
Real Estate TOP TEGEL Zwei GmbH	Eschborn	94.0		EUR	60	—[b]
REFUGIUM Beteiligungsgesellschaft mbH	Grünwald	100.0		EUR	8,846	5,701
Rood Nominees Limited	London, United Kingdom	100.0		GBP	0	0
Rook Finance LLC	Wilmington, Delaware, USA	100.0		USD	77,315	– 453
SB-Bauträger GmbH & Co. Urbis Hochhaus-KG	Frankfurt/Main	100.0		EUR	199	0
SECUNDO Grundstücks-Vermietungs-gesellschaft mbH	Düsseldorf	100.0		EUR	5,811	—[b]
Service-Center Inkasso GmbH Düsseldorf	Düsseldorf	100.0		EUR	130	—[b]
South East Asia Properties Limited	London, United Kingdom	100.0		GBP	31,874	10,355
Space Park GmbH & Co. KG	Frankfurt/Main	90.0		EUR	–95,092	– 54
Sterling Energy Holdings Inc.	Wilmington, Delaware, USA	76.2	100.0	USD	45,973	– 44[a]
Sterling Energy LLC	Wilmington, Delaware, USA	100.0		USD	132,338	– 1,816[a]
Süddeutsche Industrie-Beteiligungs-GmbH	Frankfurt/Main	100.0		EUR	6,676	—[b]
TARA Immobiliengesellschaft mbH	Eschborn	100.0		EUR	25	—[b]
TARA Immobilienprojekte GmbH	Eschborn	100.0		EUR	25	—[b]
Thurlaston Finance Limited	George Town, Grand Cayman, Cayman Islands	100.0		GBP	2	0
TIGNATO Beteiligungsgesellschaft mbH & Co. KölnTurm MediaPark KG	Eschborn	100.0		EUR	1,293	9,457
TOMO Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0		EUR	22,778	—[b]
Transfinance a.s.	Prague, Czech Republic	100.0		CZK	269,458	16,932
Twins Financing LLC	Dover, Delaware, USA	60.0		USD	25,511	– 23,074
U.S. Residential Investment I, L.P.	Wilmington, Delaware, USA	90.0		USD	23,827	3,555
Unica Immobiliengesellschaft mbH	Eschborn	100.0		EUR	43	—[b]
Watling Leasing March – 1	London, United Kingdom	25.0	100.0	GBP	11,146	– 28
WebTek Software Private Limited	Bangalore, India	100.0		INR	219,976	0
WESTBODEN – Bau- und Verwaltungs-gesellschaft mit beschränkter Haftung	Eschborn	100.0		EUR	55	—[b]
Westend Grundstücksgesellschaft mbH	Eschborn	100.0		EUR	260	—[b]
Wohnbau-Beteiligungsgesellschaft mbH	Eschborn	90.0		EUR	299	– 8
Yarra Finance Limited	George Town, Grand Cayman, Cayman Islands	100.0		GBP	55	0

b) Affiliated companies not included in the consolidated financial statements due to their minor significance[c])

Name	Registered office	Share of capital held %	Deviation in voting rights %
1. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
10. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
11. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
12. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
13. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
14. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
2. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
3. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
4. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
5. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
6. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
7. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
8. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
9. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
ABANTITIM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ABANTUM Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ABELASSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ABENITA Photovoltaik Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ABESTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ABORONUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ABOTORIUM Finanz- und Verwaltungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ACARINA Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ACCESSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ACINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ACOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ACREDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ACRONA Photovoltaik-Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ACTOSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ADAMANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ADELIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ADELIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Teltow KG	Düsseldorf	92.4	92.1
ADELKA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ADENARA Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	
ADUKKA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ADURAMA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
AFINA, Bufete de Socios Financieros, S.A.	Madrid, Spain	98.7	99.3
AFÖG Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	94.2	
AGALINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AGARBA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AGASILA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AGREGATA Grundstücks-Vermietungsgesellschaft mbH i.L.	Haan	100.0	
AJOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AKERA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
AKUSTIA Verwaltung und Treuhand GmbH i.L.	Düsseldorf	100.0	
ALACRITAS Verwaltungs- und Treuhand GmbH	Düsseldorf	100.0	
ALBELLA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ALBOLA Verwaltungund Treuhand GmbH	Düsseldorf	100.0	
ALCARDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALDANZA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ALDINGA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ALDULA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ALEMANTA Photovoltaik Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ALEMONA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ALFRIDA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ALFUTURA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	

Name	Registered office	Share of capital held %	Deviation in voting rights %
ALIBORA Verwaltung- und Treuhand GmbH i.L.	Düsseldorf	100.0	
ALICANTE NOVA Shipping Limited	Monrovia, Liberia	100.0	
ALIDA Photovoltaik-Beteiligungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ALIVERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALKANTA Beteiligungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ALMARENA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALMONDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALMURUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALONGA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALSANTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte RiCö KG	Düsseldorf	0.0	85.0
ALSANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALSENNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALSTRUCTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
Alternative Asset Management S.A.	Luxembourg, Luxembourg	100.0	
ALUBRA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ALUDANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALVENTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALVINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AMALIA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
AMBRESA Sp. z.o.o.	Warsaw, Poland	100.0	
AMENA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AMERA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
AMITEA Beteiligungsgesellschaft mbH i.L.	Düsseldorf	100.0	
AMITICULA Photovoltaik Beteiligungsgesellschaft mbH i.L.	Düsseldorf	100.0	
AMONEUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AMTERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AMUNDA Verwaltung und Treuhand GmbH i.L.	Düsseldorf	100.0	
ANBANA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ANCAVA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ANCONA NOVA Shipping Limited	Monrovia, Liberia	100.0	
ANDROMEDA Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
ANEA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ANSELMA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ARAFINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AREBA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
Ariondaz SAS	Paris, France	100.0	
ARISA Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ARMANDA Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	
AROSA Flugzeug-Leasinggesellschaft mbH i.L.	Düsseldorf	100.0	
ARQUATUS Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ARVINA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ASCETO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ASERTUNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ASILUS Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ASISTA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ASKANZA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ASKANZA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lüdenscheid KG	Düsseldorf	94.4	86.0
ASKIBA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ASPERGA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
Aspiro S.A.	Lodz, Poland	100.0	
ASSANDRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ASSENTO Photovoltaik-Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ASSERTA Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	
ASTRELLA Grundstücks-Vermietungsgesellschaft mbH i.L.	Berlin	100.0	
ASTRIFA Mobilien-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	b)
ATERNA Mobilien-Vermietungsgesellschaft mbH	Berlin	100.0	

Name	Registered office	Share of capital held %	Deviation in voting rights %
Atlas-Alpha GmbH	Frankfurt/Main	100.0	b)
ATUNO Verwaltungund Treuhand GmbH	Düsseldorf	100.0	
AURESTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AVANCIA Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AVARICA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AVARICA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Münchberg KG	Düsseldorf	93.2	93.6
AVENDO Beteiligungsgesellschaft mbH	Stuttgart	100.0	
AVERTUM Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	
AVERTUM Flugzeug-Leasinggesellschaft mbH & Co. Zweite Legacy 600 KG	Düsseldorf	100.0	
BACUL Beteiligungsgesellschaft mbH	Eschborn	100.0	
Bankowy Dom Hipoteczny Sp. z. o.o.	Warsaw, Poland	100.0	
Belus Immobilien- und Beteiligungsgesellschaft mbH	Eschborn	100.0	
Beteiligungsgesellschaft für Industrie und Handel mbH	Frankfurt/Main	100.0	
BFC Berliner Film Companie Beteiligungsgesellschaft mbH	Berlin	100.0	
BILBAO NOVA Shipping Limited	Monrovia, Liberia	100.0	
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Friedrichshafen KG	Düsseldorf	0.0	51.0
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Neustadt-Schwaig KG	Grünwald	85.5	86.0
BRE Corporate Finance S.A.	Warsaw, Poland	100.0	
BRE Property Partner Sp. z o.o.	Warsaw, Poland	100.0	
BRE Systems Sp. z.o.o.	Lodz, Poland	100.0	
BRE Wealth Management S.A.	Warsaw, Poland	100.0	
BREL-APEX Sp. z o.o.	Warsaw, Poland	100.0	
BREL-BAT Sp. z.o.o.	Warsaw, Poland	100.0	
BREL-COM Sp. z.o.o.	Warsaw, Poland	100.0	
BREL-ESTATE Sp. z.o.o.	Warsaw, Poland	100.0	
BREL-FIN Sp. z.o.o.	Warsaw, Poland	100.0	
BREL-FORCA Sp. z.o.o.	Warsaw, Poland	100.0	
BREL-HAN Sp. z.o.o.	Warsaw, Poland	100.0	
BRELINVEST Sp. z.o.o.	Warsaw, Poland	100.0	
BREL-MAR Sp. z.o.o.	Warsaw, Poland	100.0	
BREL-Property Management Sp.z.o.o.	Warsaw, Poland	100.0	
BREL-STAR Sp. z.o.o.	Warsaw, Poland	100.0	
Caduceus Investment S.A.	Luxembourg, Luxembourg	100.0	
CAP Kiel Betriebs-GmbH i.L.	Kiel	51.0	
CB Euregio GmbH	Frankfurt/Main	100.0	
CB Lux Kirchberg GmbH	Frankfurt/Main	100.0	
CBG Commerz Beteiligungskapital Verwaltungs GmbH	Frankfurt/Main	100.0	
CCR Courtage i.L.	Paris, France	100.0	
Centrum Rozliczen i Informacji CERI Sp. z.o.o.	Aleksandrów Lódzki, Poland	100.0	
CG Japan GmbH	Wiesbaden	100.0	
CG Real Estate Luxemburg S.à.r.l.	Luxembourg, Luxembourg	100.0	
CGG Canada Grundbesitz GmbH	Wiesbaden	100.0	
CGI Stadtgalerie Schweinfurt Verwaltungs- GmbH	Wiesbaden	100.0	
CGI Victoria Square Limited	London, United Kingdom	100.0	
CGI Victoria Square Nominees Limited	London, United Kingdom	100.0	
CIV GmbH Alpha	Frankfurt/Main	100.0	
CIV GmbH Beta	Frankfurt/Main	100.0	
COLLEGIUM GLASHÜTTEN Zentrum für Kommunikation Gesellschaft mit beschränkter Haftung	Glashütten	100.0	b)
Commerz (Nederland) N.V.	Amsterdam, Netherlands	100.0	
Commerz Building and Management GmbH	Essen	100.0	b)
Commerz Funds Solutions S.A.	Luxembourg, Luxembourg	100.0	
Commerz Grundbesitz Gestao de Centros Commerciais, Sociedade Unipessoal, Lda.	Lisbon, Portugal	100.0	
Commerz Keyes Avenue Properties (Proprietary) Ltd.	Johannesburg, South Africa	100.0	

Name	Registered office	Share of capital held %	Deviation in voting rights %
Commerz Management Services Limited	Dublin, Ireland	100.0	
Commerz Nominees Limited	London, United Kingdom	100.0	
Commerz Overseas Services Ltd.	London, United Kingdom	100.0	
Commerz Real Autoservice GmbH i.L.	Düsseldorf	100.0	b)
Commerz Real CZ s.r.o.	Prague, Czech Republic	100.0	
Commerz Real Direkt GmbH i.L.	Düsseldorf	100.0	b)
Commerz Real Finanzierungsleasing GmbH	Düsseldorf	100.0	b)
Commerz Real Nederland B. V.	Capelle a/d Ijssel, Netherlands	100.0	
Commerz Real Partner Hannover GmbH i.L.	Düsseldorf	100.0	
Commerz Real Partner Nord GmbH i.L.	Düsseldorf	100.0	
Commerz Real Partner Süd GmbH	Düsseldorf	100.0	
Commerz Real Projektconsult GmbH	Düsseldorf	100.0	b)
Commerz Real Southern Europe GmbH	Wiesbaden	100.0	
Commerz Real Vertrieb GmbH	Düsseldorf	100.0	
Commerz Real Western Europe GmbH	Wiesbaden	100.0	
Commerz Transaction Services Ost GmbH	Halle (Saale)	100.0	
Commerzbank Capital Management Unternehmensbeteiligungs GmbH	Frankfurt/Main	100.0	b)
Commerzbank International (Jersey) Limited	St. Helier, Jersey	100.0	
Commerzbank Leasing December – 25 Limited	London, United Kingdom	70.0	
Commerzbank Leasing December – 6 Limited	London, United Kingdom	100.0	
Commerzbank Representative Office Nigeria Limited	Lagos, Nigeria	100.0	
Commerzbank Representative Office Panama, S.A.	City of Panama, Panama	100.0	
Commerzbank Sao Paulo Servicos Ltda.	Sao Paulo, Brazil	100.0	
Commerzbank Sponsoring GmbH	Frankfurt/Main	100.0	b)
CommerzKommunalbau GmbH	Düsseldorf	100.0	
CommerzLeasing GmbH	Düsseldorf	100.0	
CommerzStiftungsTreuhand GmbH	Frankfurt/Main	100.0	
CommerzTrust GmbH	Frankfurt/Main	100.0	
CR Station General Partner Inc.	Toronto, Canada	100.0	
Crédito Germánico S.A.	Montevideo, Uruguay	100.0	
CRI Erste Beteiligungsgesellschaft mbH	Wiesbaden	100.0	
CRI Zweite Beteiligungsgesellschaft mbH	Wiesbaden	100.0	
CSK Sp. z.o.o.	Lodz, Poland	100.0	
Czwarty Polski Fundusz Rozwoju Sp. z.o.o.	Lodz, Poland	100.0	
Delphi I Eurohypo LLC	Wilmington, Delaware, USA	100.0	
DFI S.p.A. in liquidazione	Milan, Italy	100.0	
Dr. Gubelt Immobilien Vermietungs-Gesellschaft mbH & Co. Objekt Chemnitz KG	Düsseldorf	98.8	98.8
Dresdner Kleinwort Derivative Investments Limited	London, United Kingdom	100.0	
Dresdner Kleinwort Group LLC	Wilmington, Delaware, USA	100.0	
Dresdner Kleinwort Holdings II, Inc.	Wilmington, Delaware, USA	100.0	
Dresdner Kleinwort Servicios y Asesorias Ltda.	Santiago de Chile, Chile	100.0	
Dresdner Private Placement GmbH	Bad Vilbel	100.0	
EHY Sub Asset LLC	Wilmington, Delaware, USA	100.0	
EHNY Montelucia Manager, LLC	Dover, Delaware, USA	100.0	
Einunddreißigste DRESIB Beteiligungs-Gesellschaft mbH	Frankfurt/Main	100.0	
Elfte Umbra Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0	b)
EP Euro-Projektentwicklungs GmbH & Co. Objekt 1 KG	Frankfurt/Main	100.0	
EP Euro-Projektentwicklungs-Verwaltungs GmbH	Frankfurt/Main	100.0	
Erste DRESIB Beteiligungs-Gesellschaft mbH	Frankfurt/Main	100.0	
EuREAM GmbH	Wiesbaden	100.0	
Eurohypo Investment Banking Limited	London, United Kingdom	100.0	
Eurohypo Nominees 1 Limited	London, United Kingdom	100.0	
Eurohypo Representacoes Ltda.	Sao Paulo, Brazil	100.0	
Eurologistik 1 Leasehold General Partner BVBA	Brussels, Belgium	100.0	
Fernwärmenetz Leipzig GmbH	Leipzig	100.0	

Name	Registered office	Share of capital held %	Deviation in voting rights %
Finanztrust AG in Liquidation	Glarus, Switzerland	100.0	
Forum Algarve – Gestao de Centro comercial, Sociedade Unipessoal, Lda.	Lisbon, Portugal	100.0	
Frega Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0	
Galbraith Investments Limited	London, United Kingdom	100.0	
Garbary Sp. z.o.o.	Poznan, Poland	100.0	
Gesellschaft für Kreditsicherung mbH	Berlin	63.3	
GIE Victoria Aéronautique	Paris, France	100.0	
GRANADA Investment GmbH i.L.	Düsseldorf	100.0	
Grundstücks- und Vermögensverwaltungsgesellschaft Geretsried mbH	Düsseldorf	51.1	51.0
GVG Gesellschaft zur Verwertung von Grundbesitz mitbeschränkter Haftung	Eschborn	100.0	b)
H 47 GmbH & Co. KG	Düsseldorf	100.0	
H 47 Verwaltungsgesellschaft mbH	Düsseldorf	94.4	94.0
Haus am Kai 2 O.O.O.	Moscow, Russia	100.0	
HDW Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main	100.0	
Histel Beteiligungs GmbH	Frankfurt/Main	100.0	b)
HVI Handels- und Verwertungsgesellschaft für Immobilien mbH	Düsseldorf	94.0	
Immobiliengesellschaft Ost Hägle, spol. s.r.o	Prague, Czech Republic	100.0	
Immobilien-Vermietungsgesellschaft Reeder & Co. Objekt Airport Bürocenter Dresden KG	Dresden	87.2	86.6
Immobilienverwaltungs- und Vertriebsgesellschaft Villen am Glienicker Horn mbH	Berlin	100.0	
Immobilienverwaltungsgesellschaft Grammophon Büropark mbH	Berlin	100.0	
Immobilienverwaltungsgesellschaft Kampffmeyer Villa mbH	Berlin	100.0	
Immobilienverwaltungsgesellschaft Schlachthof Offenbach mbH	Eschborn	100.0	
IMMOFIDUCIA Sp. z. o.o.	Warsaw, Poland	100.0	
Inversiones Dresdner Kleinwort Chile Ltda.	Santiago de Chile, Chile	100.0	
IWP International West Pictures GmbH & Co. Erste Produktions KG	Cologne	94.9	
IWP International West Pictures Verwaltungs GmbH	Cologne	100.0	
KTC Kommunikations- und Trainings-Center Königstein GmbH	Königstein	100.0	
L.I.A. Leasinggesellschaft für Immobilien- und Anlagegüter mbH	Düsseldorf	100.0	
LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH	Ludwigshafen	94.0	
LOFRA GmbH & Co.KG	Frankfurt/Main	99.9	100.0
LOFRA Verwaltungs-Gesellschaft mbH	Frankfurt/Main	100.0	
Lufthansa Leasing GmbH & Co. Echo-Oscar KG i. L.	Grünwald	100.0	99.6
Lufthansa Leasing GmbH & Co. Echo-Papa KG i. L.	Grünwald	71.2	71.0
LUGO Photovoltaik-Beteiligungsgesellschaft mbH & Co. Objekt El Baldio 1 KG	Düsseldorf	100.0	
Mandas Receivables No.1 Limited	St. Helier, Jersey	100.0	
Mandas Receivables No.2 Limited	St. Helier, Jersey	100.0	
Marseille Shipping Limited	Monrovia, Liberia	100.0	
Max Lease Sàrl	Luxembourg, Luxembourg	100.0	
MOLBINA Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf Ludwig-Erhard-Allee KG	Düsseldorf	94.3	91.2
MOLMELFI Vermietungsgesellschaft mbH & Co. Objekt Burghausen KG	Düsseldorf	100.0	51.0
MOLRATUS Vermietungsgesellschaft mbH	Düsseldorf	100.0	
MOLRATUS Vermietungsgesellschaft mbH & Co. Objekt Loxstedt KG	Düsseldorf	0.0	85.0
MONEA Vermietungsgesellschaft mbH	Düsseldorf	100.0	
Montitail – Gestao de Retail Park, Sociedade Unipessoal Lda.	Lisbon, Portugal	100.0	
NACOLO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NACONA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	

Name	Registered office	Share of capital held %	Deviation in voting rights %
NACONEO Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NACONGA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NACORINO Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NACORONA Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NACOTA Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NAFARI Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAFIRINA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAMINO Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NAROLA Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NASIRO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NASTO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUCULA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAULUMO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUMOSA Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NAUPEUS Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NAURANTO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAURATA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUSOLA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTARO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTESSA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTIS Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTLUS Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTORIA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTUGO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVALIS Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVALIS Shipping Limited	Monrovia, Liberia	100.0	
NAVIBOLA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIBOTO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIFIORI Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIGA Schiffsbeteiligung GmbH	Hamburg	100.0	
NAVIGATO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIGOLO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVILO Vermietungsgesellschaft mbH	Hamburg	100.0	
NAVINA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIRENA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIROSSA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVISTA Verwaltungund Treuhand GmbH i.L.	Düsseldorf	100.0	
NAVITA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVITARIA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVITONI Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVITOSA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVITURA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NEB Shipping Co.	Monrovia, Liberia	100.0	
NEPTANA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NEPTILA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NEPTORA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NEPTUGA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NEPTUNO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NESTOR Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hamme KG	Düsseldorf	100.0	
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Landau KG	Düsseldorf	5.0	55.0
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Wiemelhausen KG	Düsseldorf	100.0	
Neuma Vermögensverwaltungsgesellschaft mbH	Hamburg	100.0	
Neunzehnte FraMü Beteiligungs GmbH	Frankfurt/Main	100.0	

Name	Registered office	Share of capital held %	Deviation in voting rights %
NORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
NOSCO Grundstücks-Vermietungsgesellschaft mbH	Mainz	100.0	
NOTITIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
NOVITAS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
Number X Real Estate Hungary Kft.	Budapest, Hungary	100.0	
Number X Real Estate GmbH	Eschborn	100.0	
NUMERIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
NURUS Beteiligungsgesellschaft mbH	Düsseldorf	100.0	b)
OSKAR Medienbeteiligungsgesellschaft mbH	Düsseldorf	100.0	
PALERMO Shipping Limited	Monrovia, Liberia	100.0	
PAREO Kraftwerk-Beteiligungsgesellschaft mbH	Leipzig	100.0	
Property Invest Spain, S.L.	Barcelona, Spain	100.0	
PRUNA Betreiber GmbH	Grünwald	51.0	
RAMONIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
RAPIDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
RAVENNA Kraków Sp. z.o.o.	Warsaw, Poland	100.0	
Receivable Partners Inc.	Wilmington, Delaware, USA	66.0	
RECURSA Grundstücks-Vermietungsgesellschaft mbH	Frankfurt	100.0	
RESIDO Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	
RIMA Medien-Beteiligungsgesellschaft mbH i.L.	Düsseldorf	100.0	
RIPA Medien-Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ROSARIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Baden-Airpark KG	Düsseldorf	50.0	65.0
ROSATA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ROSEA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ROSINTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ROSOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ROTUNDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
SB-Bauträger Gesellschaft mit beschränkter Haftung	Eschborn	100.0	
Schunk GmbH	Willich	51.0	
Solar Cuever del Negro 1, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 10, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 11, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 12, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 13, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 14, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 15, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 16, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 17, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 18, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 2, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 3, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 4, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 5, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 6, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 7, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 8, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 9, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 1, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 10, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 11, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 12, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 13, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 14, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 15, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 16, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 17, S.L.U.	Madrid, Spain	100.0	

Name	Registered office	Share of capital held %	Deviation in voting rights %
Solar Los Arroyos de Escuzar 18, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 2, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 3, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 4, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 5, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 6, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 7, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 8, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 9, S.L.U.	Madrid, Spain	100.0	
SOLTRX Transaction Services GmbH	Düsseldorf	100.0	[b)]
Space Park Erste Verwaltungs GmbH	Frankfurt/Main	100.0	
TARA Immobilien-Besitz GmbH	Eschborn	100.0	[b)]
TARA Immobilien-Verwaltungs-GmbH	Eschborn	100.0	
TARA Property-Management GmbH	Eschborn	100.0	
Tele-Tech Investment Sp. z.o.o.	Warsaw, Poland	100.0	
TIGNARIS Beteiligungsgesellschaft mbH & Co. Objekt Ostfildern KG	Düsseldorf	94.9	97.0
TIGNARIS Beteiligungsgesellschaft mbH & Co. Streubesitz KG	Düsseldorf	94.8	
TIGNATO Beteiligungsgesellschaft mbH	Essen	100.0	
TOULON NOVA Shipping Limited	Monrovia, Liberia	100.0	
TRANSFERIA Managementgesellschaft mbH i.L.	Dortmund	100.0	
VALENCIA NOVA Shipping Limited	Monrovia, Liberia	100.0	
Wijkertunnel Beheer III B.V.	Amsterdam, Netherlands	100.0	
WST-Broker-GmbH i.L.	Frankfurt/Main	90.0	

2. Associated companies

a) Associated companies in the consolidated financial statements accounted for using the equity method

Name	Registered office	Share of capital %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000
36th Street CO-INVESTMENT, L.P.	Wilmington, Delaware, USA	49.0	50.0	USD	14,497	242
AKA Ausfuhrkredit- Gesellschaft mbH	Frankfurt/Main	31.6		EUR	161,822	8,605
Argor-Heraeus S.A.	Mendrisio, Switzerland	31.2		CHF	6,369	28,324
Capital Investment Trust Corporation	Taipei, Taiwan	24.0		TWD	54,852	12,361
Captain Holdings S.à.r.l.	Luxembourg, Luxembourg	46.0		GBP	3,853	−1
Commerz Unternehmens-beteiligungs-Aktiengesellschaft	Frankfurt/Main	40.0		EUR	30,000	4,822
COMUNITHY Immobilien GmbH	Düsseldorf	49.9		EUR	−8,143	747
DTE Energy Center, LLC	Wilmington, Delaware, USA	49.5		USD	104,300	0[a)]
Exploitatiemaatschappij Wijkertunnel C.V.	Amsterdam, Netherlands	33.3		EUR	10,607	0
GIE Céline Bail	Paris, France	40.0		EUR	0	4,213
GIE Morgane Bail	Paris, France	40.0		EUR	0	3,581
GIE Northbail	Puteaux, France	25.0		EUR	0	7
HAJOBANTA GmbH & Co. Asia Opportunity I KG	Düsseldorf	20.8	20.7	EUR	149,041	−1,127
ILV Immobilien-Leasing Verwaltungs-gesellschaft Düsseldorf mbH	Düsseldorf	50.0		EUR	43,779	5,967
Inmobiliaria Colonial, S.A.	Barcelona, Spain	19.8		EUR	1,958,335	−711,026
KGAL GmbH & Co. KG	Grünwald	40.5		EUR	97,648	3,684
KGAL Verwaltungs-GmbH	Grünwald	45.0		EUR	8,362	396
MFG Flughafen-Grundstücks-verwaltungsgesellschaft mbH & Co. BETA KG	Grünwald	29.4	29.0	EUR	−63,291	3,024
MM Cogène 2	Paris, France	49.8		EUR	0	2,476
RECAP Alta Phoenix Lofts Investment, L.P.	New York, New York, USA	50.0		USD	16,158	0
RECAP/Commerz AMW Investment, L. P.	New York, New York, USA	50.0		USD	15,480	0
RECAP/Commerz Greenwich Park Investment, L.P	New York, New York, USA	50.0		USD	10,870	0
Reederei MS “E.R. INDIA” Beteili-gungsgesellschaft mbH & Co.KG	Hamburg	26.1		EUR	9,224	2,166
Southwestern Co-Investment, L.P.	New York, New York, USA	50.0		USD	13,196	0

b) Associated companies in the consolidated financial statements not accounted for using the equity method due to their minor significance

Name	Registered office	Share of capital %	Deviation in voting rights %
4239431 Canada Inc.	Toronto, Ontario, Canada	50.0	
4239440 Canada Inc. General Partner	Toronto, Ontario, Canada	50.0	
4239466 Canada Inc.	Toronto, Ontario, Canada	50.0	
4239474 Canada Inc.	Toronto, Ontario, Canada	50.0	
ACTIUM Leasobjekt GmbH & Co. Objekte Amberg und Landshut KG	Düsseldorf	50.0	
ADAMANTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Elbphilharmonie KG	Düsseldorf	50.0	
AF Eigenkapitalfonds für deutschen Mittelstand GmbH & Co. KG	Munich	47.9	
AGASILA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf KG	Düsseldorf	23.4	25.0
Ampton B.V.	Amsterdam, Netherlands	50.0	
ASTIRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
BAF Berlin Animation Film GmbH	Berlin	49.0	
Banco Comercial S. A.	Montevideo, Uruguay	33.3	
Bonitos GmbH & Co. KG	Frankfurt/Main	50.0	
Bonitos Verwaltungs GmbH	Frankfurt/Main	50.0	
BONUS Vermietungsgesellschaft mbH	Düsseldorf	30.0	
CETERA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Weinheim KG	Düsseldorf	5.0	33.3
CHRISTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Rottweil KG i.L.	Düsseldorf	2.0	33.3
COMMERZ GOA REALTY Management, LLC	Atlanta, Georgia, USA	49.0	
Commerz GOA Realty Associates LLC	New York, New York, USA	49.0	
Commerz Realty Associates GP V, LLC	Wilmington, Delaware, USA	49.0	
DRABELA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREBACUSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREBANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREBENDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREBOSTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRECORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREDOLA Grundtüstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREFLORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREFUMA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREHERA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	50.0	
DREKANDIS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREKONTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRELARA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRELOBA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRELOSINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRELUTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREMARA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	50.0	
DRENITA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRESANA Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRETERUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRETUNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREVERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
Düsseldorfer Börsenhaus GmbH	Düsseldorf	20.0	
EP Euro-Projektentwicklungs GmbH & Co. Objekt Köln-Porz KG i.L.	Frankfurt/Main	50.0	
FERO Vermietungsgesellschaft mbH	Düsseldorf	26.0	
FORNAX Kraftwerk-Beteiligungsgesellschaft mbH	Grünwald	50.0	
FOSSUM Beteiligungsgesellschaft mbH	Düsseldorf	24.8	25.0
FUNGOR Vermietungsgesellschaft mbH	Düsseldorf	43.6	
GIE Cinquieme Lease	Puteaux, France	33.3	
GIE Go Lease	Puteaux, France	50.0	

Name	Registered office	Share of capital %	Deviation in voting rights %
GIE Hu Lease	Puteaux, France	50.0	
GIE Quatrieme Lease	Puteaux, France	33.3	
GMF German Mittelstand Fund GmbH i. L.	Frankfurt/Main	23.5	
GOPA Gesellschaft für Organisation, Planung und Ausbildung mbH	Bad Homburg v. d. Höhe	24.8	28.8
GRAMEDA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRAMINA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRAMOLINDA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRAMOLINDA Vermietungsgesellschaft mbH & Co. Objekt Frankfurt KG	Grünwald	94.0	40.0
GRASSANO Vermietungsgesellschaft mbH	Grünwald	50.0	
GRATNOMA Grundstücks-Vermietungsgesellschaft mbH	Grünwald	50.0	
GRENADO Vermietungsgesellschaft mbH	Grünwald	50.0	
GRETANA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRISLEVA Vermietungsgesellschaft mbh	Grünwald	50.0	
GRONDOLA Vermietungsgesellschaft mbH	Grünwald	50.0	
GROSINA Vermietungsgesellschaft mbH	Grünwald	50.0	
GROTEGA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRUMENTO Vermietungsgesellschaft mbH	Grünwald	50.0	
GRUMONA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRUMOSA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRUNATA Vermietungsgesellschaft mbh	Grünwald	50.0	
GZ Verwaltungsgesellschaft für Transportmittel mbH i.L.	Munich	50.0	
Industriedruck Krefeld Kurt Janßen GmbH & Co KG	Krefeld	25.7	
Irving Place Co-Investment, L.P.	New York, New York, USA	37.7	50.0
Ivanhoe Rive Nord Inc.	Toronto, Ontario, Canada	50.0	
Ivanhoe Ste-Foy Inc.	Toronto, Ontario, Canada	50.0	
La Tasca Holdings Limited	Luton, United Kingdom	39.2	
Lerchesberg Grundstücks-Gesellschaft mbH i.L.	Frankfurt/Main	49.0	
LOUISENA Vermietungsgesellschaft mbH	Grünwald	50.0	
Lufthansa Leasing GmbH & Co. Echo-November KG i. L.	Grünwald	30.6	30.5
MAECENA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dortmund KG	Düsseldorf	5.0	33.3
MANICA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neutraubling KG	Düsseldorf	5.0	50.0
MARBANA Vermietungsgesellschaft mbH & Co. Objekt Hallenbad Flensburg KG	Flensburg	40.0	
MARBREVA Vermietungsgesellschaft mbH & Co. Objekt AOK Bayern KG	Düsseldorf	100.0	50.0
MARBREVA Vermietungsgesellschaft mbH & Co. Objekt AOK Rheinland-Pfalz KG	Düsseldorf	100.0	50.0
Marie Lease S.à.r.l.	Luxembourg, Luxembourg	49.0	
MARIUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hannover KG	Düsseldorf	21.0	40.0
MERLAN Mobilien-Verwaltungsgesellschaft mbH & Co. Projekt Nr. 15 KG i. L.	Grünwald	32.0	31.1
MINERVA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Radolfzell KG	Düsseldorf	21.0	
MOLANCONA Vermietungsgesellschaft mbH	Düsseldorf	50.0	
MOLARIS Beteiligungsgesellschaft mbH & Co. Objekt Kurhaus KG	Düsseldorf	100.0	49.0
MOLBARVA Vermietungsgesellschaft mbH	Düsseldorf	50.0	
MOLBERNO Vermietungsgesellschaft mbH	Grünwald	50.0	
MOLBONA Vermietungsgesellschaft mbH	Berlin	50.0	
MOLCASA Vermietungsgesellschaft Objekt Smart mbH i.L.	Grünwald	50.0	
MOLDOMA Vermietungsgesellschaft mbH & Co. Objekt Augsburg KG	Düsseldorf	100.0	50.0
MOLGRADO Vermietungsgesellschaft Objekt Göttingen und Oldenburg mbH	Grünwald	50.0	

Name	Registered office	Share of capital %	Deviation in voting rights %
MOLPIREAS Vermietungsgesellschaft mbH	Düsseldorf	50.0	
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Aquarius KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Aries KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf Hohe Straße KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Geminus KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Halle Markt 11 KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Halle Riegel KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Pforzheim KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Taurus KG	Düsseldorf	98.5	49.0
MOLSURA Vermietungsgesellschaft mbH	Düsseldorf	50.0	
MS "Meta" Stefan Patjens GmbH & Co. KG	Drochtersen	30.5	
NOSSIA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Grünwald	2.5	25.0
NULUX NUKEM LUXEMBURG GmbH	Luxembourg, Luxembourg	49.5	
ORBITA Kraftwerk-Beteiligungsgesellschaft mbH	Düsseldorf	50.0	
ORNATUS Grundstücks-Vermietungsgesellschaft mbH	Schönefeld (Dahme-Spreewald)	50.0	
OSCA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Grünwald	26.0	
Pinova GmbH & Co. Erste Beteiligungs KG	Munich	41.8	
ProCredit Bank Sh.A.	Tirana, Albania	20.0	
Rendite Partner Gesellschaft für Vermögensverwaltung mbH i. L.	Frankfurt/Main	33.3	
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt ISF Sindlingen KG	Düsseldorf	0.0	50.0
SCI L Argentiere	Grenoble, France	30.0	
TAMOLDINA Vermietungsgesellschaft mbH	Grünwald	50.0	
TAMOLTEMPA Vermietungsgesellschaft mbH	Grünwald	50.0	
TAMOLTESSA Vermietungsgesellschaft mbH	Grünwald	50.0	
The World Markets Company GmbH i. L.	Frankfurt/Main	25.2	
U.S. Residential I GP, LLC	Wilmington, Delaware, USA	49.0	50.0

3. Jointly controlled entities in the consolidated financial statements accounted for using the equity method

Name	Registered office	Share of capital	Deviation in voting rights	Currency	Equity	Net profit or loss
		%	%		1,000	1,000
Carbon Trade & Finance SICAR S.A.	Senningerberg, Luxembourg	50.0		EUR	9,167	1,039
Commerz Finanz GmbH	Munich	49.9		EUR	346,158	−23,441
Delphi I LLC	Wilmington, Delaware, USA	33.3	33.3	USD	−420,910	−13,679
FV Holding S.A.	Brussels, Belgium	60.0		EUR	30,283	−19,390
Kaiserkarree S.a.r.l.	Luxembourg, Luxembourg	50.0		EUR	−71,611	−48,630
Servicing Advisors Deutschland GmbH	Frankfurt/Main	50.0		EUR	3,038	−677

4. Special purpose entities and special funds a) Special purpose entities included in the consolidated financial statements pursuant to IAS 27/SIC 12

Name	Registered office	Share of capital	Deviation in voting rights	Currency	Equity
		%	%		1,000
Asset Securisation Programme for Insured Receivables Ltd. (ASPIRE)	Dublin, Ireland	0.0		EUR	2[a)]
Barrington II LLC	Dover, Delaware, USA	0.0		USD	0
Barrington II Ltd.	George Town, Grand Cayman, Cayman Islands	0.0		USD	7,896
Beethoven Funding Inc	Dover, Delaware, USA	0.0		USD	3[3)]
Borromeo Finance S.r.l.	Milan, Italy	0.0		EUR	58,252
Bosphorus Capital Ltd	Dublin, Ireland	0.0		EUR	–715
CB MezzCAP Limited Partnership	St. Helier, Jersey	0.0		EUR	346
Classic I (Netherlands) BV 2008– 1	Amsterdam, Netherlands	0.0		EUR	43,205
CoSMO Finance 2007– 1 Ltd.	Dublin, Ireland	0.0		EUR	0
CoSMO Finance 2008– 1 Ltd.	Dublin, Ireland	0.0		EUR	0
CoSMO II– 1 Ltd.	Dublin, Ireland	0.0		EUR	10[a)]
Danube Delta PLC	Delaware, USA	0.0		USD	–44,120
Dock 100 GmbH & Co. KG	Berlin	0.0		GBP	–27,795[a)]
FAF Inc.	George Town, Grand Cayman, Cayman Islands	0.0		EUR	167
Global One Funding III LLC	Wilmington, Delaware, USA	0.0		USD	0[a)]
Greenway Infrastructure Capital Plc	St. Helier, Jersey	0.0		EUR	176,023
Greenway Infrastructure Fund	St. Helier, Jersey	0.0		EUR	0
Honeywell Grundbesitzverwaltungs- GmbH & Co Vermietungs KG	Grünwald	100.0	19.0	EUR	–13,215[d)]
Idilias SPC (Silo IV)	George Town, Grand Cayman, Cayman Islands	0.0		USD	237
Idilias SPC Inc.	George Town, Grand Cayman, Cayman Islands	0.0		EUR	230
Justine Capital SRL	Milan, Italy	0.0		EUR	226
Kalmus Grundstücks Gesellschaft Objekt KG	Grünwald	0.0		EUR	–897
Lamina Grundstücks-VerwaltungsgesellschaftmbH & Co Objekt Leipzig KP, Grünwald	Grünwald	0.0		EUR	5,697
Liffey Emerald Ltd	Dublin, Ireland	0.0		EUR	618,427
Livingstone Mortgages Limited	London, United Kingdom	0.0		GBP	4,555
MERKUR Grundstücks-Gesellschaft Objekt Berlin Lange Straße mbH & Co. KG	Grünwald	0.0		EUR	44,002
Millstone II LLC	Dover, Delaware, USA	0.0		USD	148,617
Millstone II LTd.	Dover, Delaware, USA	0.0		USD	0
More Global Inc.	George Town, Grand Cayman, Cayman Islands	0.0		EUR	86
Pantheon Master Fund	Delaware, USA	0.0		USD	–44,120
Plymouth Capital Ltd.	St. Helier, Jersey	0.0		EUR	1,637
RCL Securitisation GmbH	Frankfurt/Main	0.0		EUR	36
Rügen I GmbH	Frankfurt/Main	0.0		EUR	25
Semper Finance 2006 – 1 Ltd.	St. Helier, Jersey	0.0		GBP	1
Semper Finance 2007 – 1 GmbH	Frankfurt/Main	0.0		EUR	–259
Silver Tower 125 Inc.	George Town, Grand Cayman, Cayman Islands	0.0		EUR	1,414
Symphony No.2 LLC	Wilmington, Delaware, USA	0.0		USD	–32
Symphony No.4 LLC	Dover, Delaware, USA	0.0		USD	–8
Tee One Inc.	George Town, Grand Cayman, Cayman Islands	0.0		EUR	–14[a)]
Thames SPC	George Town, Grand Cayman, Cayman Islands	0.0		EUR	0

Name	Registered office	Share of capital %	Deviation in voting rights %	Currency	Equity 1,000
Truckman Inc	George Town, Grand Cayman, Cayman Islands	0.0		EUR	–3
TS Co. mit One GmbH	Frankfurt/Main	0.0		EUR	25
TS Lago One GmbH	Frankfurt/Main	0.0		EUR	26
Viaduct Invest FCP – SIF	Luxembourg, Luxembourg	0.0		EUR	1,282[a)]
Victoria Capital (Ireland) Public Limited Company	Luxembourg, Luxembourg	0.0		EUR	59
Victoria Capital Holdings S.A.	Luxembourg, Luxembourg	0.0		EUR	–269
Victoria Capital S.A.	Luxembourg, Luxembourg	0.0		RUB	34

b) Special purpose entities not included in the consolidated financial statements pursuant to IAS 27/SIC 12 due to their minor significance

Name	Registered office	Share of capital %	Deviation in voting rights %
Alexandria Capital Plc	Dublin, Ireland	0.0	
Dock 100 Logistik GmbH	Berlin	0.0	
Feather Leasing Stichting	Luxembourg, Luxembourg	0.0	
Gangrey Ltd	London, United Kingdom	0.0	
Goldman Sachs Multi-Strategy Portfolio (Class B/E)	George Town, Grand Cayman, Cayman Islands	0.0	
Life Management S.A.r.l.	Luxembourg, Luxembourg	0.0	
Opera France One FCC	Paris, France	0.0	
Opera Germany No. 1 GmbH	Frankfurt/Main	0.0	
Opera Germany No. 2 plc.	Dublin, Ireland	0.0	
Opera Germany No. 3 Ltd.	Dublin, Ireland	0.0	
Ryder Square Ltd.	St. Helier, Jersey	0.0	
Star Global Multi Strategy	George Town, Grand Cayman, Cayman Islands	0.0	
Viking Capital Ltd.	Jersey	0.0	

5. Special funds

a) Special funds included in the consolidated financial statements pursuant to IAS 27/SIC 12

Name	Registered office	Share of investor in fund %	Deviation in voting rights %	Currency	Fund volume 1,000
BRE Gold Fund	Warsaw, Poland	100.0		PLN	235,267
CBK SICAV	Hesperange, Luxembourg	54.9		EUR	342,170
CDBS Cofonds	Frankfurt/Main	100.0		EUR	100,937
CDBS Cofonds II	Frankfurt/Main	100.0		EUR	92,454
CDBS Cofonds III	Frankfurt/Main	100.0		EUR	98,657
CDBS Cofonds IV	Frankfurt/Main	100.0		EUR	99,845
ComStage ETF SICAV	Luxembourg, Luxembourg	66.2		EUR	5,515,000[a)]
Gresham Bond	Luxembourg, Luxembourg	99.7		GBP	1,009
VFM Mutual Fund AG & Co. KG	Vaduz, Liechtenstein	85.4		CHF	337,058[4)]
Olympic Investment Fund	Luxembourg, Luxembourg	100.0		EUR	325,000[a)]
OP-Fonds CDBS V	Frankfurt/Main	100.0		EUR	91,402
Premium Management Immobilien – Anlagen	Frankfurt/Main	93.5		EUR	635,532[a)]

b) Special funds not included in the consolidated financial statements pursuant to IAS 27/SIC 12 due to their minor significance

Name	Registered office	Share of investor in fund %	Deviation in voting rights %
ALLIANZ BULGARIA PENSION FUND	Paris, France	100.0	
CBAS Global Hedge	Luxembourg, Luxembourg	100.0	
Garantie Plus 2012	Luxembourg, Luxembourg	14.0	
HQ Trust Kensington Ltd.	George Town, Grand Cayman, Cayman Islands	100.0	
HSC Life Policy Pooling S.A.r.l.	Luxembourg, Luxembourg	100.0	
LIFE PLUS FUNDS FCP-SIF	Luxembourg, Luxembourg	100.0	
Priamos Limited	London, United Kingdom	100.0	
Protect Global Winner 2014	Luxembourg, Luxembourg	100.0	

6. Investments in large corporations where the investment exceeds 5% of the voting rights

Name	Registered office	Share of capital %	Deviation in voting rights %
ConCardis Gesellschaft mit beschränkter Haftung	Frankfurt/Main	13.9	
EURO Kartensysteme Gesellschaft mit beschränkter Haftung	Frankfurt/Main	13.9	
GEWOBA Aktiengesellschaft Wohnen und Bauen	Bremen	7.1	
Open Joint-Stock Company Promsvyazbank	Moscow, Russia	14.4	

Footnotes

1) Renamed: Polfactor S.A. has been transformed into BRE Faktoring S.A.
2) Renamed: Dresdner Kleinwort (Japan) Limited has been transformed into Commerz Securities Hong Kong Limited
3) Renamed: Beethoven Funding Corporation has been transformed into Beethoven Funding Inc
4) Renamed: ILSP Mutual Fund AG & Co. KG has been transformed into VFM Mutual Fund AG & Co. KG

Notes and explanations

a) Included in the consolidated financial statements for the first time in the year under review.
b) Profit transfer agreement.
c) No disclosures persuant to Art. 285 No.11a of the German Commercial Code (HGB) are provided due to their minor significance as defined in Art. 286 (3) No. 1 HGB.
d) Consolidated in accordance with SIC 12 as the share of voting rights held is 19%.

Foreign-exchange rates for €1 as at December 31, 2011

Albania	ALL	138.8900
Bermuda	BMD	1.2939
Brazil	BRL	2.4159
Bulgaria	BGN	1.9558
Chile	CLP	671.8831
United Kingdom	GBP	0.8353
India	INR	68.7130
Japan	JPY	100.2000
Canada	CAD	1.3215
Poland	PLN	4.4580
Russia	RUB	41.7650
Switzerland	CHF	1.2156
Singapore	SGD	1.6819
South Africa	ZAR	10.4830
Taiwan	TWD	39.1797
Czech Republic	CZK	25.7870
Ukraine	UAH	10.3625
Hungary	HUF	314.5800
USA	USD	1.2939

Boards of Commerzbank Aktiengesellschaft

Supervisory Board

Klaus-Peter Müller
Chairman

Uwe Tschäge[1]
Deputy Chairman
Employee of
Commerzbank Aktiengesellschaft

Hans-Hermann Altenschmidt[1]
Employee of
Commerzbank Aktiengesellschaft

Dott. Sergio Balbinot
Managing Director
Assicurazioni Generali S. p. A.

Dr.-Ing. Burckhard Bergmann
Former Chairman of the
Board of Managing Directors
E.ON Ruhrgas AG

Dr. Nikolaus von Bomhard
Chairman of the
Board of Managing Directors
Münchener Rückversicherungs-
Gesellschaft AG

Karin van Brummelen[1]
Employee of
Commerzbank Aktiengesellschaft

Astrid Evers[1]
Employee of
Commerzbank Aktiengesellschaft

Uwe Foullong[1]
Secretary ver.di Trade Union
Member of the ver.di National
Executive Committee (until
September, 2011)

Daniel Hampel[1]
Employee of
Commerzbank Aktiengesellschaft

Dr.-Ing. Otto Happel
Entrepreneur
Luverse AG

Beate Hoffmann[1]
(since May 6, 2011)
Employee of
Commerzbank Aktiengesellschaft

Sonja Kasischke[1]
(until May 6, 2011)
Employee of
Commerzbank Aktiengesellschaft

**Prof. Dr.-Ing. Dr.-Ing. E.h.
Hans-Peter Keitel**
President of the Federation
of German Industries (BDI)

Alexandra Krieger[1]
Cert. Business Manager
Head Economics Department I
Promotion of Co-Determination
Hans Böckler Foundation

Dr. h.c. Edgar Meister
Lawyer
Former member of the Executive
Board of Deutsche Bundesbank

**Prof. h.c. (CHN) Dr. rer. oec.
Ulrich Middelmann**
Former Deputy Chairman of the
Board of Managing Directors
ThyssenKrupp AG

Dr. Helmut Perlet
Former member of the Board of
Managing Directors Allianz SE

Barbara Priester[1]
Employee of Commerzbank
Aktiengesellschaft

Mark Roach[1]
(since January 10, 2011)
Secretary ver.di Trade Union
National Administration

Dr. Marcus Schenck
Member of the
Board of Managing Directors
E.ON AG

Dr. Walter Seipp
Honorary Chairman

[1] Elected by the Bank's employees.

Board of Managing Directors

Martin Blessing
Chairman

Frank Annuscheit

Markus Beumer

Dr. Achim Kassow
(until July 12, 2011)

Jochen Klösges

Michael Reuther

Dr. Stefan Schmittmann

Ulrich Sieber

Dr. Eric Strutz

Martin Zielke

Responsibility statement by the Board of Managing Directors

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report of the Group provides a true and fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt/Main, February 27, 2012
The Board of Managing Directors

Martin Blessing	Frank Annuscheit	Markus Beumer
Jochen Klösges	Michael Reuther	Stefan Schmittmann
Ulrich Sieber	Eric Strutz	Martin Zielke

The following auditor's report (*Bestätigungsvermerk*) has been issued in accordance with Section 322 of the German Commercial Code (*Handelsgesetzbuch*) on the consolidated financial statements and group management report (*Konzernlagebericht*) of COMMERZBANK Aktiengesellschaft as of and for the fiscal year ended December 31, 2011. The group management report is neither included nor incorporated by reference in this Prospectus.

Independent Auditors' Report[1]

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of COMMERZBANK Aktiengesellschaft, Frankfurt am Main, and its subsidiaries, which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements for the business year from January 1 to December 31, 2011.

Board of Managing Directors' Responsibility

for the Consolidated Financial Statements

The Board of Managing Directors of COMMERZBANK Aktien-gesellschaft, Frankfurt am Main, is responsible for the preparation of these consolidated financial statements. This responsibility includes that these consolidated financial statements are prepared in accordance with International Financial Reporting Standards, 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) and that these consolidated financial statements 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 Board of Managing Directors is also responsible for the internal controls as the Board of Managing Directors determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

According to § 322 Abs. 3 Satz (sentence) 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at December 31, 2011 as well as the results of operations for the business year then ended, in accordance with these requirements.

[1] Translation of the independent auditor's report issued in German language on the consolidated financial statements prepared in German language by the management of Commerzbank Aktiengesellschaft, Frankfurt/Main. The German language statements are decisive.

Report on the Group Management Report

We have audited the accompanying group management report of COMMERZBANK Aktiengesellschaft, Frankfurt am Main, for the business year from January 1 to December 31, 2011. The Board of Managing Director of COMMERZBANK Aktiengesell-schaft, Frankfurt am Main, is responsible for the preparation of the group management report in accordance with the requirements of German commercial law applicable pursuant to § 315a Abs. 1 HGB. We conducted our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the group management report promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Accordingly, we are required to plan and perform the audit of the group management report to obtain reasonable assurance about whether the group management report is consistent with the consolidated financial statements and the audit findings, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

According to § 322 Abs. 3 Satz 1 HGB we state, that our audit of the group management report has not led to any reservations.

In our opinion based on the findings of our audit of the consolidated financial statements and group management report, the group management report is consistent with the consolidated financial statements, 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 1, 2012

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Lothar Schreiber	Peter Goldschmidt
(Wirtschaftsprüfer)	(Wirtschaftsprüfer)
(German Public Auditor)	(German Public Auditor)

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CONSOLIDATED FINANCIAL STATEMENTS OF COMMERZBANK AKTIENGESELLSCHAFT AS OF DECEMBER 31, 2010

Statement of comprehensive income

Income statement

	Notes	1.1.-31.12.2010	1.1.-31.12.2009	Change in %
			€m	
Interest income	(31)	18,306	20,338	−10.0
Interest expense	(31)	11,252	13,164	−14.5
Net interest income	(31)	7,054	7,174	−1.7
Loan loss provisions	(32)	−2,499	−4,214	−40.7
Net interest income after provisions		4,555	2,960	53.9
Commission income[1]	(33)	4,237	4,562	−7.1
Commission expense	(33)	590	789	−25.2
Net commission income[1]	(33)	3,647	3,773	−3.3
Net trading income[1]	(34)	2,052	−510	.
Net income on hedge accounting	(35)	−94	101	.
Net trading income and net income on hedge accounting	(34, 35)	1,958	−409	.
Net investment income	(36)	108	417	−74.1
Current income on companies accounted for using the equity method	(37)	35	15	.
Other net income	(38)	−131	−22	.
Operating expenses	(39)	8,786	9,004	−2.4
Impairments of goodwill and brand names		—	768	.
Restructuring expenses	(40)	33	1,621	−98.0
Pre-tax profit/loss		**1,353**	**−4,659**	.
Taxes on income	(41)	−136	−26	.
Consolidated profit/loss		**1,489**	**−4,633**	.
Consolidated profit/loss attributable to non-controlling interests		59	−96	.
Consolidated profit/loss attributable to Commerzbank shareholders		1,430	−4,537	.

1 Prior-year figures restated due to harmonization of reporting structure (see Note 2).

Earnings per share		2010	2009	Change in %
			€	
Earnings per share	(43)	1.21	−4.40	.

Earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit/loss attributable to Commerzbank shareholders. As in the previous year, no conversion or option rights were outstanding during the financial year. The figure for diluted earnings per share is therefore identical to the undiluted figure.

Condensed statement of comprehensive income

	Notes	1.1.-31.12.2010	1.1.-31.12.2009	Change in %
		€m		
Consolidated profit/loss		1,489	−4,633	.
Change in revaluation reserve	(74)			
Reclassified to income statement		−352	59	.
Change in value not recognized in income statement		394	537	−26.6
Change in cash flow hedge reserve	(74)			
Reclassified to income statement		283	9	.
Change in value not recognized in income statement		−53	−361	−85.3
Change in currency translation reserve	(74)			
Reclassified to income statement		41	−7	.
Change in value not recognized in income statement		209	−210	.
Change in companies accounted for using the equity method		2	42	−95.2
Other comprehensive income		524	69	.
Total comprehensive income		**2,013**	**−4,564**	**.**
Comprehensive income attributable to non-controlling interests		127	75	69.3
Comprehensive income attributable to Commerzbank shareholders		1,886	−4,639	.

4th quarter	1.10.-31.12.2010	1.10.-31.12.2009	Change in %
	€m		
Consolidated profit/loss	277	−1,911	.
Change in revaluation reserve			
Reclassified to income statement	−286	129	.
Change in value not recognized in income statement	498	−73	.
Change in cash flow hedge reserve			
Reclassified to income statement	71	9	.
Change in value not recognized in income statement	8	42	−81.0
Change in currency translation reserve			
Reclassified to income statement	20	−7	.
Change in value not recognized in income statement	44	67	−34.3
Change in companies accounted for using the equity method	1	—	.
Other comprehensive income	356	167	.
Total comprehensive income	**633**	**−1,744**	**.**
Comprehensive income attributable to non-controlling interests	15	43	−65.1
Comprehensive income attributable to Commerzbank shareholders	618	−1,787	.

Other comprehensive income	1.1.-31.12.2010			1.1.-31.12.2009		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
			€m			
Change in revaluation reserve	89	−47	42	987	−391	596
Change in cash flow hedge reserve	346	−116	230	−490	138	−352
Change in reserve from currency translation	250	—	250	−217	—	−217
Change in companies accounted for using the equity method	2	—	2	42	—	42
Other comprehensive income	**687**	**−163**	**524**	**322**	**−253**	**69**

The breakdown of other comprehensive income for the fourth quarter of 2010 was as follows:

Other comprehensive income	1.10.-31.12.2010			1.10.-31.12.2009		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
			€m			
Change in revaluation reserve	329	−117	212	135	−79	56
Change in cash flow hedge reserve	127	−48	79	72	−21	51
Change in reserve from currency translation	64	—	64	60	—	60
Change in companies accounted for using the equity method	1	—	1	—	—	—
Other comprehensive income	**521**	**−165**	**356**	**267**	**−100**	**167**

Income statement (by quarter)

2010	4th quarter	3rd quarter	2nd quarter	1st quarter
		€m		
Net interest income	1,682	1,633	1,853	1,886
Loan loss provisions	– 595	– 621	– 639	– 644
Net interest income after provisions	1,087	1,012	1,214	1,242
Net commission income[1]	875	870	905	997
Net trading income[1]	384	445	358	865
Net income on hedge accounting	—	– 23	– 42	– 29
Net trading income and net income on hedge accounting	384	422	316	836
Net investment income	191	– 24	60	– 119
Current income on companies accounted for using the equity method	32	– 5	6	2
Other net income	– 149	26	– 30	22
Operating expenses	2,164	2,185	2,228	2,209
Impairments of goodwill and brand names	—	—	—	—
Restructuring expenses	—	—	33	—
Pre-tax profit/loss	**256**	**116**	**210**	**771**
Taxes on income	– 21	– 19	– 151	55
Consolidated profit/loss	**277**	**135**	**361**	**716**
Consolidated profit/loss attributable to non-controlling interests	20	22	9	8
Consolidated profit/loss attributable to Commerzbank shareholders	257	113	352	708

1 First and second quarter restated due to harmonization of reporting structure (see Note 2).

2009	4th quarter	3rd quarter	2nd quarter[1]	1st quarter[1]
		€m		
Net interest income	1,882	1,765	1,838	1,689
Loan loss provisions	– 1,324	– 1,053	– 993	– 844
Net interest income after provisions	558	712	845	845
Net commission income[2]	985	965	960	863
Net trading income[2]	– 638	607	101	– 580
Net income on hedge accounting	64	40	– 43	40
Net trading income and net income on hedge accounting	– 574	647	58	– 540
Net income from financial investments	– 87	– 54	172	386
Current income on companies accounted for using the equity method	8	4	—	3
Other net income	– 68	112	5	– 71
Operating expenses	2,396	2,264	2,263	2,081
Impairments of goodwill and brand names	52	646	70	—
Restructuring expenses	212	904	216	289
Pre-tax profit/loss	**– 1,838**	**– 1,428**	**– 509**	**– 884**
Taxes on income	73	–375	269	7
Consolidated profit/loss	**– 1,911**	**– 1,053**	**– 778**	**– 891**
Consolidated profit/loss attributable to non-controlling interests	– 54	2	– 17	– 27
Consolidated profit/loss attributable to Commerzbank shareholders	– 1,857	– 1,055	– 761	– 864

1 After counterparty default adjustments.

2 Restatement due to harmonization of reporting structure (see Note 2).

Balance sheet

Assets	Notes	**31.12.2010**	**31.12.2009**	Change in %	**1.1.2009**[1]
			€m		
Cash reserve	(7, 46)	8,053	10,329	−22.0	6,566
Claims on banks	(8, 9, 10, 47, 49, 50, 80)	110,616	106,689	3.7	62,969
of which pledged as collateral	(79)	94	—	.	83
Claims on customers	(8, 9, 10, 48, 49, 50, 80)	327,755	352,194	−6.9	284,815
of which pledged as collateral	(79)	—	—	.	—
Value adjustment portfolio fair value hedges	(11, 51)	113	−16	.	—
Positive fair values attributable to derivative hedging instruments	(12, 52)	4,961	6,352	−21.9	10,528
Trading assets	(13, 53, 80)	167,825	218,708	−23.3	118,569
of which pledged as collateral	(79)	19,397	41,838	−53.6	17,272
Financial investments	(14, 54, 80)	115,708	130,914	−11.6	127,154
of which pledged as collateral	(79)	22,374	13,293	68.3	17,724
Holdings in companies accounted for using the equity method	(4, 55)	737	378	95.0	296
Intangible assets	(15, 56)	3,101	3,209	−3.4	1,336
Fixed assets	(16, 57)	1,590	1,779	−10.6	1,240
Investment properties	(18, 59)	1,192	1,279	−6.8	909
Assets held for sale and disposal groups	(19, 60)	1,082	2,868	−62.3	684
Current tax assets	(26, 58)	650	1,267	−48.7	684
Deferred tax assets	(26, 58)	3,567	4,370	−18.4	6,042
Other assets	(17, 61)	7,349	3,783	94.3	3,432
Total		**754,299**	**844,103**	**−10.6**	**625,224**

[1] January 1, 2009 is equivalent to December 31, 2008 after the change in the balance sheet structure (see Note 2).

Liabilities and equity	Notes	**31.12.2010**	**31.12.2009**	Change in %	**1.1.2009**[1]
			€m		
Liabilities to banks	(10, 20, 62, 80)	137,626	140,634	−2.1	128,492
Liabilities to customers	(10, 20, 63, 80)	262,827	264,618	−0.7	170,203
Securitized liabilities	(20, 64, 80)	131,356	161,779	−18.8	157,957
Value adjustment portfolio fair value hedges	(11, 65)	121	−16	.	—
Negative fair values attributable to derivative hedging instruments	(21, 66)	9,369	11,345	−17.4	21,463
Trading liabilities	(22, 67, 80)	152,393	202,595	−24.8	104,168
Provisions	(23, 24, 68)	4,778	5,115	−6.6	2,030
Current tax liabilities	(26, 69)	1,072	1,346	−20.4	627
Deferred tax liabilities	(26, 69)	222	1,240	−82.1	2,534
Liabilities from disposal groups held for sale	(19, 70)	650	2,839	−77.1	329
Other liabilities	(71)	8,136	6,103	33.3	2,585
Subordinated capital	(27, 72, 80)	12,910	15,850	−18.5	11,836
Hybrid capital	(27, 73, 80)	4,181	4,079	2.5	3,158
Equity	(30, 74, 75, 76)	28,658	26,576	7.8	19,842
Subscribed capital	(74)	3,047	3,071	−0.8	1,877
Capital reserve	(74)	1,302	1,334	−2.4	6,619
Retained earnings	(74)	9,345	7,878	18.6	5,842
Silent participations	(74)	17,178	17,178	0.0	8,200
Other reserves	(5, 6, 14, 74)	−2,999	−3,455	−13.2	−3,353
Total before non-controlling interests		27,873	26,006	7.2	19,185
Non-controlling interests	(74)	785	570	37.7	657
Total		**754,299**	**844,103**	**−10.6**	**625,224**

[1] January 1, 2009 is equivalent to December 31, 2008 after the change in the balance sheet structure (see Note 2).

Statement of changes in equity

	Subscribed capital	Capital reserve	Retained earnings	Silent participations	Other reserves: Revaluation reserve	Other reserves: Cash flow hedge reserve	Other reserves: Currency translation reserve	Total before non-controlling interests	Non-controlling interests	Equity
	€m									
Equity as at 31.12.2008	**1,877**	**6,619**	**5,904**	**8,200**	**−2,221**	**−872**	**−260**	**19,247**	**657**	**19,904**
Change due to retrospective adjustments			−62					−62		−62
Equity as at 1.1.2009	**1,877**	**6,619**	**5,842**	**8,200**	**−2,221**	**−872**	**−260**	**19,185**	**657**	**19,842**
Total comprehensive income	—	−6,619	2,082	—	466	−351	−217	−4,639	75	−4,564
Consolidated profit/loss		−6,619	2,082					−4,537	−96	−4,633
Change in revaluation reserve					424			424	172	596
Change in cash flow hedge reserve						−351		−351	−1	−352
Change in currency translation reserve							−217	−217		−217
Change in companies accounted for using the equity method					42			42		42
Dividend on silent participations								—		—
Dividend paid								—	−12	−12
Capital increases	1,193	1,320						2,513		2,513
Changes in ownership interests			−50					−50		−50
Other changes[1]	1	14	4	8,978				8,997	−150	8,847
Equity as at 31.12.2009	**3,071**	**1,334**	**7,878**	**17,178**	**−1,755**	**−1,223**	**−477**	**26,006**	**570**	**26,576**
Total comprehensive income	—	—	1,430	—	24	218	214	1,886	127	2,013
Consolidated profit/loss			1,430					1,430	59	1,489
Change in revaluation reserve					24			24	18	42
Change in cash flow hedge reserve						218		218	12	230
Change in currency translation reserve							212	212	38	250
Change in companies accounted for using the equity method							2	2		2
Dividend on silent participations								—		—
Dividend paid								—	−12	−12
Capital increases								—	173	173
Changes in ownership interests			5					5		5
Other changes[1]	−24	−32	32					−24	−73	−97
Equity as at 31.12.2010	**3,047**	**1,302**	**9,345**	**17,178**	**−1,731**	**−1,005**	**−263**	**27,873**	**785**	**28,658**

[1] Including change in treasury shares, change in derivatives on own equity instruments and payment of silent participations.

As at December 31, 2010 cash flow hedge reserve of €−94m and currency translation reserve of €45m were attributable to assets held for sale and disposal groups.

As at December 31, 2010 the subscribed capital of Commerzbank Aktiengesellschaft pursuant to the Bank's articles of association stood at €3,072m; it was divided into 1,181,352,926 no-par-value shares (accounting par value per share: €2.60).

After deducting the 9,315,335 treasury shares held by the Bank on December 31, 2010, its subscribed capital amounted to €3,047m.

The Bank made use of the authorization approved by the Annual General Meeting of May 19, 2010 to purchase its own shares for the purpose of securities trading, pursuant to Art. 71(1) no. 7 of the German Companies Act (Aktiengesetz). Gains and losses from trading in the Bank's own shares were recognized directly in equity.

No dividend is being paid for 2010 as Commerzbank Aktiengesellschaft did not achieve a distributable profit in its parent company accounts under German GAAP (HGB). Nor will a dividend be paid on the silent participations reported in equity as the agreement does not permit such a payment if it would lead to Commerzbank reporting a net loss or would increase such a loss.

Further details on equity are contained in Notes 74, 75 and 76.

Cash flow statement

	Notes	2010	2009
		Mio €	
Consolidated profit/loss		**1,489**	**–4,633**
Non-cash positions in consolidated profit/loss and reconciliation with cash flow from operating activities:			
Write-downs, depreciation, adjustments, write-ups on fixed and other assets, changes in provisions and net changes due to hedge accounting		4,101	1,511
Change in other non-cash positions		2,952	6,470
Gain/loss on disposal of assets	(36)	–108	–417
Profit from the sale of fixed assets	(38)	—	16
Other adjustments (net interest income)	(31)	–7,054	–7,174
Sub-total		**1,380**	**–4,227**
Change in assets and liabilities from operating activities after adjustment for non-cash positions:			
Claims on banks	(47)	–3,747	–43,974
Claims on customers	(48)	24,611	–71,335
Trading securities	(53)	–4,323	–15,664
Other assets from operating activities	(54-57, 59-61)	–3,231	–6,305
Liabilities to banks	(62)	–3,008	12,142
Liabilities to customers	(63)	–1,791	94,415
Securitized liabilities	(64)	–30,423	5,543
Other liabilities from operating activities	(65-71)	–470	15,464
Interest received	(31)	18,253	20,280
Dividends received	(31)	53	58
Interest paid	(31)	–11,252	–13,164
Income tax paid	(41)	–218	–199
Net cash from operating activities		**–14,166**	**–6,966**
Proceeds from the sale of:			
Financial investments and companies accounted for using the equity method	(36, 37, 54, 55)	15,274	858
Fixed assets	(38, 57)	187	663
Payments for the acquisition of:			
Financial investments and companies accounted for using the equity method	(36, 37, 54, 55)	–504	–5,240
Fixed assets	(38, 57)	–492	–4,426
Effects from changes in the group of companies included in the consolidation			
Cash flow from acquisitions less cash reserves acquired	(46)	—	2,083
Cash flow from disposals less cash reserves disposed of	(46)	298	370
Net cash from investing activities		**14,763**	**–5,692**
Proceeds from capital increases	(74)	–56	2,528
Dividends paid	(74)	—	—
Net cash from change in holdings in consolidated companies		–36	–111
Net cash from other financing activities (subordinated capital)	(72, 73)	–2,838	13,913
Net cash from financing activities		**–2,930**	**16,330**
Cash and cash equivalents at the end of the previous period		**10,329**	**6,566**
Net cash from operating activities		–14,166	–6,966
Net cash from investing activities		14,763	–5,692
Net cash from financing activities		–2,930	16,330
Effects from exchange rate changes		116	–5
Effects from non-controlling interests		–59	96
Cash and cash equivalents at the end of the period	**(46)**	**8,053**	**10,329**

Cash and cash equivalents broke down as follows:

	31.12.2010	31.12.2009	Change in %
		€m	
Cash on hand	1,388	1,338	3.7
Balances with central banks	6,386	7,842	–18.6
Debt issued by public-sector borrowers and bills of exchange rediscountable at central banks	279	1,149	–75.7

Cash and cash equivalents as at December 31, 2010 included no additions from companies consolidated for the first time (previous year: €615m).

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.

Net cash from operating activities includes payments (inflows and outflows) relating to claims on banks and customers and also securities held for trading and other assets. Increases and decreases in 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 net cash from operating activities.

The changes in cash flows from operating activities also result from disposals of consolidated companies. Other assets and liabilities from operating activities also include decreases relating to companies that were classified as held for sale at December 31, 2009 and were sold during the reporting year. The following table provides an overview of the assets and liabilities at the time of disposal.

Assets	31.12.2010
	€m
Claims on banks	2,218
Claims on customers	2,271
Trading assets	3
Financial investments	3,172
Fixed assets	16
Other assets	1,330

Liabilities	31.12.2010
	€m
Liabilities to banks	238
Liabilities to customers	5,286
Securitized liabilities	—
Trading liabilities	2
Other liabilities	309

The cash flow from investing activities consists of payments for financial investments, intangible assets and for fixed assets. In addition, the cash flows relating to the acquisition or disposal of subsidiaries are shown here. The cash flow from financing activities consists of the proceeds from capital increases as well as payments received and made with regard to subordinated and hybrid capital. Dividends paid are also reported here.

Cash and cash equivalents consists of positions that can be rapidly converted into liquid funds and are subject to negligible risks of changes in value. It consists of the cash reserve (see Note 46), containing cash on hand, balances held at central banks, 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.

The cash flow statement cannot be considered very informative with regard to the Commerzbank Group. The cash flow statement replaces neither liquidity planning nor financial planning for us and nor is it employed as a management tool.

NOTES

Significant accounting principles

Our consolidated financial statements as at December 31, 2010 were prepared in accordance with Art. 315a (1) of the German Commercial Code (HGB) and Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 (the IAS Regulation), together with other regulations for adopting certain international accounting standards on the basis of the International Financial Reporting Standards (IFRS) approved and published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). All standards and interpretations whose application is mandatory within the EU in 2010 have been applied.

As permitted under the regulations, we have not applied standards and interpretations which do not enter into force until the financial year 2011 or later (IFRS 9, revised IAS 24 and revised IFRIC 14 and 19; amendments arising from the annual improvement process of the IASB). The adoption of IFRS 9, which has been partially published by the IASB and not yet approved by the EU, could have significant effects on the Group's accounting and measurement practices. Due to the fact that significant portions of the standard have not yet been finalized and the standard has yet to be adopted by the EU, it is impossible to quantify the effects with any degree of accuracy. We do not, however, expect any significant effects on the consolidated financial statements from other standards and interpretations.

The standards and interpretations applied for the first time in the financial year 2010 (IFRS 1, 2 and 3 and IAS 27, 32 and 39 together with IFRIC 12, 15, 16, 17 and 18, plus amendments from the IASB's annual improvement process) did not have any significant impact on the consolidated financial statements.

In addition to the statement of comprehensive income and the balance sheet the consolidated financial statements also include a statement of changes in equity, a cash flow statement and the notes. Segment reporting and the reporting on risk management are to be found in the notes (Note 45 and Notes 83 to 90 respectively).

The Group Management Report, including a separate report on the opportunities and risks related to future developments (Group Risk Report) pursuant to Art. 315 of the German Commercial Code (HGB), appears on pages 73 to 198 of our annual report.

The reporting currency of the consolidated financial statements is the euro. Unless otherwise indicated, all amounts are shown in millions of euros.

Accounting and measurement policies

(1) Basic principles

The consolidated financial statements are based on the going concern principle. Assets are generally measured at amortized cost. This principle does not apply to certain financial instruments, investment properties and assets held for sale.

Income and expenses are accounted for on an accrual basis; they are recognized in the income statement for the period to which they are attributable in economic terms. Interest from all contractual agreements relating to financial assets or liabilities is reported in net interest income on an accrual basis or in net trading income if it relates to trading transactions and their refinancing. Dividend income is only recognized where a corresponding legal entitlement exists. Commission income and expenses are recognized in net commission income firstly on the basis of the accounting treatment of the associated financial instruments and secondly on the basis of the nature of the activity. Commission for services which are performed over a certain period are recognized over the period in which the service is performed. Fees which are associated with the completion of a particular service are recognized at the time of completion of the service. Performance-related fees are recognized when the performance criteria are met. Commission on trading transactions is reported in net trading income.

Financial assets and liabilities relating to the same business partner are netted and shown in the balance sheet on a net basis if there is a legally enforceable right to net the amounts and the transactions are fulfilled on a net basis or the asset is realized simultaneously with the settlement of the liability. In addition to the netting of positive and negative fair values attributable to derivatives this also applies to the netting of claims and liabilities in reverse repo and repo transactions. Uniform accounting and measurement methods, which are explained in the notes below, are used throughout the Commerzbank Group in preparing the financial statements.

For fully consolidated companies and holding in companies accounted for using the equity method in the Group financial statements we generally use financial statements prepared as at December 31, 2010.

Residual maturities are generally reported in the Commerzbank Group for all financial instruments that are subject to contractual maturities (see Notes 78 and 80). A residual maturity is defined as short-term if the period between the reporting date and the instrument's maturity date is less than one year. Provisions are broken down according to their main types in Note 68. Financial instruments in trading assets and liabilities without contractual maturities, the item cash reserve and assets and liabilities available for sale are classified as short-term. By contrast, the items intangible assets, fixed assets and assets held as financial investments are classified as long-term.

The consolidated financial statements include values which are determined, as permitted, on the basis of estimates and judgments. The estimates and judgments used are based on past experience and other factors, such as planning and expectations and forecasts of future events that are considered likely from the present standpoint. The estimates and judgments themselves and the underlying estimation methods and judgment factors are reviewed regularly and compared with actual results. In our view the parameters we have used are reasonable and appropriate. Estimates are subject to uncertainties in determining pension obligations and goodwill. Pension obligations are measured based on the projected-unit-credit method for defined benefit pension plans. In measuring such obligations, assumptions have to be made regarding long-term trends for salaries, pensions and average life expectancy in particular. Changes in the underlying assumptions from year to year and divergences from the actual effects each year are reported under actuarial gains and losses (see Note 68 on the impact of changes in parameters). The annual impairment test of goodwill is based on the recognized discounted cash flow method, which is based on the future cash flows projected in management's latest planning figures. An analysis of the uncertainties surrounding the estimation of goodwill and fair value of financial instruments is set out in Notes 15 and 81. For uncertainties surrounding the market value of real estate held as a financial investment we carry out analyses based on the parameters of the property yield and the land value (see Note 59). Estimates are also subject to uncertainties regarding deferred taxes, loan loss provisions, the measurement of fair value based on valuation models and the measurement of financial instruments in particular. For loan loss provisions please refer to the Group Risk Report.

(2) Adjustments to the accounting policies

In essence we have employed the same accounting policies as for the Group financial statements for the year ended December 31, 2009.

We have amended the structure of the income statement and balance sheet in accordance with IAS 1.82 and IAS 1.54. The following items are now reported separately in the income statement or balance sheet:

- Net income on hedge accounting
- Current income on companies accounted for using the equity method
- Holdings in companies accounted for using the equity method
- Investment properties
- Assets held for sale and disposal groups and liabilities from disposal groups held for sale
- Current tax assets and liabilities and
- Deferred tax assets and liabilities

Moreover, the revaluation reserve, cash flow hedge reserve and currency translation reserve sub-items within equity have been combined and are now presented as other reserves. Consolidated profit is now included in retained earnings. Furthermore, a more detailed breakdown of other comprehensive income has been provided in the statement of changes in equity. In addition, the statement of comprehensive income provides a breakdown of the changes in other comprehensive income according to changes recognized and changes not recognized in the income statement and changes in companies accounted for using the equity method. We have restated the prior-year figures accordingly.

We have also harmonized the maturity bands we report in our financial information and are also now reporting the nominal values of derivative transactions in the current financial year in Note 78 in the following maturity bands:

- due on demand
- up to 3 months
- 3 months to 1 year
- 1 to 5 years
- over 5 years

In order to further increase the transparency and consistency of the financial statements we have introduced the following changes in 2010.

In Notes 47, 48, 54, 62 to 64, 72 and 73 we have changed the information provided for the categories of financial instruments as defined by IAS 39.9. Where we previously disclosed the financial instruments for which the fair value option had been applied, we have replaced this with the disclosure of all financial instruments measured at fair value through profit or loss. Just like year these items mainly include repos and reverse repos which are measured at fair value and are stated in claims on banks and customers as well as liabilities to banks and customers. The fair values are assigned according to the level II measurement hierarchy (Note 81). The information on financial instruments for which the fair value option is applied is contained in Note 82.

In addition, we have provided greater detail on general and administrative expenses in Note 39 Operating expenses.

We also now report own issues in the trading book separately under trading liabilities rather than securitized liabilities, as previously, and have provided more precise details of the remuneration of the Board of Managing Directors in Note 99.

We have restated the prior-year figures in the balance sheet, the statement of changes in equity and the relevant notes accordingly. However, these reclassifications had no impact on consolidated profit/loss and earnings per share for the financial years 2009 and 2010.

Furthermore, in connection with the integration of the former Dresdner Bank the different reporting structures for net interest income have also been harmonized. The adjustments to prior periods relate to both interest income and interest expense. The reclassifications within interest income for 2009 and the first quarter of 2010 were made from the available-for-sale financial assets to the loans and receivables category and within interest expense from the application of the fair value option category to interest expense for subordinated capital (measured at cost).

There was also an adjustment for 2009 to interest from derivative financial instruments that do not form part of the trading book. The reclassification was made from interest income from available-for-sale financial assets to other interest income.

In addition, foreign exchange commission earnings of the former Dresdner Bank now form part of net commission income rather than net trading income as previously. The restatement for 2009 amounted to €51m and relates to commission from payment transactions and foreign trade business. We have restated the prior-year figures accordingly.

For 2009 and the first two quarters of 2010 we have made a correction. These reclassifications for the financial years 2009 and 2010 had no impact on consolidated profit/loss, the balance sheet, the statement of changes in equity and earnings per share.

The adjustments in the net interest income note and in the income statement are shown in the tables below.

Adjustments in net interest income:

	Originally reported	**Adjustment**	**Restated**
		€m	
Net interest income 1.1.-31.12.2009			
Interest income from lending and money market transactions and from the securities portfolio (available-for-sale)	2,905	−817	2,088
Interest income from lending and money market transactions and from the securities portfolio (loans and receivables)	16,439	444	16,883
Other interest income	289	373	662
Interest income total[1]	20,353	−15	20,338
Interest expense on subordinated and hybrid capital	981	115	1,096
Interest expense from applying the fair value option	332	−115	217
Total interest expense	13,164	—	13,164

1 After reclassification of the €15m current income on companies accounted for using the equity method.

Effects of reclassification of foreign exchange commission income:

	Originally reported	**Adjustment**	**Restated**
		€m	
Income statement 1.1.-31.12.2009[1]			
Net commission income	3,722	51	3,773
Net trading income[2]	−358	−51	−409

1 Of the amounts reclassified in 2009 €13m are attributable to the first, €13m to the second, €12m to the third and €13m to the fourth quarter.

2 Including net income on hedge accounting.

Since September 30, 2009, the recognition and measurement of derivatives in the Group has also taken account of counterparty default risks for Commerzbank Aktiengesellschaft by means of counterparty default adjustments (CDAs). We had already adjusted the figures for the prior quarters of 2009 in accordance with IAS 8.41 in the third quarter of 2009. This reduced the consolidated surplus by €3m in the first quarter of 2009 and by €15m in the second quarter. The prior-year figures for the relevant items in the quarterly statement have been restated accordingly.

(3) Consolidated companies

The consolidated financial statements include all material subsidiaries in which Commerzbank Aktiengesellschaft directly or indirectly holds more than 50% of the voting rights or exercises a controlling influence by other means. These also include significant special purpose entities and funds that are controlled as defined by SIC 12. Significant associates and jointly controlled entities are accounted for using the equity method.

Subsidiaries, associates and jointly controlled entities of minor significance for the Group's financial position have not been fully consolidated or not accounted for using the equity method; instead, they are reported under financial investments as holdings in non-consolidated subsidiaries or equity investments. These companies account for less than 0.3% (previous year: 0.2%) of the Group's total assets.

A full list of all ownership interests of the Commerzbank Group is contained in Note 106.

The following material subsidiaries, special purpose entities and funds were consolidated for the first time in 2010:

Name of company	Equity share and voting rights	Acquisition cost	Assets	Liabilities
	in %		€m	
BRE.locum S.A., Lodz	80.0	5.4	73.8	47.7
BRE Ubezpieczenia Towarzystwo Ubezpieczen i Reasekuracji S.A., Warsaw	100.0	6.4	37.6	27.5
BRE Ubezpieczenia Sp.z o.o., Warsaw	100.0	1.5	8.2	5.3
BRE Holding Sp. z o.o., Warsaw	100.0	41.3	44.9	0.0
Commerzbank Finance 3 S.à.r.l., Luxembourg	100.0	132.1	132.2	0.1
Commerzbank Leasing December (17) Limited, London	100.0	13.8	138.9	138.9
Commerzbank Leasing December (19) Limited, London	100.0	28.0	311.3	311.2
Commerzbank Leasing December (20) Limited, London	100.0	—	163.5	163.5
Commerzbank Leasing December (21) Limited, London	100.0	—	41.4	41.4
Commerzbank Leasing December (22) Limited, London	100.0	—	49.5	49.1
Commerzbank Leasing December (23) Limited, London	100.0	—	188.0	188.0
Commerzbank Leasing December (24) Limited, London	100.0	0.1	62.5	62.5
Commerzbank Leasing December (25) Limited, London	70.0	18.6	187.1	172.1
Commerzbank Leasing December (26) Limited, London	100.0	1.2	160.0	160.0
ComStage ETF Nikkei 225®, Luxembourg	26.5	125.8	125.9	0.1
ComStage ETF MSCI USA TRN, Luxembourg	65.4	154.2	155.5	1.3
ComStage ETF iBoxx € Liquid Sovereigns Diversified 3m-1 TR, Louxemburg	13.9	99.8	99.8	—
COMSTAGE ETF-IBOXX EUR. L.SOV.DIV. 5-7 TR, Luxembourg	75.0	101.4	103.5	2.1
ComStage ETF iBoxx € Sovereigns Germany Capped 3m-2 TR, Luxembourg	94.8	10.0	10.0	—
GS SICAV — UK Premia, Luxembourg	86.6	198.7	198.9	0.2
EH MoLu IV, LLC, Dover/Delaware	100.0	4.1	19.6	15.5
Film Library Holding LLC, Wilmington/Delaware	100.0	29.4	57.6	28.3
Galbraith Investments Ltd, London	100.0	—	170.5	170.5
Kommanditgesellschaft MS "CPO Toulon" Offen Reederei GmbH & Co. KG, Hamburg	90.0	45.3	37.9	11.0
Pisces Nominees Limited, London	100.0	65.8	2,110.1	2,018.0
Property Invest Italy Srl, Milan	100.0	60.3	109.2	48.9
Truckman Inc., Cayman Island	—	—	68.1	68.1

There were significant changes in the group of companies accounted for using the equity method as a result of a debt swap relating to the restructuring of the Bank's loan to Immobiliaria Colonial S.A., Barcelona. The Bank received equity in the borrower as a result of this swap. The swap was carried out in two stages. In the first stage the convertible bond was converted into equity and in the second stage the loan was converted into equity.

The first-time consolidations and first-time inclusion of companies accounted for using the equity method did not give rise to any goodwill. They are companies that have exceeded our materiality threshold for consolidation or equity accounting treatment or they are entities newly formed in the course of structured financings.

Subsequent measurement of the reserves and liabilities from the acquisition of Dresdner Bank uncovered in 2009 led to an expense of €278m before tax or €167m after tax being recognized in the income statement in the current financial year. The main effects derive from the imputation of interest to the subordinated and hybrid capital and from write-downs of the customer base and brand name.

The following subsidiaries, special purpose entities and funds have been sold or partially sold, or liquidated and are therefore no longer consolidated or measured using the equity method:

- Disposals
  - ADENARA Flugzeug-Leasinggesellschaft mbH & Co. Erste A319 KG, Karlsruhe
  - Allianz Dresdner Bauspar AG, Bad Vilbel
  - ASSERTA Flugzeug-Leasinggesellschaft mbH & Co. Zweite A319 KG, Karlsruhe
  - BONITAS Vermietungsgesellschaft mbH & Co. Objekt Bötzingen KG, Grünwald (Munich)
  - Commerz Real Beteiligungsgesellschaft mbH, Düsseldorf
  - dbi-BSK Rentenfonds, Frankfurt am Main
  - dbi-BSK Rentenfonds Plus, Frankfurt am Main
  - Dresdner Bank Monaco S.A.M., Monaco
  - Dresdner Van Moer Courtens S.A., Brussels
  - Dresdner VPV N.V., Gouda
  - Kleinwort Benson Channel Island Holdings Limited, St. Peter Port (sub-group including fully consolidated sub-group subsidiaries)
  - Kleinwort Benson Private Bank Limited Group, London (sub-group including fully consolidated sub-group subsidiaries)
  - Commerzbank Leasing December (2) Limited, London
  - Dresdner Kleinwort Leasing December (16) Limited,
  - London
  - Privatinvest Bank AG, Salzburg
  - TASKABANA erste Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Marl KG, Grünwald (Munich)

The proceeds from the sale of the companies amounted to roughly €0.5bn.

- Liquidations (including companies which have discontinued operations or entities that have permanently fallen below our materiality threshold for consolidation):
  - AGI Global Selection Balance, Luxembourg
  - ALLIANZ BULGARIA PENSION FUND, Paris
  - Alexandria Capital plc, Dublin[1]
  - Alternative Holding Partenaire, London[1]
  - CB Mezzanine Capital Limited Partnership, St. Helier/Jersey
  - Classic I (Cayman) Limited, George Town/Cayman Island[1]
  - Commerzbank December Leasing (18) Limited, London
  - DIT-Garantie Plus 2012, Luxembourg[1]
  - DIT-Protect Global Winner 2014, Luxembourg[1]
  - DKNA Phoenix LLC, Wilmington/Delaware
  - Dresdner Bank (DIFC) Limited, Dubai
  - Dresdner Finanziaria S.p.A., Milan
  - Dresdner Kleinwort (Drc) Limited, London
  - Dresdner Kleinwort (China) Ltd., East Hong Kong
  - Dresdner Kleinwort (Hong Kong) Ltd., East Hong Kong
  - Dresdner Kleinwort (Lbdp) Holdings Limited, London
  - Dresdner Kleinwort (Services) Inc, Panama City
  - Dresdner Kleinwort Derivative Investments Limited, London[1]

– Dresdner Kleinwort Equipment LLC, Wilmington/ Delaware
– Dresdner Kleinwort Finance EURL, Paris
– Dresdner Kleinwort France SAS, Paris
– Dresdner Kleinwort Metals Limited, London
– Dresdner Kleinwort Overseas Employees Limited, London
– Dresdner Kleinwort Securities (Asia) Holdings Ltd., East Hong Kong
– Dresdner Kleinwort Securities France S. A., Paris
– Dresdner Leasing 7 S.àr.l., Luxembourg
– Dresdner Leasing 8 S.àr.l., Luxembourg
– Eurohypo Representacoes Ltd., Sao Paulo[1]
– H 47 GmbH & Co. KG, Düsseldorf
– HQ Trust Kensington Ltd., George Town/Cayman Island[1]
– Kaiserplatz Purchaser No. 8 Limited, St. Helier / Jersey
– Idilias SPC (Silo VI), George Town/Cayman Island
– KBEMF (GP) Limited, London
– KP Avalon Limited, Dublin
– Kreativ 1 Limited, St. Helier/Jersey
– Priamos Limited, Tortola[1]
– Ryder Square Limited, St. Helier/Jersey[1]
– Sigma-1 CLO 2007, Dublin
– Symphony No. 1 Llc, Wilmington/Delaware
– Symphony No. 3 Llc, Dover / Delaware
– The Riverbank Trust, London
– Thebes Capital Plc, Dublin
– Thebes Plc, Dublin

[1] Fell below materiality threshold.

The following companies were merged into Commerzbank Aktiengesellschaft or consolidated companies in the current financial year:

– CBG Commerz Beteiligungsgesellschaft mbH, Frankfurt am Main
– CG New Venture 2 GmbH & Co. KG, Wiesbaden
– CG New Venture 3 GmbH & Co. KG, Wiesbaden
– comdirect private finance AG, Quickborn
– Commerz Asset Management Holding GmbH & Co. KG, Frankfurt am Main
– Commerzbank Capital Markets Corporation, New York
– DreCo Erste Beteiligungs GmbH, Frankfurt am Main
– Dreiundzwanzigste DRESIB Beteiligungs-Gesellschaft mbH, Frankfurt am Main
– Dresdner Bank Luxembourg S.A., Luxembourg
– Dresdner Bank ZAO, St. Petersburg
– Dresdner Mezzanine GmbH & Co. KG, Frankfurt am Main
– GENUJO LOK Beteiligungs-GmbH & Co. KG, Frankfurt am Main
– Genujo Vierte Beteiligungs-GmbH, Frankfurt am Main
– Zenon Beteiligungs-GmbH, Frankfurt am Main

The following subsidiaries and companies accounted for using the equity method are reported as held for sale in accordance with IFRS 5 as there are plans to sell them and their sale within one year is highly probable:

- Companies from the Asset Based Finance segment:
  - Commerz Real Autoleasing GmbH, Hamburg
  - MS "CPO Alicante" Offen Reederei GmbH & Co.KG, Hamburg
  - MS "CPO Ancona" Offen Reederei GmbH & Co.KG, Hamburg
  - MS "CPO Barcelona" Offen Reederei GmbH & Co.KG, Hamburg
  - MS "CPO Bilbao" Offen Reederei GmbH & Co.KG, Hamburg
  - MS "CPO Cadiz" Offen Reederei GmbH & Co.KG, Hamburg
  - MS "CPO Marseille" Offen Reederei GmbH & Co.KG, Hamburg
  - MS "CPO Palermo" Offen Reederei GmbH & Co.KG, Hamburg
  - MS "CPO Toulon" Offen Reederei GmbH & Co.KG, Hamburg
  - MS "CPO Valencia" Offen Reederei GmbH & Co.KG, Hamburg
  - MS "CPO Vigo" Offen Reederei GmbH & Co.KG, Hamburg

Dresdner Bank Brasil S.A. Banco Multiplo, São Paulo, is largely reported in the Corporates & Markets segment. KGAL GmbH & Co. KG, Grünwald (Munich), which is accounted for using the equity method, is contained in the Others and Consolidation segment. Until the final disposal of the shares is completed we will measure groups held for sale in accordance with the regulations of IFRS 5 and will report their assets and liabilities separately in the relevant balance sheet items and notes and in the statement of changes in equity.

(4) Principles of consolidation

Subsidiaries are companies in which Commerzbank Aktiengesellschaft directly or indirectly holds the majority of the voting rights or where it has power to govern their financial and operating policies in another way and thus exercise control over them so as to obtain benefits from their activities. Consolidation takes effect from the date on which the Group acquires the majority of the voting rights or gains control over the company concerned.

For the consolidation of capital, we remeasure the assets and liabilities of subsidiaries completely every year, regardless of the percentage share of the equity which we held at the time of acquisition. The remeasured assets and liabilities are included in the consolidated balance sheet net of deferred taxes; hidden reserves and liabilities are accounted for in accordance with the applicable standards in subsequent reporting periods. If a positive difference remains on remeasurement, this is recognized as goodwill.

Associated companies are entities over which Commerzbank Aktiengesellschaft has a significant direct or indirect influence. A significant influence is assumed to exist where the share in the voting rights is between 20% and 50%. Additional criteria for judging whether there is significant influence include substantial business transactions with the entity in question, membership of a management or supervisory board, or involvement in setting the entity's business policies.

Jointly controlled entities are companies over which we exercise joint control together with another company. Joint control may arise as a result of each company holding equal voting rights or of contractual agreements.

Associated companies and jointly controlled entities are ordinarily accounted for using the equity method and are reported in the balance sheet under investments accounted for using the equity method.

The historical cost of these investments including goodwill is determined at the time of their initial consolidation, applying by analogy the same rules as for subsidiaries For material associated companies and jointly controlled entities the equity book value.

Holdings in subsidiaries not consolidated for reasons of immateriality and holdings in associated companies and jointly controlled entities which, because of their immateriality, are not accounted for using the equity method are shown under financial assets at their fair value or, if this cannot be reliably established, at cost.

Subsidiaries are deconsolidated on the date that the Bank loses its control over them. Equity accounting for holdings in associated companies ends on the date that the share of the voting rights falls below 20% or other possibilities of exercising significant influence over the associated company cease to apply. Equity accounting for joint ventures ends on the date the joint management of the venture comes to an end.

The obligation to consolidate special purpose entities under certain circumstances derives from SIC 12. This stipulates that consolidation is required, if, in substance,

- the activities of the special purpose entity are conducted on behalf of the entity according to its specific business needs so that the entity obtains benefits from the operations of the special purpose entity;
- the entity has the decision-making powers to obtain the majority of the benefits of the activities of the special purpose entity or, by setting up an autopilot mechanism, the entity had delegated these decision-making powers;
- the entity has rights to obtain the majority of the benefits of the special purpose entity and therefore may be exposed to risks incident to the activities of the special purpose entity;
- the entity retains the majority of the residual or ownership risks related to the special purpose entity or its assets in order to obtain benefits from its activities.

In the Commerzbank Group the obligation to consolidate special purpose entities is examined by means of a process that includes transactions where we form a special purpose entity with or without the involvement of third parties, and transactions in which we enter into contractual relations with an already existing special purpose entity. The decision to consolidate is regularly reviewed by us. The list of all consolidated special purpose entities is contained in Note 106.

There are no restrictions on the ability of special purpose entities to transfer financial resources such as cash dividends on equity instruments or payments of interest and principal on debt instruments to Commerzbank. This applies firstly to special purpose entities where Commerzbank holds voting shares by virtue of company law which enable it to control all operating decisions including the transfer of financial resources. There are also no restrictions with regard to special purpose entities where Commerzbank does not hold shares by virtue of company law but has a right to financial transfers on the basis of debt contracts with the special purpose entities.

All receivables and liabilities as well as income and expenses based on intra-group business relationships are eliminated when liabilities and income and expenses are consolidated. Intra-group profits or losses are eliminated unless they are of minor importance.

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

In accordance with IAS 39 all financial investments and liabilities – which also includes derivative financial instruments – must be recognized in the balance sheet. A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. On initial recognition financial instruments are measured at fair value; as a rule, this is the cost at the time they are acquired.

Depending on their respective category, financial instruments are recognized in the balance sheet subsequently either at (amortized) cost or fair value. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. Fair value is determined by the price established for the financial instrument in an active market (mark to market principle). If no market prices are available, fair value is established with the aid of valuation models (mark to model), which use market data as their parameters to the greatest extent possible.

The following section provides an overview of how the rules of IAS 39, in their latest version, have been applied within the Group:

a) Recognition and derecognition of financial instruments

A financial asset or a financial liability is generally recognized in the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. For regular way purchases or sales of financial assets in the cash market the trading and settlement dates normally differ. These regular way cash market purchases and sales may be recognized using either trade date or settlement date accounting. The Group uses trade date accounting for all regular way purchases and sales of financial assets both on recognition and derecognition.

The derecognition rules of IAS 39 are based both on the concept of risks and rewards and on the concept of control. However, when deciding whether an asset qualifies for derecognition, the evaluation of the transfer of risks and rewards of ownership takes precedence over the evaluation of the transfer of control.

If the risks and rewards are transferred only partially and control over the asset is retained, the continuing involvement approach is used. The financial asset continues to be recognized to the extent of the Group's continuing involvement and special accounting policies apply. The extent of the continuing involvement is the extent to which the Group is exposed to changes in the value of the transferred asset. A financial liability (or part of a financial liability) is derecognized when it is extinguished, i.e. when the obligations arising from the contract are discharged or cancelled or expire. The repurchase of own debt instruments is also a transfer of financial liabilities that qualifies for derecognition. Any differences between the carrying value of the liability (including discounts and premia) and the purchase price are recognized in profit or loss; if the asset is sold again at a later date a new financial liability is recognized whose cost is equal to the price at which the asset was sold. Differences between this cost and the repayment amount are allocated over the term of the debt instrument using the effective interest rate method.

b) Classification of financial assets and liabilities and their measurement

- Loans and receivables:

  Non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market 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 readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. Measurement is at amortized cost. If there is impairment, this is recognized in profit or loss when determining the amortized cost. Premiums and discounts are recognized in net interest income over the life of the asset.

- Held-to-maturity financial investments:

  Non-derivative financial assets with fixed or determinable payments and fixed maturity may be included in this category if the entity has the positive intention and ability to hold them to maturity. Measurement is at amortized cost. If there is impairment, this is recognized in profit or loss when determining the amortized cost. Premiums and discounts are recognized in net interest income over the life of the asset. In the 2010 financial year Commerzbank Group again made no use of held-to-maturity financial assets.

- Financial assets or financial liabilities at fair value through profit or loss; this category comprises two sub-categories:

  – Financial assets or liabilities held for trading:

    This category includes financial assets and financial liabilities held for trading purposes (trading assets and trading liabilities). Trading assets include originated financial instruments (especially interest-bearing securities, equities and promissory note loans), precious metals and derivative financial instruments with a positive fair value.

    Trading liabilities include, in particular, derivative financial instruments with a negative fair value, own issues in the trading book and delivery commitments arising from the short-selling of securities.

    Derivative financial instruments used for hedging purposes are only reported under trading assets or trading liabilities if they do not meet the conditions for the application of hedge accounting (see below in this note). Otherwise, they are shown as fair values from derivative hedging instruments.

    Trading assets and trading liabilities are measured at their fair value on each balance sheet date. Gains or losses on measurement or disposal are recorded under net trading income in the income statement.

    The Commerzbank Group has undertaken transactions where the fair value was established using a valuation model in which not all of the main input parameters were based on observable market parameters. Such transactions are recognized in the balance sheet at the transaction price. The difference between the transaction price and the fair value under the model is termed the day one gain or loss. The day one gain or loss is not recognized immediately but shown in the income statement pro rata over the term of the transaction. If it is possible to determine a reference price for the transaction in an active market or the main input parameters are based on observable market data, the accrued day one gain or loss is recognized directly in trading profit or loss.

  – Financial instruments designated at fair value through profit or loss:

    Under the fair value option it is permissible to voluntarily measure each financial instrument at fair value and reflect the net result of this valuation in the income statement. The decision whether to use the fair value option or not must be made upon acquisition of the financial instrument and is irrevocable.

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

    – an accounting mismatch will be prevented or significantly 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 that must be separated.

    Financial instruments for which the fair value option is employed are shown in the appropriate balance sheet item for their respective category. The results of this measurement are recognized in profit or loss under net trading income. Interest income and expenses are reported in net interest income. Further details on how and to what extent the fair value option is used in the Commerzbank Group can be found in Note 82.

- Available-for-sale financial assets:

  This category comprises all non-derivative financial assets not assignable to one of the above categories or which have been designated as available-for-sale. Primarily, these are interest-bearing securities, equities and investments. They are measured at fair value. If in exceptional cases the fair value of equity instruments cannot be reliably determined, measurement is at amortized cost. After deferred taxes have been taken into consideration, gains and losses on measurement are shown in a separate equity item under Other reserves (revaluation reserve) without being recognized in profit or loss. Premiums and discounts on debt instruments are recognized under net interest income over the life of the instrument. If the financial asset is sold, the cumulative measurement gain or loss previously recognized in the revaluation reserve is reversed and taken to profit or loss. If the asset's value is impaired, the revaluation reserve is adjusted for the impairment and the amount is recognized in profit or loss. For impairment reversals a distinction is made between equity and debt instruments. While impairment reversals of equity instruments are recognized directly in equity, reversals of debt instruments where the reason for impairment has ceased to apply are only recognized in profit or loss up to a level not exceeding the impairment.

- Other financial liabilities:

  All financial liabilities that are not classified as held for trading and to which the fair value option was not applied are allocated to the category Other financial liabilities. This category includes liabilities to banks and customers as well as securitized liabilities. Measurement is at amortized cost. Premiums and discounts are recognized in net interest income over the life of the asset.

  Net gains or losses include fair value measurements recognized through profit or loss, impairments, impairment reversals, gains realized on disposal, and subsequent recoveries on written-down financial instruments classified in the respective IAS 39 categories. The components are detailed for each IAS 39 category in the notes on net interest income, loan loss provisions, net trading income and net income from financial investments.

c) Financial guarantee contracts

IAS 39 defines a financial guarantee contract as a contract that requires the issuer to make specified payments that reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. If Commerzbank is the guarantee holder, the financial guarantee is not recorded in the accounts and only recognized when determining an impairment of a guaranteed asset. As the issuer, the Commerzbank Group recognizes the liability arising from a financial guarantee at inception. Initial valuation is at fair value at the time of recognition. In general terms, the fair value of a financial guarantee at inception is zero because for fair market contracts the value of the premium agreed normally corresponds to the value of the guarantee obligation. A check is performed on subsequent recognition to determine whether a risk provision is necessary.

If a financial guarantee is a component of a financing commitment where there is an intention to trade, the financial guarantee also has to be classified as held-for-trading. Such financial guarantees are then treated in accordance with the rules for held-for-trading instruments rather than those set out above (see Note 5b).

d) Embedded derivatives

IAS 39 also regulates the treatment of derivatives embedded in originated financial instruments (embedded derivatives). These include, for example, reverse convertible bonds (bonds that may be repaid in the form of equities) or bonds with index-linked interest payments. According to IAS 39, under certain conditions the embedded derivative must be shown separately from the host contract as a stand-alone derivative.

Such a separation must be made if the following three conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;

- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative under IAS 39; and

- the hybrid (combined) contract is not measured at fair value through profit or loss.

In this case, the separately shown embedded derivative is regarded as part of the trading portfolio and recognized at fair value. Changes on revaluation must be recognized in the net gain/loss on remeasurement of derivative financial instruments within net trading income. The host contract is accounted for and measured applying the rules of the category to which the financial instrument is assigned.

If the above three conditions are not met, the embedded derivative is not shown separately and the hybrid financial instrument or structured product is measured as a whole in accordance with the general provisions of the category to which the financial instrument is assigned.

e) 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 assets or trading liabilities and are measured at fair value. The net valuation gain/loss is shown under net trading income.

If it can be demonstrated that derivatives are used to hedge risks from non-trading transactions, IAS 39 permits the application of hedge accounting rules under certain conditions. Two main types of hedge accounting are used:

- 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. It is above all the Group's issuing and lending business and its securities holdings for liquidity management, where these consist of fixed-income securities, that are subject to this fair value risk. Interest rate swaps are primarily used to hedge these risks.

  In line with the regulations for fair value hedge accounting, the derivative financial instruments used for hedging purposes are recognized at fair value as fair values from derivative hedging instruments. Changes upon remeasurement are recognized through profit or loss under net income from hedge accounting. Any changes in the fair value of the hedged asset or hedged liability resulting from an opposite move in the hedged risk are also recognized through profit or loss in net income from hedge accounting.

  For interest rate risks fair value hedge accounting can take the form of either a micro fair value hedge or a portfolio fair value hedge.

  – In micro fair value hedge accounting an underlying transaction is linked with one or more hedging transactions in a hedging relationship. The carrying amounts of the hedged transactions are adjusted through profit or loss in the event of changes in fair value attributable to the hedged risk.
  – In a portfolio fair value hedge interest rate risks are hedged at the portfolio level. It is not individual transactions or groups of transactions with a similar risk structure that are hedged, but instead a portfolio of underlying transactions is created grouped by maturity bands in accordance with the expected repayment and interest adjustment dates. Portfolios can consist solely of assets or liabilities or of both. In this type of hedge accounting the changes in fair value of the underlying transactions are recognized on both sides of the balance sheet as a separate asset and liability item. The hedged amount of the underlying transactions is determined in the consolidated financial statements exclusive of demand or savings deposits (we are therefore not utilizing the EU carve-out regulations).

- 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. Derivatives used in cash flow hedge accounting are measured at fair value. The effective portion of gains and losses are recognized net of deferred taxes in the cash flow hedge reserve. The ineffective portion, however, is recognized through profit or loss in net income from hedge accounting. The general accounting rules set out above continue to apply to 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 hedging relationship and also to its effectiveness.

The hedge has to be documented at inception. Documentation must include in particular the identification of the hedging instrument, the related hedged item or transaction, the nature of the risk being hedged and how effectiveness of the hedge is assessed. In addition to documentation, IAS 39 requires the effectiveness of a hedge to be demonstrated in order for hedge accounting rules to be applied. Effectiveness in this context means the relationship between the change in fair value or cash flow of the hedged item and the change in fair value or cash flow of the hedging instrument. If these changes offset each other almost fully, a high degree of effectiveness exists. Proof of effectiveness requires, firstly, that a high degree of effectiveness can be expected from a hedge in the future (prospective effectiveness); secondly, when a hedge exists, it must be regularly demonstrated that it 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 values or cash flows is between 0.8 and 1.25.

Commerzbank uses regression analysis to measure effectiveness in micro fair value hedge accounting. The changes in fair value of the hedged transaction and the hedging instrument for the prospective effectiveness test are determined by means of historical simulations. The actual changes in fair value are used for the retrospective effectiveness test. Regression analysis is also used for the prospective effectiveness test in portfolio fair value hedge accounting, while the dollar-offset method is used for the retrospective effectiveness test.

(6) Currency translation

Monetary assets and liabilities denominated in foreign currencies and pending spot foreign exchange transactions are translated at the spot mid rate, and foreign exchange forward contracts at the forward rate, on the balance sheet date. Realized income and expenses are normally converted at the spot rate applying on the date of realization. Average prices may also be used to convert income and expenses, provided these prices are representative, i.e. the price has not undergone major fluctuations. Hedged expenses and income are translated at the hedging rate. Expenses and income generated by the translation of balance sheet items are recognized through profit or loss in net trading income.

Non-monetary items such as investments in associates are generally translated at historic exchange rates, if they are measured at amortized cost. If they are measured at fair value, we use the rate on the balance sheet date for translation. Gains and losses on the translation of non-monetary items are recognized either in equity or through profit or loss depending on the way in which the net gain or loss is recognized.

Income and expenses in the financial statements of consolidated subsidiaries and companies accounted for using the equity method are translated at the exchange rate prevailing on the transaction date. For simplification purposes a price can be used for translation which represents an approximation of the exchange rate on the transaction date, for example the average price of a period. All differences arising on translation are recognized as a separate component of equity in the currency translation reserve. Translation gains and losses from the consolidation of the capital accounts are also recognized in equity in the reserve from currency translation. On the date such assets are sold, the translation gains or losses are recognized in the income statement in net income from financial investments.

(7) Cash reserve

The cash reserve comprises cash on hand, balances held at central banks, debt issued by public-sector borrowers and bills of exchange eligible for rediscounting at central banks. With the exception of debt issued by public-sector borrowers, which is shown at its fair value, all the items are stated at their nominal value.

(8) 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 reported at amortized cost. Premiums and discounts are recognized in net interest income over the lifetime of the claim. The carrying amounts of claims to which micro fair value hedge accounting is applied are adjusted for the changes in fair value attributable to the hedged risk. Claims recognized under the fair value option are shown at their fair value. In portfolio fair value hedge accounting the changes in fair value are reported under assets as positive adjustments to fair value attributable to portfolio fair value hedges.

(9) Loan loss provisions

We make provision for default risks arising from lending business in the form of specific and portfolio valuation allowances.

In order to cover the lending risks represented by claims on customers and banks, specific valuation allowances according to uniform Group standards are formed. Valuation allowances are established for a loan if it is probable on the basis of observable criteria that not all the payments of interest and principal will be made as agreed. The valuation allowance corresponds to the difference between the carrying value of the loan less the present value of the expected future cash flow.

In addition, we account for credit risk by means of portfolio valuation allowances. The level of the portfolio valuation allowances is determined using parameters derived from the Basel II system.

The total amount of the provision for possible loan losses, insofar as it relates to claims on the balance sheet, is deducted from the respective balance sheet items. However, provision for risks in off-balance-sheet business – guarantees, endorsement liabilities, lending commitments – is shown as a provision for credit risks.

Unrecoverable accounts for which no specific valuation allowances have been formed are written off immediately. Amounts recovered on claims written-off are recognized in the income statement under the provision for possible loan losses. Impaired claims are (partially) written down, utilizing any specific valuation allowances, if such claims turn out to be partially or entirely unrecoverable. Portions of impaired claims in excess of the current provision for loan losses are also written off immediately if they are unrecoverable.

(10) 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 both cases. The securities sold under repurchase agreements (spot sale) continue to be reported, and are measured, in the consolidated balance sheet as part of the securities portfolio. The inflow of liquidity from the repo transaction is shown in the balance sheet as a liability to either banks or customers, depending on the counterparty. The agreed interest payments are recognized as interest expense according to maturity in net trading income and, if they are not the result of trading transactions, in net interest income.

The outflows of liquidity arising from reverse repos are accounted for as claims on customers or banks and – if they are attributable to the banking book – are measured at amortized cost. Reverse repos in trading activities are measured at fair value. The securities bought under repurchase agreements which underlie the financial transaction (spot purchase) are not carried in the balance sheet and are thus not measured. The agreed interest payments are recognized as interest income according to maturity in net trading income and, if they are not the result of trading transactions, in net interest income. We report securities lending transactions in a similar manner to securities repurchase agreements. Securities lent remain in our securities portfolio and are measured according to the rules of IAS 39. Borrowed securities do not appear in the balance sheet, nor are they valued. We show cash collateral which we have furnished for securities lending transactions as a claim and collateral received as a liability.

Therefore the same risks and opportunities apply to financial assets which have been transferred but not derecognized as apply to the non-transferred financial assets described in Note 5.

(11) Value adjustment portfolio fair value hedges

The positive and negative changes in fair value of the hedged transactions for which portfolio fair value hedge accounting is used are shown in this item.

(12) Positive fair values attributable to derivative hedging instruments

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

Listed hedging instruments are measured at market prices; for unlisted instruments comparative prices and internal valuation 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 income from hedge accounting. Net income from hedge accounting also includes the ineffective portions of gains and losses on cash flow hedges; effective portions are recognized directly in equity in the reserve from cash flow hedges.

(13) Trading assets

Financial instruments held for trading purposes are carried 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. Lending commitments with a positive fair value and precious metals transactions are also included in this item.

For listed products market prices are used; for unlisted products comparable prices, indicative prices from pricing service providers or other banks (e.g. lead managers) or internal valuation methods (present value or option price models) are used.

All realized gains or losses and any unrealized valuation gains or losses are included in net trading income in the income statement. Interest and dividend income from trading portfolios, less related funding costs, are also shown in net trading income.

(14) Financial investments

Financial investments are financial instruments not assigned to any other balance sheet item. Financial investments comprises all bonds, notes and other interest-rate-related securities, shares and other equity-related securities, investments and holdings in non-consolidated subsidiaries unless they must be treated as assets held for sale as defined by IFRS 5. Holdings in companies not accounted for using the equity method and in jointly controlled entities are reported as financial investments under investments in associates.

Financial instruments from the loans and receivables category contained in financial investments are measured at amortized cost. In the case of reclassifications we apply the fair value at the time of reclassification as the new carrying value of securities portfolios. The revaluation reserve net of deferred taxes existing at this point remains in the relevant item in equity and is amortized over the remaining term of the reclassified securities.

Portfolio items classified as available for sale financial assets are recognized and measured at their fair value. If the fair value cannot be found on an active market, items are measured by means of comparable prices, indicative prices of pricing service providers or other banks (e.g. lead managers) or internal valuation models (net present value or option pricing models). If in exceptional cases the fair value of equity instruments cannot be reliably determined, they are reported at historic cost less any necessary impairment.

Measurement gains and losses on available for sale financial assets are recognized – after deferred taxes – in the revaluation reserve in equity. Realized gains and losses are only recognized in the income statement under net income from financial investments if the holdings are sold or in the event of impairment.

Premiums and discounts are recognized in net interest income over the lifetime of the claim. Net interest income also shows interest income from bonds, dividends on shares including shares in unconsolidated affiliated companies and current profits or losses from equity investments.

If, however, an effective fair value hedge with a derivative financial instrument exists for financial instruments recognized here, that part of the change in fair value attributable to the hedged risk is shown as part of net trading income under net income from hedge accounting. Changes in the fair values of financial investments to which the fair value option has been applied are recognized in the net gain/loss from application of the fair value option, which is also part of net trading income.

In accordance with IAS 39.59 financial instruments reported under financial investments must be monitored for any objective indications of a loss (such as breach of contract, loss event, increased likelihood of bankruptcy proceedings or insolvency) incurred after the date of initial recognition that would lead to a reduction in the cash flow arising from them. An impairment exists when the net present value of the expected cash flows is lower than the carrying value of the financial instrument concerned. In the event of an impairment, the net change is no longer recognized under equity as part of the revaluation reserve but must be taken through the income statement under net investment income as an impairment charge.

In the case of equity instruments, the value of the asset is impaired, for instance, if the fair value is either significantly or persistently lower than the historic cost.

In the Commerzbank Group, equity instruments in the available-for-sale portfolio are written down if their fair value is either significantly lower than their historic cost (≥20%) or has been below historic cost for a considerable period (at least nine months). Besides these quantitative trigger events, the qualitative trigger events cited in IAS 39.59 are also taken into account in the monitoring process.

No impairment reversals through profit or loss may be made for equity instruments designated as available for sale; instead, they are recognized directly in the revaluation reserve in equity. Accordingly, the income statement is only affected in the event of impairment or disposal. Impairment reversals are never permitted on unlisted equity instruments for which it is not possible to determine a reliable fair value on a regular basis and that are therefore recognized at historic cost less any necessary impairment.

If any qualitative trigger events exist (IAS 39.59), debt instruments in the available-for-sale financial assets portfolio are individually reviewed for impairment and, if necessary, written down. To make qualitative trigger events operative, additional indicators for an impairment have been developed in the Commerzbank Group. For example, an impairment charge for debt instruments in the available-for-sale portfolio must generally be recognized if the debtor's rating is CCC or lower (see Note 84; S&P rating) and the fair value is lower than amortized cost.

If the reasons for an impairment of debt instruments classified as available-for-sale financial assets cease to apply, the impairment of the debt instruments is reversed through profit or loss, but to no more than the level of amortized cost. Any amount exceeding amortized cost is recognized in the revaluation reserve.

For financial instruments classified as loans and receivables impairments are recognized in a similar manner as in lending business (see Note 5). Impairments are recognized in the income statement under net income from financial investments. If the indicators for impairment of particular securities cease to apply or no longer suggest an impairment, the impairment of the securities must be reversed through profit or loss, but to no more than the level of amortized cost. Similarly, an improved risk environment can lead to the reversal of an impairment that was previously recognized at the portfolio level.

(15) Intangible assets

Intangible assets mainly consist of software, acquired brand names, customer relationships and goodwill. They are shown at amortized cost. Software and customer relationships are written off on a straight line basis due to their limited useful economic lives. For the other brands and goodwill impairment tests are carried out at least annually.

Impairment test methodology

All goodwill and brand names are allocated to the cash-generating units at the time of acquisition. Commerzbank has defined the segments as cash generating units in accordance with IFRS 8. Further details are provided on the segments in Note 45. The expected future economic benefits of these assets are tested at the level of the individual underlying cash generating units at least once annually at each balance sheet date. In the process, the carrying amount of the capital employed in a cash generating unit (including the attributed goodwill) is compared with the recoverable amount of these assets. The recoverable amount is the higher of value in use and fair value less costs to sell. The value in use is based on the expected profitability of the unit and the cost of capital as set out in the medium-term planning for the individual segments approved by the board. If the value in use falls below the carrying amount, the fair value less costs to sell is also calculated. The higher of the two figures is reported.

Assumptions underlying the impairment testing

The discounted cash flow calculations are based on the multi-year planning for the segments. In addition to profitability projections this involves forecasts for risk weighted assets and capital employed. The main value drivers are receivables volumes, net interest income after provisioning and net commission income. Risk assets are a further sensitive planning parameter. The projections are based on forecasts from the economic research department for the macroeconomic outlook as well as other significant parameters such as movements in interest rates, exchange rates, equity and bond markets. Planning is based both on management's past experience and an assessment of risks and opportunities based on the forecasts.

Multi-year planning normally has a four-year (previously three-year) horizon. For impairment testing the profitability projections from the last planning year were extrapolated up to 2019 in order to reflect the effects of Basel III together with transitional statements on capital employed.

In calculating the discounted cash flow we use average risk-adjusted interest rates of between 11.1% (previous year: 12.1%) and 12.2% (previous year: 13.4%). A long-term growth rate of 2% is assumed for all segments (previous year: 2%).

If there are objective indications that the economic benefits originally identified will no longer be realized, an impairment must initially be recognized on the cash-generating unit's goodwill and reported in a separate item in the income statement. Any additional impairment required is divided pro-rata between the remaining assets in the unit.

The acquired rights to the Dresdner Bank brand were written off in full in 2010. This brand is now only used in one branch in Dresden.

We amortize acquired customer relationships over a period of seven to fifteen years.

Software is amortized on a straight-line basis over its expected useful economic life of two to ten years and charged to operating expenses. Software includes both proprietary software and acquired software. Software acquired in the Dresdner Bank acquisition is amortized on a straight-line basis up to the migration date, provided it is no longer needed after this date.

Where the reason for an impairment recognized in previous financial years ceases to apply, the impairment of intangible assets is reversed but not to more than the level of amortized cost. Impairment reversals are not permitted for goodwill.

(16) Fixed assets

The land and buildings, and also office furniture and equipment, shown under this item are capitalized at cost, less regular depreciation. Impairments are made in an amount by which the carrying value exceeds the higher of fair value less costs to sell and the value in use of the asset.

Where the reason for recognizing an impairment in previous financial years ceases to apply, the impairment is reversed but not to more than the level of amortized cost.

In determining the useful life, the likely physical wear and tear, technical obsolescence and 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:

	Expected useful life in years
Buildings	30-50
Office furniture and equipment	2-23

Office furniture and equipment acquired in the Dresdner Bank acquisition, for example IT hardware, branch furnishings and fixtures and fittings is depreciated on a straight line basis up to the migration date, provided it is no longer needed after this date, otherwise over the expected useful life.

In line with the materiality principle, purchases of low-value fixed assets were recognized immediately as operating expenses. Profits realized on the disposal of fixed assets appear under other income, with losses being shown under other expenses.

(17) 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 incidental to ownership. By contrast, leases where substantially all of the risks and rewards are transferred to the lessee are classified as finance leases. The present value of the lease payments is central to determining the risks and rewards of the lease. If the present value amounts to at least substantially all of the fair value of the leased asset, the lease is classified as a finance lease. The most commonly leased assets are properties and vehicles.

The Group as lessor

- Operating leases

  If the risks and rewards of ownership remain substantially with the lessor, the asset will continue to be reported on the balance sheet. Leased assets are reported in the balance sheet under other assets and are shown at cost, less regular depreciation over their useful economic lives and/or impairments. Unless a different distribution suggests itself in individual cases, we recognize the proceeds from leasing transactions on a straight-line basis over the lifetime of the lease and report them under Other net income.

- Finance leases

  If virtually all the risks and rewards relating to the leased asset are transferred to the lessee, the Commerzbank Group recognizes a claim on the lessee. The claim is shown at its net investment value at the inception of the lease. Leasing payments received are divided into an interest portion and a repayment portion. The income is recognized as interest income through profit or loss for the respective period.

Real estate leasing agreements have a fixed basic rental period and generally include an option for the lessee to buy. The payments to be made by the lessee are calculated based on the total investment costs less the residual value of the leased asset as determined at the start of the leasing agreement. During the fixed basic rental period the lessee bears all the asset-related costs and the third-party costs of the leasing company. The risk of unexpected or partial loss of the leased asset is borne by the lessor.

Leasing agreements for moveable assets (vehicles, IT equipment) are structured as partially amortizing agreements with an option to purchase and can be terminated. Because the fixed rental period is shorter in relation to the normal length of use in the case of partially amortizing agreements, only part of the total investment costs are amortized.

Leases which may be terminated have no fixed rental period. In the event of termination a previously agreed final payment becomes due, which covers the portion of the total investment costs not yet amortized. If notice of termination is not given, the lease rolls over. The risk of unexpected or partial loss of the leased asset is again borne by the lessor.

The Group as lessee

Expenditure on operating leases is always recorded on a straight-line basis over the life of the leasing agreement and reported under operating expenses.

Finance leases where the Commerzbank Group is a lessee are of minor significance.

(18) Investment properties

Investment properties are defined as land and buildings held for the purpose of earning rental income or because they are expected to increase in value. Commerzbank Group also reports properties acquired as a result of the realization of collateral in this category.

Investment properties are valued at cost, including directly attributable transaction costs, on initial recognition in accordance with IAS 40. The fair value model is used for the subsequent valuation of investment property. Fair value is normally determined on the basis of annual valuations conducted by internal experts and on prices currently obtainable in the market. Properties used for commercial purposes are usually valued based on capitalized income; individual residential buildings are generally valued using the cost or sales comparison approach. Gains and losses arising from changes in fair value are shown under other result in the income statement for the period.

Current income and expenses are recognized in net interest income.

(19) Assets held for sale and disposal groups

Non-current assets and disposal groups that can be sold in their current condition and whose sale is highly probable must be classified as held for sale. These assets must be valued at fair value less costs to sell in cases where this is lower than book value. In the event of impairments these are recognized through profit or loss in net income from financial investments for disposal groups and in Other net income for non-current assets. Any subsequent write-up is limited to the total of impairments previously recognized.

(20) Liabilities

If attributable to the banking book, financial liabilities are carried at amortized cost. The derivatives embedded in liabilities have been separated from their host debt instrument where this is required, measured at fair value and shown under either trading assets or trading liabilities. In micro fair value hedge accounting, hedged liabilities have been adjusted for the fair value attributable to the hedged risk. In portfolio fair value hedge accounting the changes in fair value are reported under liabilities as adjustments to fair value attributable to portfolio fair value hedges. Liabilities for which the fair value option is used are recognized at their fair value.

(21) Negative fair values attributable to derivative hedging instruments

This item shows derivative financial instruments that are used for hedging purposes and qualify for hedge accounting if they have a negative fair value. The hedging instruments are measured at fair value.

Listed hedging instruments are measured at market prices; for unlisted instruments comparative prices and internal valuation models (net present value or option price models) are used. Under the terms of fair value hedges, changes in fair value of hedging instruments are reported in net income from hedge accounting in the income statement. By contrast, effective portions of the gains and losses on cash flow hedges are recognized under valuation of cash flow hedges in equity.

(22) Trading liabilities

Derivative financial instruments which are not used as hedging instruments in hedge accounting, lending commitments in the trading book which have a negative fair value, own issues in the trading book and delivery obligations arising from short sales of securities are reported under trading liabilities. Trading liabilities are recorded at fair value through profit and loss, with market prices are being used for listed financial instruments and comparable prices or internal valuation models (net present value or option pricing models) for unlisted products. All realized gains or losses and any unrealized measurement gains or losses are included in net trading income in the income statement.

(23) Provisions

A provision must be shown if on the balance sheet date, as the result of an event in the past, a current legal or factual obligation has arisen, an outflow of resources to meet this obligation is likely and it is possible to make a reliable estimate of the amount of this obligation. Accordingly we make provisions for liabilities of an uncertain amount to third parties and anticipated losses arising from pending transactions in the amount of the claims expected.

The different types of provisions are allocated via various items in the income statement. Provisions for lending business are charged to the provision for possible loan losses and the provisions for restructuring to restructuring expenses. Other provisions are generally charged to operating expenses.

Restructuring provisions are recognized if the Commerzbank Group has a detailed formal restructuring plan and has already begun implementing this plan or has announced the main details of the restructuring. The detailed plan must contain information on the departments involved, the approximate number of staff whose jobs are affected by the restructuring, the costs involved and the period during which the restructuring will be carried out. The detailed plan must be communicated in such a way that those affected can expect it to be realized. The restructuring expenses item in the income statement contains further direct restructuring expenses which are not included in the restructuring provision.

Discounting

The amount recognized as a provision represents the best possible estimate of the expense required to meet the current obligation as at the reporting date. The estimate takes account of risks and uncertainties. Provisions are recognized at their net present value if they are long-term.

(24) Provisions for pensions and similar commitments

The company pension arrangements for current and former employees of Commerzbank Aktiengesellschaft and a number of domestic subsidiaries, together with their surviving dependants, are based on a number of different benefit schemes (both defined benefit and defined contribution plans).

In the defined contribution plans employees acquire a pension entitlement based on a contribution-related commitment from an external pension provider. To finance this the Group, together with its current employees, pays a fixed amount to external pension providers such as Versicherungsverein des Bankgewerbes a. G. (BVV), Berlin and Versorgungskasse des Bankgewerbes e.V., Berlin.

The level of current and future pension benefits is determined by contributions paid and the return earned on the assets. For these indirect systems the accounting standards laid down in IAS 19 for a defined contribution plan are applied, which means that the contributions paid to the external pension providers are recognized under personnel expenses. No provisions are formed.

The Group also operates defined benefit plans based on a direct pension commitment on the part of Commerzbank, where the level of the pension payment is fixed and dependent on factors such as age, salary level and length of service. IAS 19 accounting principles for defined benefit pension plans are applied to these pension schemes, which means that provisions are formed.

For employees entitled to pension benefits who joined Commerzbank Aktiengesellschaft or certain other consolidated companies before December 31, 2004, the pension entitlements are based on the regulations of the Commerzbank modular plan for pension benefits, known as CBA. The amount of the benefits under CBA consists of an initial module for the period up to December 31, 2004, plus a benefit module – possibly augmented by a dynamic module – for each contributory year from 2005 onwards. Staff joining the Bank after January 1, 2005 have pension rights under the Commerzbank capital plan for company pension benefits, known as CKA. The amount of the benefits paid under CKA consists of a contribution-based guaranteed payment for each contributory year from 2005 plus a performance-related bonus. Performance is measured throughout the period that contributions are paid until a pension is due.

Since January 1, 2010 the direct pension arrangements for staff formerly employed by Dresdner Bank Aktiengesellschaft have also been based on the pension modules of the CBA. The transfer of staff to the CBA from January 1, 2010 was based on the procedure used by Commerzbank in 2004 when it reorganized its company pensions for its own staff at the time.

In order to meet direct pension liabilities, cover assets have been transferred to a legally independent trustee, Commerzbank Pension Trust e. V. (CPT). Both sets of assets held by CPT qualify as plan assets within the meaning of IAS 19.7. Pursuant to IAS 19.54 the transferred assets may be netted with the present value of the defined benefit obligations, which results in a corresponding reduction in pension provisions within the Group.

In addition to the above mentioned pension plans, there is an internally-financed healthcare plan in the UK which entitles members in retirement to reimbursement of medical costs or a contribution to private medical insurance. The resulting obligations are accounted for according to the rules for defined benefit pension plans as specified by IAS 19.

Pension expense reported under personnel expenses for the direct pension commitments consist of two components: the service cost, representing the entitlements earned by members during the financial year; and the interest cost on the present value of the pension obligations, as the time when the pension obligations will have to be met has moved forward by one period. Set against this, the expected net income from the assets in the scheme reduces pension expense. Moreover, the level of pension expense continues to be affected by the amortization of actuarial gains or losses which have not yet been recognized in the income statement. If the direct pension commitments are changed and this leads to a change in the payment obligation, a past service cost (or income) is reported.

The size of the provision in accordance with IAS 19.54 is therefore as follows:

Present value of the defined-benefit obligation (DBO)
for direct commitments
less fair value of plan assets
less/plus unrecognized actuarial losses/gains
less/plus any past service cost
or income which has not yet been recognized

= level of the pension provision

For defined-benefit plans the pension provisions and similar obligations (e.g. age-related short-time working, early retirement and anniversary provisions) are calculated annually by an independent actuary using the projected unit credit method. This calculation is based on biometric assumptions (for example, Heubeck-Richttafeln 2005G), the current market interest rate for prime long-term corporate bonds and on assumptions for staff turnover and career trends as well as future rates of salary and pension increases.

According to IAS 19.92 ff., any actuarial profits and losses that have not yet been amortized do not have to be recognized until the reporting period in which they exceed the corridor of 10% of the greater of DBO or the fair value of the plan assets at the beginning of the period.

Commerzbank has decided to recognize unrealized actuarial profits and losses faster than the standard amortization schedules recommended in IAS 19. Above a significance threshold of 75% of the 10% corridor, 20% of the gains or losses within the corridor are amortized.

(25) Staff remuneration plans

1. Description of the main remuneration plans

a) Commerzbank Aktiengesellschaft Long-Term Performance Plans (LTPs)

In the past, Commerzbank annually set up long-term performance plans (LTPs) for managers and other selected employees. No new LTP has been set up since 2009 and there are no plans to launch any more plans for the foreseeable future.

Managers and staff at Commerzbank Aktiengesellschaft, various subsidiaries in Germany and at selected operational units outside Germany were eligible to participate in these plans. In order to participate in the LTPs, those eligible had to invest in Commerzbank shares.

Payment of the LTP is dependent upon Commerzbank Aktiengesellschaft paying a dividend in the financial year in which the payment takes place. Eligible participants receive a maximum of €100 per share paid out in cash.

After three years the base prices of the issuing year are compared with the prices in the first quarter of the year in question. Payment is made if the Dow Jones Euro Stoxx is outperformed by at least 1 percentage point (for 50% of the shares paid in as their own participation) and/or an increase in the price of the Commerzbank share of at least 25% over the base price (for 50% of the shares paid in as their own participation). If none of the exercise criteria have been met after three years have elapsed, the comparison is repeated at annual intervals. The data from the issuing year remain the basis for comparison. If none of the performance targets have been achieved after five years, the plan is terminated.

No payouts were made under LTPs in 2009 and 2010. Under the LTP plans for 2006 to 2008, which are still ongoing, payments geared to the performance of the share price and the index are still possible. The LTPs are accounted for as cash-settled share-based payment transactions.

Share awards

In January 2010 share awards were introduced as part of a new remuneration model for non pay-scale staff of Commerzbank Aktiengesellschaft. Share awards are a deferred component of variable compensation where staff are allocated virtual Commerzbank shares. They form part of variable compensation for the previous year and entitle the holder to receive the gross cash value of the shares allocated on the award date after the vesting period has elapsed. The portion of an individual employee's variable compensation paid in the form of a share award is dependent on the bank's overall performance and is not determined until the spring of the year following the year for which the award is paid. The number of shares is determined on the date of allocation by dividing the variable compensation amount by the average Xetra closing price of the Commerzbank share for January and February of the year of the award and December of the previous year. The vesting period is normally three years from the date of the award and a payout is only made if certain conditions are met.

The average Xetra closing price of Commerzbank shares in January and February of the year of payout and December of the previous year are also used to determine the amount paid out. The amount paid out is determined by multiplying this average price by the number of shares allocated on the award date.

If Commerzbank has paid dividends during the term of the award, a cash amount equal to the dividend is normally paid out in addition to the gross cash value of the shares.

No provisions for share-based payments have been made in respect of new share awards for the financial year 2010, as the first allocation of awards – which determines the level of the provision – will not be made until the spring of 2011. The portion of variable compensation paid out in share awards recognized in profit or loss in 2010 is treated as part of the HR provisions until the date of the allocation.

b) BRE Bank S.A.

In March 2008, BRE Bank S.A. launched two new share-based remuneration plans for the members of its Management Board. The first plan provides for the subscription of BRE Bank shares and the second for the subscription of Commerzbank shares. The members of the Management Board can participate in these plans from 2009 to 2018. Participation is, however, linked to various conditions, such as BRE Bank's return on equity and its net profit.

While the plan for the subscription of BRE Bank shares has the same conditions every year, the amount of Commerzbank shares subscribed is determined each year by their price during the last 30 days of their respective subscription dates. Both plans are classified as share-based payments settled in the form of equity instruments.

c) Other consolidated companies

In addition, it is possible for selected employees at other consolidated companies (e.g. comdirect bank Aktiengesellschaft) to participate through share ownership models in the performance of the respective companies. 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 companies. Frequently, these are offered at reduced prices and/or in combination with call or put options. In addition, warrants and share subscription rights are also issued. Bonuses are also granted which may either be used to subscribe for shares or are paid out in cash. The observance of vesting periods and agreements for later repurchase determine whether additional income is received.

2. Accounting treatment and measurement

The staff compensation plans described here are accounted for under the rules of IFRS 2 – Share-based Payment. IFRS 2 distinguishes between share-based payments settled in the form of equity instruments and those 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 majority of the staff remuneration plans described above are classified and accounted for as cash-settled payment transactions.

- Equity-settled share-based payment transactions

  The fair value of share-based payments settled in the form of equity instruments is recognized as personnel expense and reflected in equity in the capital reserve. The fair value at the time the awards are granted – with the exception of the effect of non-market-based exercise conditions – is recognized as an expense through profit or loss on a straight-line basis over the term during which the employee acquires an irrevocable entitlement to the awards. The amount recognized as an expense may only be adjusted if the Bank's estimates of the number of equity instruments to be finally issued change.

  If rights cannot be exercised because the conditions for exercise (e.g. a performance target) are not met, no change is made to the amounts already recognized in equity.

- Cash-settled share-based payment transactions

  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 expense while at the same time being recorded as a provision. The fair value is recalculated on every reporting date up to and including the date of settlement. Any change in the fair value of the provision is reflected in profit or loss. On the date of settlement, therefore, the provision must correspond as closely as possible to the amount payable to the eligible employees. In the case of share awards the portion of the provisions attributable to share awards is reassigned from other personnel provisions to the provision for share awards at the date of the award. The provision is calculated as the product of the number of rights allocated multiplied by the average Xetra closing price of Commerzbank shares in January and February of the year of the award and December of the previous year. The provisions fluctuate on each balance sheet date in parallel with the performance of the Commerzbank Aktiengesellschaft share price. Discounts are not applied for staff natural wastage as the share awards do not lapse on the departure or death of an employee. If Commerzbank pays dividends during the vesting period a cash payment equal to the dividend will be paid out for each share award at the payout date in addition to the payout value of the share awards. A provision also has to be set aside for these payments.

- Valuation models

  We have engaged external actuaries to calculate the fair values of the staff compensation plans that exist within Commerzbank Group, except for the share awards. Either a Monte Carlo model or a binominal model is used for valuation purposes.

  A Monte Carlo simulation of 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 generally used for determining the fair value of the options that exist under staff compensation plans in other consolidated companies. 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 linked to the after-tax profit of the companies in question and which are defined in the plans.

(26) Taxes on income

Current tax assets and liabilities are calculated on the basis of the expected payment to or rebate from each fiscal authority using the current tax rates applicable in the relevant country.

Deferred tax assets and liabilities are formed to reflect differences between the IFRS carrying amounts of assets or liabilities and the taxable value, provided that these temporary differences are likely to increase or reduce future taxes on income and there is no rule against disclosing them. In addition, deferred taxes are created for both tax loss carryforwards as well as for as yet unused tax credits. The valuation of deferred taxes is based on income tax rates already approved as at December 31, 2010 and applicable upon realization of the temporary differences.

Deferred tax assets on tax-reducing temporary differences, unused tax losses and unused tax credits are only recognized if and to the extent that it is probable that the same taxable entity will generate tax gains/losses in the foreseeable future with respect to the same fiscal authority.

Deferred tax assets and liabilities are recognized and continued – depending on the reason for the deferral – either under taxes on income in the income statement or directly in equity.

Income tax expenses or income are reported under taxes on income in the consolidated income statement.

Deferred tax assets and liabilities have been netted if there is a right to net current taxes on income and the deferred tax assets and liabilities relate to taxes on income levied by the same fiscal authority on the same taxable entity.

Taxable temporary differences relating to shares in Commerzbank group companies for which no deferred income tax liabilities were recognized amount to €95m (previous year: €93m).

The current and deferred tax assets and current and deferred tax liabilities are set out in the balance sheet and detailed in Notes 58 and 69.

(27) Subordinated and hybrid capital

Under subordinated and hybrid capital we show issues of profit-sharing certificates, securitized and non-securitized subordinated liabilities as well as hybrid capital instruments. They are shown at amortized cost. Premiums and discounts are recognized under net interest income over the lifetime of the instrument.

(28) Trust transactions at third party risk

Fiduciary 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.

(29) Contingent liabilities and irrevocable lending commitments

This item mainly hows contingent liabilities arising from guarantees and indemnity agreements as well as irrevocable lending commitments at their nominal value.

Situations where the reporting company acts as guarantor to the creditor of a third party for the fulfilment of a liability of that third party must be shown as guarantees. Indemnity agreements include contractual obligations that involve taking responsibility for a particular outcome or performance.

All obligations that could incur a credit risk must be shown as irrevocable lending commitments provided they are not held for trading. These include obligations to grant loans (for example, lines that have been advised externally to customers), to buy securities or provide guarantees or acceptances.

Provisions for risks in respect of contingent liabilities and irrevocable lending commitments are included in provisions for loan losses.

Income from guarantees is reported in net commission income; the level of this income is determined by the application of agreed rates to the nominal amount of the guarantees.

(30) Treasury shares

Treasury shares held by Commerzbank Aktiengesellschaft on the balance sheet date are deducted directly from equity. Gains and losses resulting from treasury shares have been netted against one another in equity.

Notes to the income statement

(31) Net interest income

	2010	2009	Change in %
		€m	
Interest income	18,306	20,338	–10.0
Interest income from lending and money market transactions and from securities portfolio (available-for-sale)[1]	1,225	2,088	–41.3
Interest income from lending and money market transactions and from securities portfolio (loans and receivables)[1]	15,949	16,883	–5.5
Interest income from lending and money-market transactions and from the securities portfolio (from applying the fair value option)	130	305	–57.4
Prepayment penalty fees	132	74	78.4
Gain from the sale of loans and receivables and repurchase of liabilities[2]	26	78	–66.7
Dividends from securities	53	58	–8.6
Current net income from investments and non-consolidated subsidiaries	77	92	–16.3
Current income from assets held for sale and from investment properties	106	98	8.2
Other interest income[1]	608	662	–8.2
Interest expense	11,252	13,164	–14.5
Interest expense on subordinated and hybrid capital[1]	1,030	1,096	–6.0
Interest expense on securitized liabilities	4,494	5,757	–21.9
Interest expense on other liabilities	5,055	5,950	–15.0
Interest expense from applying the fair value option[1, 3]	94	217	–56.7
Loss on the sale of loans and receivables and repurchase of liabilities[2]	102	72	41.7
Current expenses from assets held for sale and from investment properties	85	53	60.4
Other interest expense[1]	392	19	.
Total	**7,054**	**7,174**	**–1.7**

[1] Prior-year figures restated due to change in reporting structure and reclassifications between interest income and interest expense (see Note 2).

[2] Of which €23m gains and €33m losses on the repurchase of liabilities in the current financial year (previous year: €31m gains and €6m losses).

[3] Of which €1m for subordinated and hybrid capital (previous year: €17m).

There was an unwinding effect of €223m (previous year: €192m) for commitments which have been terminated and impaired commercial real estate loans.

Net interest income included €608m from derivative financial instruments not included in the trading book (previous year: €662m).

The breakdown of interest income and interest expense from investment properties was as follows:

	2010	2009	Change in %
		€m	
Rental income	94	73	28.8
Other income	—	—	.
Total income	**94**	**73**	**28.8**
Building and occupancy expense for rented properties	27	32	–15.6
Other expenses	55	7	.
Total expenses	**82**	**39**	**.**

(32) Loan loss provisions

The breakdown of loan loss provisions in the consolidated income statement was as follows:

	2010	2009	Change in %
		€m	
Allocation to provisions	−4,440	−5,305	−16.3
Reversals of provisions	2,207	1,315	67.8
Direct write-downs	−459	−402	14.2
Write-ups and amounts recovered on claims written-down	193	178	8.4
Total	**−2,499**	**−4,214**	**−40.7**

The breakdown of the net allocation to provisions was as follows:

	2010	2009	Change in %
		€m	
Specific risks	−2,685	−3,711	−27.6
Claims on banks	19	−185	.
Claims on customers	−2,656	−3,496	−24.0
Off-balance sheet items	−48	−30	60.0
Portfolio risks	452	−279	.
Claims on banks	7	19	−63.2
Claims on customers	399	−334	.
Off-balance sheet items	46	36	27.8
Direct write-downs, write-ups and amounts recovered on claims written-down	−266	−224	18.8
Total	**−2,499**	**−4,214**	**−40.7**

(33) Net commission income

	2010	2009	Change in %
		€m	
Commission income	**4,237**	**4,562**	**−7.1**
Securities transactions[1]	1,403	1,521	−7.8
Asset management[1]	175	218	−19.7
Payment transactions and foreign business[1]	1,290	1,164	10.8
Real estate lending business	226	247	−8.5
Guarantees[1]	238	385	−38.2
Net income from syndicated business[1]	241	254	−5.1
Fiduciary transactions	8	4	.
Other income[1]	656	769	−14.7
Commission expense	**590**	**789**	**−25.2**
Securities transactions[1]	182	194	−6.2
Asset management[1]	17	20	−15.0
Payment transactions and foreign business[1]	158	88	79.5
Real estate lending business	40	43	−7.0
Guarantees[1]	80	211	−62.1
Net income from syndicated business	2	5	−60.0
Fiduciary transactions	4	—	.
Other expenses	107	228	−53.1
Net commission income			
Securities transactions[1]	1,221	1,327	−8.0
Asset management[1]	158	198	−20.2
Payment transactions and foreign business[1]	1,132	1,076	5.2
Real estate lending business	186	204	−8.8
Guarantees[1]	158	174	−9.2
Net income from syndicated business[1]	239	249	−4.0
Fiduciary transactions	4	4	0.0
Other[1]	549	541	1.5
Total	**3,647**	**3,773**	**−3.3**

[1] Reclassification of foreign exchange commission income out of net trading income into payment transactions and foreign business (see Note 2) and other adjustments due to harmonization of reporting structure.

Commission income included €792m (previous year: €911m) and commission expense included €100m (previous year: €121m) from transactions with financial instruments that are not recognized at fair value through profit or loss.

(34) Net trading income

We have split net trading income into three components:

- Net gain/loss on trading in securities, promissory note loans, precious metals and derivative instruments;
- Net gain/loss on the remeasurement of derivative financial instruments that do not qualify for hedge accounting;
- Net gain/loss from application of the fair value option.

All financial instruments held for trading purposes are measured at fair value (see Note 13). Apart from realized and unrealized gains and losses, net trading income also includes the interest and dividend income related to trading positions and their funding costs.

	2010	2009	Change in %
		€m	
Net trading profit/loss[1]	1,718	−1,296	.
Realizations[1]	115	−75	.
Net gain/loss on valuation	1,186	−1,861	.
Net interest income	417	640	−34.8
Net gain/loss on the valuation of derivative financial instruments	203	−53	.
Net gain/loss from application of the fair value option	131	839	−84.4
Realizations	−119	1,032	.
Net gain/loss on valuation	250	−193	.
Total	**2,052**	**−510**	**.**

[1] Prior-year figures restated due to reclassification of foreign exchange commission income to commission income (see Note 2).

Net interest income from trading was made up of €3,437m in interest income (previous year: €4,882m) and €3,020m in interest expense (previous year: €4,242m) for funding trading transactions. Net interest income from derivative financial instruments is contained in interest expense and came to €−281m (previous year: €−416m) in the year under review.

The net gain/loss from applying the fair value option includes the changes in fair value of the underlying derivatives.

(35) Net income on hedge accounting

Net income on hedge accounting includes gains and losses on the valuation of effective hedges in fair value hedge accounting as well as the ineffective portion of cash flow hedges. The breakdown was as follows:

	2010	2009	Change in %
		€m	
Fair value hedges			
Changes in fair value attributable to hedging instruments	−1,363	2,719	.
Micro fair value hedges	−1,278	2,717	.
Portfolio fair value hedges	−85	2	.
Changes in fair value attributable to hedged items	1,269	−2,613	.
Micro fair value hedges	1,317	−2,612	.
Portfolio fair value hedges	−48	−1	.
Cash flow hedges			
Net gain/loss of effectively hedged cash flow hedges (ineffective part only)	—	−5	.
Total	**−94**	**101**	**.**

(36) Net investment income

Net investment income contains gains/losses on disposal and valuation (impairments) of securities in the loans and receivables and available-for-sale financial assets categories, equity investments, holdings in companies accounted for using the equity method and subsidiaries.

	2010	2009	Change in %
		€m	
Net gain/loss from interest-bearing business	**67**	**−610**	**.**
In the available-for-sale category	191	−588	.
Gain on disposals (including reclassification from revaluation reserve)[1]	245	271	−9.6
Loss on disposals (including reclassification from revaluation reserve)[1]	−377	−355	6.2
Net gain/loss on valuation[1]	323	−504	.
In the loans and receivables category	−124	−22	.
Gain on disposals	6	5	20.0
Loss on disposals	−126	—	.
Net gain/loss on valuation[2]	−4	−27	−85.2
Net income from equity instruments	**41**	**1,027**	**−96.0**
In the available-for-sale category	180	738	−75.6
Gain on disposals (including reclassification from revaluation reserve)[1]	184	886	−79.2
Loss on disposals (including reclassification from revaluation reserve)[1]	−4	−148	−97.3
In the available-for-sale category, valued at cost of acquisition	11	542	−98.0
Net gain/loss on valuation[1]	−39	−209	−81.3
Net gain/loss on disposals and remeasurement of companies accounted for using the equity method	−111	−44	.
Total	**108**	**417**	**−74.1**

[1] This includes a net of €361m (previous year: €399m) of reclassification from the revaluation reserve created in the financial year 2010.

[2] This includes portfolio valuation allowances of €1m (previous year: €25m) for reclassified securities.

(37) Current income from companies accounted for using the equity method

Current income from companies accounted for using the equity method was €35m (previous year: €15m). Including the net loss on disposals and remeasurement of companies accounted for using the equity method of €−111m (previous year: €−44m), which is included in net income from financial investments, the overall gain/loss on companies accounted for using the equity method was €−76m (previous year: €−29m).

(38) Other net income

Other net income primarily comprises allocations to and reversals of provisions, income and expenses from operating leases as well as interim expenses and income attributable to hire-purchase agreements. Expenses and income arising from building and architects' fees relate to the construction management of our sub-group Commerz Real. Other taxes are also included in this item.

	2010	2009	Change in %
		€m	
Other material items of expense	**549**	**507**	**8.3**
Allocations to provisions	275	257	7.0
Operating lease expenses	181	151	19.9
Expenses arising from building and architects' services	15	58	−74.1
Hire-purchase expenses and interim costs	78	41	90.2
Other material items of income	**546**	**461**	**18.4**
Reversals of provisions	272	190	43.2
Operating lease income	187	163	14.7
Income from building and architects' services	24	63	−61.9
Hire-purchase proceeds and interim income	35	38	−7.9
Income from disposal of fixed assets	28	7	.
Balance of sundry other expenses/income[1]	−128	24	.
Total	**−131**	**−22**	**.**

[1] Of which: €−72m (previous year: €−10m) attributable to exchange rate movements.

(39) Operating expenses

The Group's operating expenses of €8,786m consisted of personnel expenses of €4,418m, other expenses of €3,768m and depreciation and amortization of office furniture and equipment, property and other intangible assets of €600m. The breakdown of operating expenses was as follows:

Personnel expenses

	2010	2009	Change in %
		€m	
Wages and salaries	4,101	4,341	−5.5
Expenses for pensions and similar employee benefits	317	357	−11.2
Total	**4,418**	**4,698**	**−6.0**

Personnel expenses included €507m expenses for social security contributions (previous year: €501m).

Operating expenses

	2010	2009	Change in %
		€m	
Expenses for office space	831	867	−4.2
IT expense	1,217	1,190	2.3
Workplace and information expense	357	380	−6.1
Compulsory contributions	148	169	−12.4
Advisory, audit and other expenses required to comply with company law	437	445	−1.8
Travel, representation and advertizing expense	341	327	4.3
Personnel-related operating expense	158	149	6.0
Other operating expenses	279	241	15.8
Total	**3,768**	**3,768**	**0.0**

Auditors' fees recognized as an expense in Germany amounted to €36.3m excluding VAT for the financial year 2010, of which €954 thousand were attributable to services provided during the financial year 2009.

Auditors' fees

	2010	2009	Change in %
		€1,000	
Audit of financial statements	19,344	17,358	11.4
Provision of other certificates or assessments	5,358	5,394	−0.7
Tax consulting services	905	913	−0.9
Other services	10,649	12,608	−15.5
Total	**36,256**	**36,273**	**0.0**

Depreciation of office furniture and equipment, property and other intangible assets was as follows:

	2010	2009	Change in %
		€m	
Office furniture and equipment	203	206	−1.5
Property	81	38	.
Other intangible assets	316	294	7.5
Total	**600**	**538**	**11.5**

The amortization of intangible assets included impairment charges of €42m (previous year: €25m). There was an impairment charge of €41m (previous year: €1m) on property.

(40) Restructuring expenses

	2010	2009	Change in %
		€m	
Expenses for restructuring measures introduced	33	1,621	−98.0
Total	**33**	**1,621**	**−98.0**

Human resources restructuring expenses of €33m were incurred in connection with the realignment of Commerz Real Aktiengesellschaft. The prior-year restructuring expenses of €1,621m resulted largely from the integration of the Dresdner Bank Group.

(41) Taxes on income

The breakdown of income tax expense was as follows:

	2010	2009	Change in %
		€m	
Current taxes on income	220	199	10.6
Tax expense/income for the current year	224	314	−28.7
Tax expense/income for the previous year	−4	−115	−96.5
Deferred taxes on income	−356	−225	58.2
Tax expense/income due to change in temporary differences and loss carryforwards	−23	−628	−96.3
Tax rate differences	−89	54	.
Tax expense due to write-offs of deferred taxes previously recognized on loss carryfowards	—	349	.
Tax income from previously unrecognized tax carryforwards	−244	—	.
Total	**−136**	**−26**	**.**

The combined income tax rate applicable to Commerzbank Aktiengesellschaft and its German subsidiaries was 30.9%.

The following reconciliation shows the connection between net pre-tax profit according to IFRS and taxes on income in the past financial year.

The Group income tax rate selected as a basis for the reconciliation is made up of the corporate income tax rate of 15.0% applied in Germany, plus the solidarity surcharge of 5.5%, and an average rate of 15.0% for trade tax. This produces a German income tax rate of 30.9%.

Income tax effects result from discrepancies between the tax rates applying to foreign units. Tax rates outside Germany ranged between 0% (Dubai) and 46% (New York).

As at December 31, 2010 the Group tax rate was −10.1% (previous year: 0.6%). Tax income for the full year resulted mainly from the retroactive capitalization of deferred tax assets in the form of tax loss carryforwards of the London branch and UK subsidiaries (€−244m). In addition, the use of loss carryforwards (€−211m) for which no deferred tax assets were recognized in previous years had a positive effect on the Group tax rate. On the other hand we couldn't recognize deferred income tax assets for new tax losses at some companies in 2010 (€123m).

	2010	2009
	€m	
Pre-tax profit/loss under IFRS	**1,353**	**−4,659**
Group's income tax rate (%)	30.9	30.9
Calculated income-tax expense in financial year	**417**	**−1,437**
Effects of differing tax rates and tax rate change on tax accruals recognized in income	−89	54
Impact of the recognition of deferred taxes on loss carryforwards	−244	—
Effects of non-deductible operating expenses and tax-exempt income	−104	−62
Deferred tax assets not recognized	123	1,506
Utilization of tax carryforwards for which no deferred tax assets had been calculated	−211	—
Effects of additions and deductions for trade tax	13	9
Other effects	−41	−96
Taxes on income	**−136**	**−26**

The table below shows the value of the current and deferred taxes resulting from items that were directly credited or debited to equity:

Taxes on income not recognized in the income statement	**31.12.2010**	**31.12.2009**	Change in %
		€m	
Current taxes on income	—	—	.
Deferred taxes on income	1,238	1,347	−8.1
Valuation differences arising from cash flow hedges	389	526	−26.0
Revaluation reserve	827	756	9.4
Loss carryforwards	22	100	−78.0
Other	—	−35	.
Total	**1,238**	**1,347**	**−8.1**

(42) Net income

Net income consists of fair value remeasurements, impairments/impairment reversals, realized gains on disposal and subsequent recoveries on written-down financial instruments (see Note 5). The net interest income table shows the interest components from the net interest income and net trading income notes by IAS 39 category.

	2010	2009	Change in %
		€m	
Net profit/loss from			
Trading assets and liabilities[1]	1,410	–1,888	.
Applying the fair value option	131	839	–84.4
Available-for-sale financial assets and holdings in companies accounted for using the equity method	232	439	–47.2
Loans and receivables	–2,623	–4,236	–38.1
Other financial liabilities	—	—	.

[1] Reclassification of foreign exchange commission income in the previous year.

	2010	2009	Change in %
		€m	
Net interest income from			
Trading assets and liabilities	698	1,056	–33.9
Applying the fair value option[1]	36	88	–59.1
Available-for-sale financial assets[1]	1,225	2,088	–41.3
Loans and receivables[1]	15,949	16,883	–5.5
Other financial liabilities[1]	–10,579	–12,803	–17.4

[1] Restated due to harmonization of reporting structure.

(43) Earnings per share

	2010	2009	Change in %
Operating profit (€m)	1,386	–2,270	.
Consolidated profit/loss attributable to Commerzbank shareholders (€m)	1,430	–4,537	.
Average number of ordinary shares issued	1,178,599,388	1,031,871,714	14.2
Operating profit per share (€)	1.18	–2.20	.
Earnings per share (€)	1.21	–4.40	.

Earnings per share, calculated in accordance with IAS 33, are based on the consolidated surplus attributable to Commerzbank shareholders. As in the previous year, no conversion and option rights were outstanding during the current financial year. The figure for diluted earnings per share was therefore identical to the undiluted figure. The breakdown of the operating profit is set out in the segment report (Note 45).

(44) Cost/income ratio

	2010	2009	Change in % points
		%	
Cost/income ratio in operating business	69.3	82.2	–12.9

The cost/income ratio is the ratio of operating expenses to income before provisions.

(45) Segment reporting

Segment reporting reflects the results of the operating business segments within the Commerzbank Group. The following segment information is based on IFRS 8 Operating Segments, which follows the so-called management approach. In accordance with this standard, segment information must be prepared on the basis of the internal reporting information that is evaluated by the chief operating decision maker to assess the performance of the operating segments and make decisions regarding the allocation of resources to the operating segments. Within the Commerzbank Group, the function of chief operating decision maker is exercised by the Board of Managing Directors.

Our segment reporting covers six operating segments and the Others and Consolidation segment. This reflects the Commerzbank Group's organizational structure and forms the basis for internal management reporting. The business segments are divided up on the basis of distinctions between products, services and/or customer target groups. As part of the further refinement of the segments' business models slight adjustments were made to the business responsibilities.

Income statement line items were further harmonized in 2010 in the context of the Dresdner Bank integration. This involved firstly harmonizing the reporting of the funding of equity participations and of income from the investment of equity capital for consolidated subsidiaries. In addition, current net income on companies accounted for using the equity method is now reported separately and the foreign exchange commission earnings of the former Dresdner Bank are reported in net commission income. The prior-year comparison figures have been restated accordingly.

- The Private Customers segment contains the four divisions Private and Business Customers, Wealth Management, Direct Banking and Credit. The classic branch banking business is contained in the Private and Business Customers division. Wealth Management provides services to wealthy clients in Germany and abroad and contains the Group's portfolio management activities. Direct Banking encompasses the activities of the comdirect bank group and all call centre services for our customers. Credit is the central division responsible for lending operations with the above-mentioned customer groups.

- The Mittelstandsbank segment includes the Group divisions Corporate Banking and Financial Institutions. Corporate Banking serves small and mid-sized businesses, large customers and international customers. In addition, it houses the competence centre for customers from the renewable energies sector and serves public sector and institutional customers. Our comprehensive service offering includes payments, flexible financing solutions, interest rate and currency management products, professional investment advisory services and innovative investment banking solutions. With our foreign branch offices we act as a strategic partner for both the international activities of our German corporate customers and for international companies with business activities in our home market of Germany. The Financial Institutions division is responsible for relationships with banks and financial institutions in Germany and abroad, as well as with central banks. It offers customers comprehensive advice and support, with a strategic focus on foreign trade finance. Financial Institutions uses a network of over 7,000 correspondent banks, together with business relationships in emerging markets, to promote the Group's financing and processing of foreign trade activities on behalf of all Commerzbank Group customers throughout the world. It also assists other divisions in their international strategies.

- The Central & Eastern Europe segment contains the operations of our subsidiaries, branches and investments in the Central and Eastern Europe region (e.g. those of BRE Bank in Poland, Bank Forum in Ukraine and Commerzbank Eurasija in Russia). These are grouped together under a management holding company. This management holding company acts as a centre of competence, operational management unit and interface between the local units and the central departments in Germany and as the strategic decision-maker. The main business areas in the Central & Eastern Europe segment are the private and corporate customer business and customer-driven investment banking. Our foreign units and subsidiaries operating here service national and international clients both with local business in the region and cross-border business.

- Corporates & Markets consists of three major businesses. Equity Markets & Commodities trades in equities, equity derivatives and commodities products and includes the related distribution capacities. Fixed Income & Currencies handles trading and sales of interest rate and currency instruments together with related derivatives. Corporate Finance provides debt and equity financing and advisory services and includes the central credit portfolio management operations of the Corporates & Markets segment. In addition, Corporates & Markets houses the Group's client relationship management activities with a focus on the 100 biggest German corporates plus foreign and selected domestic insurers.

- The Asset Based Finance segment groups together the results from the Commercial Real Estate (CRE) Germany, CRE International, Public Finance, Asset Management and Leasing divisions as well as Ship Finance. CRE Germany, CRE International and Public Finance belong almost completely to the Commerzbank subsidiary Eurohypo Aktiengesellschaft along with Eurohypo's retail portfolio. The Asset Management and Leasing area primarily includes the activities of our subsidiary Commerz Real Aktiengesellschaft, and finally the Shipping area groups together the ship financing of the Commerzbank Group in our subsidiary Deutsche Schiffsbank Aktiengesellschaft.

- The Portfolio Restructuring Unit (PRU) is responsible for managing down assets related to discontinued proprietary trading and investment activities which no longer fit into Commerzbank's client-centric strategy. The segment's goal is to reduce the portfolio in such a way as to preserve maximum value. The positions managed by this segment include asset-backed securities (ABSs) which do not have a state guarantee, other structured credit products, proprietary trading positions in corporate or financial bonds and exotic credit derivatives. These positions were primarily transferred from the Corporates & Markets and former Commercial Real Estate segments to the Portfolio Restructuring Unit.

- The Others and Consolidation segment contains the income and expenses which are not attributable to the operational business segments. The reporting for this segment includes equity participations which are not assigned to the operating segments as well as Group Treasury. The costs of the service units are also shown here, which – except for integration and restructuring costs – are charged in full to the segments. Consolidation includes expenses and income that represent the reconciliation of internal management reporting figures shown in segment reporting with the consolidated financial statements in accordance with IFRS. The costs of the Group management units are also shown here, which – except for integration and restructuring costs – are also charged in full to the segments.

The result generated by each segment is measured in terms of operating profit/loss and pre-tax profit/loss, as well as the return on equity and cost/income ratio. Operating profit/loss is defined as the sum of net interest income after loan loss provisions, net commission income, net trading income including net income on hedge accounting, net income from financial investments, current income on companies accounted for using the equity method and other net income less operating expenses. In the statement of pre-tax profits, non-controlling interests are included in both the result and the average capital employed. All the revenue for which a segment is responsible is thus reflected in pre-tax profit.

The return on equity is calculated as the ratio of pre-tax operating profit to the average amount of capital employed. It shows the return on the capital employed in a given segment. The cost/income ratio in operating business reflects the cost efficiency of the various segments and shows the relationship of operating expenses to income before provisions.

Income and expenses are reported in the segments by originating unit and at market rates, with the market interest rate method being used in interest rate operations. Net interest income reflects the actual funding costs of the equity capital assigned to the respective business segments. The Group's return on capital employed is allocated to the net interest income of the various segments in proportion to the average capital employed in the segment. The interest rate corresponds to that of a risk-free investment in the long-term capital market. The average capital employed was calculated in 2010 using the Basel II system, based on the computed average risk-weighted assets and the capital charges for market risk positions (risk-weighted asset equivalents). At Group level, investors' capital is shown, which is used to calculate the return on equity. The regulatory capital requirement for risk-weighted assets assumed for segment reporting purposes is 7%.

The segment reporting of the Commerzbank Group shows the segments' pre-tax gains/losses. To reduce the impact on operating earnings of specific tax-induced transactions in the Corporates & Markets segment in this reporting, the net interest income of Corporates & Markets includes a pre-tax equivalent of the after-tax income from these transactions. When segment reporting is reconciled with the figures from external accounting this pre-tax equivalent is eliminated in Others and Consolidation.

The carrying amounts of companies accounted for using the equity method were €737m (previous year: €378m) and are divided over the segments as follows: Private Customers €236m (previous year: €174m), Mittelstandsbank €95m (previous year: €40m), Corporate & Markets €20m (previous year: €19m), Asset Based Finance €320m (previous year: €71m) and Others and Consolidation €66m (previous year: €74m).

The operating expenses shown in the operating result consist of personnel costs, other operating expenses, depreciation of fixed assets and amortization of other intangible assets. Restructuring expenses are stated beneath operating profit in pre-tax profit. Operating expenses are attributed to the individual segments on the basis of cost causation. The indirect expenses arising in connection with internal services are charged to the user of the service or credited to the segment performing the service. The provision of intra-group services is charged at market prices or at full cost.

The tables below contain information on the segments for the financial years 2010 and 2009.

Breakdown by segment:

2010	Private Customers	Mittel-stands-bank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restructuring Unit	Others and Con-solidation	Group
				€m				
Net interest income	1,983	2,081	674	767	1,160	82	307	7,054
Loan loss provisions	–246	–279	–361	27	–1,584	–62	6	–2,499
Net interest income after provisions	1,737	1,802	313	794	–424	20	313	4,555
Net commission income	1,941	983	208	254	327	—	–66	3,647
Net trading income and net income on hedge accounting	1	24	73	1,160	–78	787	–9	1,958
Net investment income	31	188	–4	220	–352	–29	54	108
Current income on companies accounted for using the equity method	10	30	—	11	–20	—	4	35
Other net income	–120	14	28	–20	–114	3	78	–131
Income before provisions	*3,846*	*3,320*	*979*	*2,392*	*923*	*843*	*368*	*12,671*
Income after provisions	*3,600*	*3,041*	*618*	*2,419*	*–661*	*781*	*374*	*10,172*
Operating expenses	3,552	1,443	565	1,633	609	106	878	8,786
Operating profit/loss	**48**	**1,598**	**53**	**786**	**–1,270**	**675**	**–504**	**1,386**
Impairments of goodwill and brand names	—	—	—	—	—	—	—	—
Restructuring expenses	—	—	—	—	33	—	—	33
Pre-tax profit/loss	**48**	**1,598**	**53**	**786**	**–1,303**	**675**	**–504**	**1,353**
Assets	**60,330**	**80,026**	**29,424**	**255,925**	**238,013**	**16,980**	**73,601**	**754,299**
Average capital employed	**3,397**	**5,550**	**1,627**	**3,855**	**6,166**	**1,211**	**9,175**	**30,981**
Operating return on equity (%)	**1.4**	**28.8**	**3.3**	**20.4**	**–20.6**			**4.5**
Cost/income ratio in operating business (%)	**92.4**	**43.5**	**57.7**	**68.3**	**66.0**			**69.3**
Return on equity of pre-tax profit/loss (%)	**1.4**	**28.8**	**3.3**	**20.4**	**–21.1**			**4.4**
Staff (average)	20,007	5,367	9,733	1,991	1,875	52	18,651	57,676

2009	Private Customers	Mittel-stands-bank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restructuring Unit	Others and Con-solidation	Group
				€m				
Net interest income	2,139	2,156	665	780	1,101	252	81	7,174
Loan loss provisions	–246	–954	–812	–289	–1,588	–327	2	–4,214
Net interest income after provisions	1,893	1,202	–147	491	–487	–75	83	2,960
Net commission income[1]	2,163	924	170	352	297	11	–144	3,773
Net trading income[1] and net income on hedge accounting	–1	–129	79	681	197	–812	–424	–409
Net investment income	–4	1	–14	27	–87	–432	926	417
Current income on companies accounted for using the equity method	11	4	—	—	—	—	—	15
Other net income	–99	–69	5	5	–64	4	196	–22
Income before provisions	*4,209*	*2,887*	*905*	*1,845*	*1,444*	*–977*	*635*	*10,948*
Income after provisions	*3,963*	*1,933*	*93*	*1,556*	*–144*	*–1,304*	*637*	*6,734*
Operating expenses	3,821	1,331	486	1,976	669	148	573	9,004
Operating profit/loss	**142**	**602**	**–393**	**–420**	**–813**	**–1,452**	**64**	**–2,270**
Impairments of goodwill and brand names	—	—	—	23	745	—	—	768
Restructuring expenses	338	74	5	128	67	2	1,007	1,621
Pre-tax profit/loss	**–196**	**528**	**–398**	**–571**	**–1,625**	**–1,454**	**–943**	**–4,659**
Assets	**69,220**	**85,235**	**25,761**	**300,211**	**261,455**	**26,002**	**76,219**	**844,103**
Average capital employed	**3,256**	**5,393**	**1,605**	**4,421**	**6,821**	**1,740**	**5,116**	**28,352**
Operating return on equity (%)	**4.4**	**11.2**	**–24.5**	**–9.5**	**–11.9**			**–8.0**
Cost/income ratio in operating business (%)	**90.8**	**46.1**	**53.7**	**107.1**	**46.3**			**82.2**
Return on equity of pre-tax profit/loss (%)	**–6.0**	**9.8**	**–24.8**	**–12.9**	**–23.8**			**–16.4**
Staff (average)	22,789	5,638	10,511	2,755	2,089	53	19,432	63,267

1 Prior-year figures restated due to harmonization of reporting structure (see Note 2).

Details for Others and Consolidation:

	2010			2009		
	Others	**Consoli-dation**	**Others and Consoli-dation**	**Others**	**Consoli-dation**	**Others and Consoli-dation**
	€m					
Net interest income	332	–25	307	72	9	81
Loan loss provisions	6	—	6	2	—	2
Net interest income after provisions	338	–25	313	74	9	83
Net commission income[1]	–65	–1	–66	–12	–132	–144
Net trading income[1] and net income on hedge accounting	10	–19	–9	–200	–224	–424
Net investment income	55	–1	54	930	–4	926
Current income on companies accounted for using the equity method	4	—	4	—	—	—
Other net income	100	–22	78	124	72	196
Income before provisions	*436*	*–68*	*368*	*914*	*–279*	*635*
Income after provisions	*442*	*–68*	*374*	*916*	*–279*	*637*
Operating expenses	891	–13	878	558	15	573
Operating profit/loss	**–449**	**–55**	**–504**	**358**	**–294**	**64**
Impairments of goodwill and brand names	—	—	—	—	—	—
Restructuring expenses	—	—	—	676	331	1,007
Pre-tax profit/loss	**–449**	**–55**	**–504**	**–318**	**–625**	**–943**
Assets	**73,601**	**—**	**73,601**	**76,219**	**—**	**76,219**

[1] Prior-year figures restated due to harmonization of reporting structure (see Note 2).

To facilitate comparison, it should be noted in connection with Others and Consolidation that the results of the market segments cover the period from January 1 to December 31,2009. The difference versus the Group result which only contains the period from January 13 to December 31, 2009 is reported under Others.

Under Consolidation we report consolidation and reconciliation items between the results of the segments and the Other category on the one hand and the consolidated financial statements on the other. This includes the following items among others:

- Measurement effects from the application of hedge accounting to intra-bank transactions as per IAS 39 are shown in Consolidation.
- The pre-tax equivalent from tax-induced transactions allocated to the Corporates & Markets segment in net interest income is eliminated again under Consolidation.
- Gains and losses on the valuation of own bonds incurred in the segments are eliminated under Consolidation.
- Other consolidation effects from intragroup transactions are also reported here.
- Integration and restructuring costs of the Group controlling units are reported under Consolidation.

Quarterly results by segment:

1st quarter 2010	Private Customers	Mittel-stands-bank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restructuring Unit	Others and Con-solidation	Group
				€m				
Net interest income	489	523	159	208	298	23	186	1,886
Loan loss provisions	–66	–161	–94	19	–325	–22	5	–644
Net interest income after provisions	423	362	65	227	–27	1	191	1,242
Net commission income[1]	547	271	47	75	88	–3	–28	997
Net trading income[1] and net income on hedge accounting	1	–4	18	448	–4	282	95	836
Net investment income	9	–3	–1	–14	–2	–94	–14	–119
Current income on companies accounted for using the equity method	4	—	—	—	–2	—	—	2
Other net income	–49	45	3	8	14	—	1	22
Income before provisions	*1,001*	*832*	*226*	*725*	*392*	*208*	*240*	*3,624*
Income after provisions	*935*	*671*	*132*	*744*	*67*	*186*	*245*	*2,980*
Operating expenses	912	358	126	410	152	25	226	2,209
Operating profit/loss	**23**	**313**	**6**	**334**	**–85**	**161**	**19**	**771**
Impairments of goodwill and brand names	—	—	—	—	—	—	—	—
Restructuring expenses	—	—	—	—	—	—	—	—
Pre-tax profit/loss	**23**	**313**	**6**	**334**	**–85**	**161**	**19**	**771**

[1] Restated due to harmonization of reporting structure (see Note 2).

2nd quarter 2010	Private Customers	Mittel-stands-bank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restructuring Unit	Others and Con-solidation	Group
				€m				
Net interest income	486	554	161	198	319	10	125	1,853
Loan loss provisions	–70	–94	–92	—	–354	–28	–1	–639
Net interest income after provisions	416	460	69	198	–35	–18	124	1,214
Net commission income[1]	497	222	53	64	80	7	–18	905
Net trading income[1] and net income on hedge accounting	1	50	20	187	30	56	–28	316
Net investment income	5	15	4	43	–158	70	81	60
Current income on companies accounted for using the equity method	3	—	—	—	2	—	1	6
Other net income	6	–11	9	11	–21	7	–31	–30
Income before provisions	*998*	*830*	*247*	*503*	*252*	*150*	*130*	*3,110*
Income after provisions	*928*	*736*	*155*	*503*	*–102*	*122*	*129*	*2,471*
Operating expenses	914	349	148	394	147	27	249	2,228
Operating profit/loss	**14**	**387**	**7**	**109**	**–249**	**95**	**–120**	**243**
Impairments of goodwill and brand names	—	—	—	—	—	—	—	—
Restructuring expenses	—	—	—	—	33	—	—	33
Pre-tax profit/loss	**14**	**387**	**7**	**109**	**–282**	**95**	**–120**	**210**

[1] Restated due to harmonization of reporting structure (see Note 2).

3rd quarter 2010	Private Customers	Mittel-stands-bank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restructuring Unit	Others and Con-solidation	Group
				€m				
Net interest income	501	482	164	141	283	29	33	1,633
Loan loss provisions	−64	69	−127	−6	−493	−2	2	−621
Net interest income after provisions	437	551	37	135	−210	27	35	1,012
Net commission income	458	239	53	55	83	2	−20	870
Net trading income and net income on hedge accounting	2	−14	19	313	−49	328	−177	422
Net investment income	4	29	4	31	−51	−9	−32	−24
Current income on companies accounted for using the equity method	4	—	—	1	−9	—	−1	−5
Other net income	−6	−9	9	25	−24	−3	34	26
Income before provisions	*963*	*727*	*249*	*566*	*233*	*347*	*−163*	*2,922*
Income after provisions	*899*	*796*	*122*	*560*	*−260*	*345*	*−161*	*2,301*
Operating expenses	875	367	153	438	144	31	177	2,185
Operating profit/loss	**24**	**429**	**−31**	**122**	**−404**	**314**	**−338**	**116**
Impairments of goodwill and brand names	—	—	—	—	—	—	—	—
Restructuring expenses	—	—	—	—	—	—	—	—
Pre-tax profit/loss	**24**	**429**	**−31**	**122**	**−404**	**314**	**−338**	**116**

4th quarter 2010	Private Customers	Mittel-stands-bank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restructuring Unit	Others and Con-solidation	Group
				€m				
Net interest income	507	522	190	220	260	20	−37	1,682
Loan loss provisions	−46	−93	−48	14	−412	−10	—	−595
Net interest income after provisions	461	429	142	234	−152	10	−37	1,087
Net commission income	439	251	55	60	76	−6	—	875
Net trading income and net income on hedge accounting	−3	−8	16	212	−55	121	101	384
Net investment income	13	147	−11	160	−141	4	19	191
Current income on companies accounted for using the equity method	−1	30	—	10	−11	—	4	32
Other net income	−71	−11	7	−64	−83	−1	74	−149
Income before provisions	*884*	*931*	*257*	*598*	*46*	*138*	*161*	*3,015*
Income after provisions	*838*	*838*	*209*	*612*	*−366*	*128*	*161*	*2,420*
Operating expenses	851	369	138	391	166	23	226	2,164
Operating profit/loss	**−13**	**469**	**71**	**221**	**−532**	**105**	**−65**	**256**
Impairments of goodwill and brand names	—	—	—	—	—	—	—	—
Restructuring expenses	—	—	—	—	—	—	—	—
Pre-tax profit/loss	**−13**	**469**	**71**	**221**	**−532**	**105**	**−65**	**256**

Segmentation on the basis of the registered office of the branch or group company produced the following breakdown:

2010 financial year	Germany	Europe excluding Germany	America	Asia	Others	Total
			€m			
Net interest income	4,497	2,170	263	123	1	7,054
Loan loss provisions	– 873	– 1,302	– 302	– 22	—	– 2,499
Net interest income after provisions	3,624	868	– 39	101	1	4,555
Net commission income	3,189	360	70	28	—	3,647
Net trading income and net income on hedge accounting	381	1,496	72	9	—	1,958
Net investment income	57	1	44	6	—	108
Current income on companies accounted for using the equity method	40	– 5	—	—	—	35
Other net income	– 130	– 11	8	2	—	– 131
Income before provisions	*8,034*	*4,011*	*457*	*168*	*1*	*12,671*
Income after provisions	*7,161*	*2,709*	*155*	*146*	*1*	*10,172*
Operating expenses	7,011	1,465	201	109	—	8,786
Operating profit/loss	**150**	**1,244**	**– 46**	**37**	**1**	**1,386**
Risk-weighted assets for credit risk	**150,837**	**66,138**	**10,742**	**4,672**	**49**	**232,438**

In 2009 we achieved the following results in the geographical markets:

2009 financial year	Germany	Europe excluding Germany	America	Asia	Others	Total
			€m			
Net interest income	4,631	2,107	334	101	1	7,174
Loan loss provisions	– 1,915	– 1,767	– 512	– 21	1	– 4,214
Net interest income after provisions	2,716	340	– 178	80	2	2,960
Net commission income[1]	3,182	495	64	32	—	3,773
Net trading income[1] and net income on hedge accounting	739	– 910	– 155	– 83	—	– 409
Net investment income	691	– 118	– 170	14	—	417
Current income on companies accounted for using the equity method	13	2	—	—	—	15
Other net income	– 72	– 6	78	– 24	2	– 22
Income before provisions	*9,184*	*1,570*	*151*	*40*	*3*	*10,948*
Income after provisions	*7,269*	*– 197*	*– 361*	*19*	*4*	*6,734*
Operating expenses	6,908	1,698	271	124	3	9,004
Operating profit/loss	**361**	**– 1,895**	**– 632**	**– 105**	**1**	**– 2,270**
Risk-weighted assets for credit risk	**147,472**	**77,899**	**16,558**	**4,294**	**90**	**246,313**

[1] Restated due to harmonization of reporting structure (see Note 2).

Around 55% of income before provisions in Europe was accounted by our units in UK (previous year: –34%), 18% by our units in Poland (previous year: 40%) and 12% by our unit in Luxembourg (previous year: 28%). The tables above show risk-weighted assets for credit risks rather than total assets. As a result of the acquisition of Dresdner Bank, a breakdown of Commerzbank Group's total income by products and services can only be made once the new organization's product and service definitions and information systems have been harmonized in the new Commerzbank Group.

Notes to the balance sheet

(46) Cash reserve

We include the following items in the cash reserve:

	31.12.2010	31.12.2009	Change in %
		€m	
Cash on hand	1,388	1,338	3.7
Balances with central banks	6,386	7,842	– 18.6
Debt issued by public-sector borrowers and bills of exchange rediscountable at central banks	279	1,149	– 75.7
Total	**8,053**	**10,329**	**– 22.0**

The balances with central banks include claims on the Bundesbank totalling €1,111m (previous year: €3,633m). The average minimum reserve requirement for the period December 2010 to January 2011 amounted to €4,593m (previous year: €4,349m). Minimum reserve requirements are measured on the basis of average credit balances, so there were no restrictions on access to balances held at Deutsche Bundesbank.

(47) Claims on banks

	Total			Due on demand		Other claims	
	31.12.2010	**31.12.2009**	Change in %	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**
				€m			
Banks in Germany	33,403	32,331	3.3	16,628	13,568	16,775	18,763
Banks outside Germany	77,553	74,878	3.6	28,723	22,996	48,830	51,882
Total	**110,956**	**107,209**	**3.5**	**45,351**	**36,564**	**65,605**	**70,645**
of which relate to the category							
Loans and receivables	62,883	52,347	20.1				
Available-for-sale financial assets	—	—	.				
At fair value through profit or loss	48,073	54,862	– 12.4				

Claims on banks after deduction of loan loss provisions amounted to €110,616m (previous year: €106,689m). The table below shows a breakdown of claims on banks by main transactions types:

	31.12.2010	**31.12.2009**	Change in %
		€m	
Reverse repos and cash collaterals	68,687	58,863	16.7
Claims from money market trading	6,765	16,312	– 58.5
Promissory note loans	9,893	12,831	– 22.9
Other claims	25,611	19,203	33.4
Total	**110,956**	**107,209**	**3.5**

The promissory note loans and other claims on banks include €9,572m of public-sector loans (previous year: €10,080m).

(48) Claims on customers

	31.12.2010	**31.12.2009**	Change in %
		€m	
Claims on customers in Germany	207,690	217,987	– 4.7
Claims on customers outside Germany	129,182	143,496	– 10.0
Total	**336,872**	**361,483**	**– 6.8**
of which relate to the category			
Loans and receivables	308,456	336,995	– 8.5
Available-for-sale financial assets	—	—	.
At fair value through profit or loss	28,416	24,488	16.0

Claims on customers after deduction of loan loss provisions amounted to €327,755m (previous year: €352,194m). The table below shows a breakdown of claims on customers by main transaction types:

	31.12.2010	**31.12.2009**	Change in %
		€m	
Reverse repos and cash collaterals	29,963	22,362	34.0
Claims from money market trading	8,996	17,025	– 47.2
Promissory note loans	26,599	36,836	– 27.8
Mortgages and other claims secured by property charges	134,321	139,904	– 4.0
Other claims	136,993	145,356	– 5.8
Total	**336,872**	**361,483**	**– 6.8**

The promissory note loans and other claims on customers include €34,041m of public-sector loans (previous year: €38,456m).

(49) Total lending

	31.12.2010	31.12.2009	Change in %
		€m	
Loans to banks	23,404	25,011	−6.4
Loans to customers	306,912	343,390	−10.6
Total	**330,316**	**368,401**	**−10.3**

We distinguish loans from claims on banks and customers such that only claims for which a special loan agreement has been concluded with the borrower are shown as loans. Interbank money market transactions and reverse repo transactions, for example, are thus not shown as loans. Acceptance credits are also included in loans to customers.

(50) Loan loss provisions

Provisions for loan losses are made in accordance with rules that apply Group-wide and cover all discernible credit risks. For loan losses which have already occurred but are not yet known, we have calculated portfolio valuation allowances in line with procedures derived from the Basel II methodology. The breakdown of loan loss provisions by category is as follows:

	As at 1.1.2010	Allocations	Reversals	Utilization	Change in consolidated companies	Exchange rate changes/ reclassifications	As at 31.12.2010
				€m			
Provisions for on-balance-sheet loan losses	9,809	4,137	1,906	2,631	—	48	9,457
Claims on banks	520	41	67	310	—	156	340
Claims on customers	9,289	4,096	1,839	2,321	—	−108	9,117
Provisions for off-balance-sheet loan losses	642	303	301	7	—	−22	615
Total	**10,451**	**4,440**	**2,207**	**2,638**	**—**	**26**	**10,072**

With direct write-downs, write-ups and recoveries on previously written-down claims taken into account, the allocations and reversals recognized in profit or loss gave rise to provisions of €2,499m (previous year: €4,214m).

	Valuation allowances for specific risks		Valuation allowances for portfolio risks		Valuation allowances total		
	2010	2009	2010	2009	2010	2009	Change in %
				€m			
As at 1.1.	**8,345**	**4,779**	**1,464**	**820**	**9,809**	**5,599**	**75.2**
Allocations	3,894	4,542	243	497	**4,137**	**5,039**	−17.9
Deductions	3,888	3,004	649	182	**4,537**	**3,186**	42.4
of which utilized	2,631	2,143	—	—	**2,631**	**2,143**	22.8
of which reversals	1,257	861	649	182	**1,906**	**1,043**	82.7
Changes in group of consolidated companies	—	2,126	—	376	**—**	**2,502**	.
Exchange rate changes/reclassifications	10	−98	38	−47	**48**	**−145**	.
As at 31.12.	**8,361**	**8,345**	**1,096**	**1,464**	**9,457**	**9,809**	**−3.6**

	Provisions for specific risks		Provisions for portfolio risks		Provisions for lending business		
	2010	2009	2010	2009	2010	2009	Change in %
				€m			
As at 1.1.	**364**	**232**	**278**	**214**	**642**	**446**	**43.9**
Allocations	207	209	96	57	**303**	**266**	13.9
Deductions	166	180	142	93	**308**	**273**	12.8
of which utilized	7	1	—	—	**7**	**1**	.
of which reversals	159	179	142	93	**301**	**272**	10.7
Changes in group of consolidated companies	—	107	—	94	**—**	**201**	.
Exchange rate changes/reclassifications	−21	−4	−1	6	**−22**	**2**	.
As at 31.12.	**384**	**364**	**231**	**278**	**615**	**642**	**−4.2**

The provisions for default risks by customer group break down as follows:

	Specific valuation allowances and provisions for lending business	Loan losses[1] in 2010	Net allocation[2] to valuation allowances and provisions in lending business
		€m	
Customers in Germany	**4,194**	**1,479**	**1,090**
Corporate customers	2,889	752	686
Manufacturing	901	221	69
Construction	113	76	–6
Trading	249	104	82
Services and others	1,626	351	541
Private customers	1,305	727	404
Customers outside Germany	**4,243**	**1,295**	**1,614**
Corporate and retail customers	4,235	1,295	1,607
Public sector	8	—	7
Provisions for customer credit risk	**8,437**	**2,774**	**2,704**
Banks in Germany	82	76	–1
Banks outside Germany	226	247	–18
Provisions for bank credit risk	308	323	**–19**
Total	**8,745**	**3,097**	**2,685**

1 Direct write-downs, utilized valuation allowances for to cover on-balance sheet items and utilized loan loss provisions to cover off-balance sheet items.
2 Allocations less reversals.

Credit defaults and net allocations to provisions were counterbalanced by income of €9m from write-ups (previous year: €7m) and €184m (previous year: €171m) recoveries on claims that had been written down.

Key provisioning ratios:

	2010	2009
	%	
Allocation ratio[1]	0.71	1.13
Default ratio[2]	0.82	0.63
Provision cover ratio[3]	2.85	2.80

1 Net provisions (new provisions less reversals of valuation allowances and loan loss provisions, plus the balance of direct write-downs, write-ups and recoveries on previously written-down claims) as a percentage of total lending.
2 Credit defaults (utilized valuation allowances and loan loss provisions, plus the net balance of direct write-downs, write-ups and recoveries on previously written-down claims) as a percentage of total lending.
3 Total provisions (valuation allowances and loan loss provisions) as a percentage of lending volume; lending volume = claims under special credit agreements with borrowers (Note 49).

(51) Value adjustments portfolio fair value hedges

The adjustment to the fair value of underlying transactions hedged against interest rate risk was €113m (previous year: €–16m). A counter liability from hedging transactions is shown under negative fair values attributable to derivative hedging instruments.

(52) Positive fair values attributable to derivative hedging instruments

The positive fair values of derivatives which are used to hedge underlying transactions against interest rate risk are shown under this item.

	31.12.2010	31.12.2009	Change in %
	€m		
Positive fair values from micro fair value hedges	4,455	5,566	–20.0
Positive fair values from fair value hedges	506	786	–35.6
Total	**4,961**	**6,352**	**–21.9**

(53) Trading assets

The Group's trading activities include trading in

- Bonds, notes and other interest-rate-related securities,
- Shares and other equity-related securities and units in investment funds,
- Promissory note loans and other claims,
- Foreign exchange and precious metals,
- Derivative financial instruments and
- Other assets held for trading.

Other trading assets comprise positive fair values of loans to be syndicated, lending commitments, issue rights, loans and money market transactions.

All the items in the trading portfolio are shown at their fair value.

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

	31.12.2010	**31.12.2009**	Change in %
		€m	
Bonds, notes and other interest-rate-related securities	30,305	28,898	4.9
Money market instruments	2,927	1,331	.
issued by public-sector borrowers	1,938	55	.
issued by other borrowers	989	1,276	−22.5
Bonds and notes	27,378	27,567	−0.7
issued by public-sector borrowers	12,198	9,152	33.3
issued by other borrowers	15,180	18,415	−17.6
Promissory note loans	1,810	850	.
Shares, other equity-related securities and units in investment funds	11,704	8,982	30.3
Positive fair values from derivative financial instruments	123,743	177,307	−30.2
Currency-related derivative transactions	18,345	17,653	3.9
Interest-rate-related derivative transactions	97,012	146,487	−33.8
Other derivative transactions	8,386	13,167	−36.3
Other trading assets[1]	263	2,671	−90.2
Total	**167,825**	**218,708**	**−23.3**

[1] Including other claims from trading activities.

€30,690m (previous year: €31,745m) of the bonds, notes and other interest-rate-related securities and shares, other equity-related securities and units in investment funds were listed on an exchange. Other fair values of derivative financial instruments consist mainly of €4,125m (previous year: €6,963m) in equity derivatives and €3,565m (previous year: €5,331m) in credit derivatives.

(54) Financial investments

Financial investments are financial instruments not assigned to any other balance sheet item. They include all bonds, notes and other interest-rate-related securities, shares and other equity-related securities not held for trading purposes, units in investment funds, investments (including investments in companies and joint ventures not measured using the equity method) and holdings in non-consolidated subsidiaries.

	31.12.2010	31.12.2009	Change in %
		€m	
Bonds, notes and other interest-rate-related securities[1]	113,493	128,032	−11.4
Money market instruments	5,036	6,452	−21.9
issued by public-sector borrowers	2,874	510	.
issued by other borrowers	2,162	5,942	−63.6
Bonds and notes	108,457	121,580	−10.8
issued by public-sector borrowers	53,148	53,410	−0.5
issued by other borrowers	55,309	68,170	−18.9
Shares, other equity-related securities and units in investment funds	1,284	1,530	−16.1
Investments	807	1,194	−32.4
of which in banks	410	358	14.5
Holdings in non-consolidated subsidiaries	124	158	−21.5
of which in banks	—	3	.
Total	**115,708**	**130,914**	**−11.6**
of which relate to the category			
Loans and receivables	70,435	79,194	−11.1
Available-for-sale financial assets	41,764	44,998	−7.2
of which valued at amortized cost	372	492	−24.4
At fair value through profit or loss	3,509	6,722	−47.8

[1] Reduced by portfolio valuation allowances for reclassified securities of €51m (previous year: €50m).

After the change in the balance sheet structure (see Note 2) the financial investments excluding holdings in companies accounted for using the equity method (€296m) amounted to €127,154m as at December 31, 2008/January 1, 2009.

As at December 31, 2010 the financial investments included €372m (previous year: €492m) of equity-related securities which are predominantly unlisted (e.g. shareholdings in limited companies) and are measured at cost, as we do not have any reliable data to calculate fair value for these assets.

The following table shows the listed holdings contained in financial investments. The available-for-sale financial investments and those for which the fair value option is applied are listed with their fair values. Financial investments in the loans and receivables category are shown at amortized cost:

	31.12.2010	31.12.2009	Change in %
		€m	
Bonds, notes and other interest-rate-related securities	95,793	109,012	−12.1
Shares, other equity-related securities and units in investment funds	581	772	−24.7
Investments	300	752	−60.1
Total	**96,674**	**110,536**	**−12.5**

In its press release of October 13, 2008, the IASB issued an amendment to IAS 39 relating to the reclassification of financial instruments. In accordance with the amendment, securities in the Public Finance portfolio for which there was no active market were reclassified from the available-for-sale financial assets category to the loans and receivables category in the financial years 2008 and 2009. In respect of the reclassified holdings there was the intention and ability at the reclassification date to hold the securities for the foreseeable future or to final maturity. The new carrying amount of these securities was their fair value as at the reclassification date. The securities concerned are primarily issued by public-sector borrowers (including European and North American local authorities and publicly guaranteed asset-backed securities) and financial institutions.

The revaluation reserve after deferred taxes for all the securities reclassified in financial years 2008 and 2009 was €−1.0bn as at December 31, 2010 (previous year: €−1.2bn). This negative figure will be reversed over the remaining lifetime of the reclassified securities. If these reclassifications had not been carried out in 2008 and 2009, there would have been a revaluation reserve after deferred taxes of

€ – 2.8bn for these holdings as at December 31, 2010 (previous year: € – 1.4bn); the change compared with a year ago was therefore € – 1.4bn (change December 31, 2009 to December 31, 2008: € – 0.1bn).

In addition to the portfolio valuation allowances of €1m (previous year: €25m), a net €1,8bn (previous year: €2.5bn) was recognized in the income statement for the reclassified securities in the current financial year.

On December 31, 2010 the carrying amount of the reclassified securities was €67,1bn (previous year: €74,9bn), fair value was €64,6bn (previous year: €74,6bn) and the cumulative portfolio valuation allowances were €51m (previous year: €50m). The transactions have average effective interest rates of between 0.8% and 16.2% (previous year: between 1.2% and 16.2%) and are expected to generate a cash inflow of €84.3bn (previous year: €94.6bn).

Changes in investments and holdings in non-consolidated subsidiaries:

	Investments		Holdings in non-consolidated subsidiaries	
	2010	**2009**	**2010**	**2009**
	€m			
Fair value as at 1.1.	**1,194**	**1,093**	**158**	**124**
Acquisition cost as at 1.1.	1,569	1,479	320	248
Changes in exchange rates	8	– 1	6	4
Additions	39	297	16	19
Disposals	691	254	53	61
Reclassifications/changes in consolidated companies	– 47	48	54	110
Acquisition cost as at 31.12.	878	1,569	343	320
Write-ups	—	—	—	—
Cumulative write-downs as at 1.1.	613	519	162	125
Changes in exchange rates	6	—	—	—
Additions	14	128	11	—
Disposals	297	27	19	27
Reclassifications/changes in consolidated companies	– 10	– 7	65	64
Cumulative write-downs as at 31.12.	326	613	219	162
Cumulative changes from the fair value valuation	255	238	—	—
Fair value as at 31.12.	**807**	**1,194**	**124**	**158**

(55) Holdings in companies accounted for using the equity method

	2010	**2009**
	€m	
Fair value as at 1.1.	**378**	**296**
Acquisition cost as at 1.1.	410	160
Changes in exchange rates	—	—
Additions	425	560
Disposals	—	3
Reclassifications/changes in consolidated companies	– 14	– 307
Acquisition cost as at 31.12.	821	410
Write-ups	—	—
Cumulative write-downs as at 1.1.	45	—
Changes in exchange rates	—	—
Additions	111	45
Disposals	—	—
Reclassifications/changes in consolidated companies	—	—
Cumulative write-downs as at 31.12.	156	45
Cumulative changes from the valuation equity	72	13
Fair value as at 31.12.	**737**	**378**
of which holdings in banks	224	174

After the change in the balance sheet structure (see Note 2) the holdings in companies accounted for using the equity method amounted to €296m as at December 31, 2008/January 1, 2009.

Our share in the total assets, liabilities, income and expenses of our holdings in companies accounted for using the equity method is as follows:

	31.12.2010	31.12.2009	Change in %
		€m	
Assets	6,161	4,370	41.0
Liabilities	5,502	3,732	47.4
Income	472	444	6.3
Expenses	566	340	66.5

The Commerzbank Group does not have any material obligations to holding in companies accounted for using the equity method which arise from contingent liabilities.

(56) Intangible assets

	31.12.2010	31.12.2009	Change in %
		€m	
Goodwill	2,081	2,061	1.0
Other intangible assets	1,020	1,148	−11.1
Customer relationships	546	613	−10.9
Brand names	9	51	−82.4
Self-programmed software	219	235	−6.8
Other	246	249	−1.2
Total	**3,101**	**3,209**	**−3.4**

Software accounted for €240m (previous year: €243m) of the other item in 2010.

	Goodwill		Brand names	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
		€m		
Private customers	1,079	1,079	—	31
Mittelstandsbank	569	569	—	12
Central & Eastern Europe	292	272	9	8
Corporates & Markets	138	138	—	—
Asset Based Finance	—	—	—	—
Portfolio Restructuring Unit	—	—	—	—
Others and Consolidation	3	3	—	—
Total	**2,081**	**2,061**	**9**	**51**

The impairment testing of goodwill did not identify any impairments in the financial year 2010. In measuring the impairments, beta factors were applied for the detailed planning phase, as shown in the following table.

	Private customers	Mittelstands-bank	Corporates & Markets	Central & Eastern Europe
Beta factor assumptions	1.20	1.47	1.64	1.19

Varying the beta factors to 1.0 and 2.0 produced the following ratios of excess cover to carrying amount:

		Private customers	Mittelstands-bank	Corporates & Markets	Central & Eastern Europe
Realistic value	Beta factor assumptions	200.8%	132.4%	60.0%	73.0%
Sensitivity analysis	Beta 1.00	206.7%	143.4%	63.1%	76.3%
	Beta 2.00	178.3%	120.6%	48.5%	60.4%

There was no impact on goodwill within the sensitivities.

Changes in intangible assets:

	Goodwill		Self-programmed software		Brand names and customer relationships		Other intangible assets	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
	€m							
Book value as at 1.1.	**2,061**	**1,006**	**235**	**55**	**664**	**120**	**249**	**155**
Cost of acquisition/production as at 1.1.	2,830	1,086	895	259	983	207	1,683	1,240
Changes in exchange rates	20	−20	14	45	4	−2	13	6
Additions	—	1,765	162	128	—	—	114	155
Disposals	—	1	238	56	—	—	29	92
Reclassifications/changes in consolidated companies	—	—	−8	519	—	778	16	374
Cost of acquisition/production as at 31.12.	2,850	2,830	825	895	987	983	1,797	1,683
Write-ups	—	—	—	—	—	—	—	—
Cumulative write-downs as at 1.1.	769	79	660	204	319	87	1,434	1,085
Changes in exchange rates	—	—	14	21	—	—	9	3
Additions	—	690	118	95	93	232	105	54
of which unscheduled	—	690	41	25	1	78	—	—
Disposals	—	—	177	39	—	—	13	52
Reclassifications/changes in consolidated companies	—	—	−9	379	20	—	16	344
Cumulative write-downs as at 31.12.	769	769	606	660	432	319	1,551	1,434
Book value as at 31.12.	**2,081**	**2,061**	**219**	**235**	**555**	**664**	**246**	**249**
Borrowing costs capitalized in the current financial year	—	—	—	—	—	—	—	—
Range of interest rates used (in %)	—	—	—	—	—	—	—	—

(57) Fixed assets

	Land and buildings		Office furniture and equipment	
	2010	**2009**	**2010**	**2009**
	€m			
Book value as at 1.1.	**1,018**	**786**	**761**	**454**
Cost of acquisition/production as at 1.1.	1,506	1,211	3,403	2,181
Changes in exchange rates	11	17	59	19
Additions	25	15	170	184
Disposals	185	152	218	378
Reclassifications/changes in consolidated companies	−28	415	74	1,397
Cost of acquisition/production as at 31.12.	1,329	1,506	3,488	3,403
Write-ups	—	—	—	—
Cumulative write-downs as at 1.1.	488	425	2,642	1,727
Changes in exchange rates	4	14	52	7
Additions	81	37	203	227
of which unscheduled	41	1	—	7
Disposals	102	110	192	352
Reclassifications/changes in consolidated companies	−16	122	67	1,033
Cumulative write-downs as at 31.12.	455	488	2,772	2,642
Book value as at 31.12.	**874**	**1,018**	**716**	**761**
Borrowing costs capitalized in the current financial year	—	—	—	—
Range of interest rates used (in %)	—	—	—	—

The total value of fixed assets in the Commerzbank Group was €1,590m (previous year: €1,779m). There were no reclassifications to non-current assets held for sale and disposal groups in the current financial year.

(58) Tax assets

	31.12.2010	31.12.2009	Change in %
		€m	
Current tax assets	**650**	**1,267**	**−48.7**
In Germany	532	1,035	−48.6
Outside Germany	118	232	−49.1
Deferred tax assets	**3,567**	**4,370**	**−18.4**
Tax assets recognized in income statement	2,329	2,950	−21.1
Tax assets not recognized in income statement	1,238	1,420	−12.8
Total	**4,217**	**5,637**	**−25.2**

Deferred tax assets represent the potential income tax relief arising from temporary differences between the values assigned to assets and liabilities in the Group balance sheet in accordance with IFRS and their values for tax purposes in accordance with the local tax regulations for consolidated companies and future income tax relief arising from tax loss carryforwards and as yet unused tax credits.

For the following tax loss carryforwards no deferred tax assets position was created nor was any existing deferred tax assets position restated as at December 31, 2010 due to the limited planning horizon and the resulting insufficient probability of their being utilized.

	31.12.2010	31.12.2009	Change in %
		€m	
Tax loss carryforwards			
Corporation tax/Federal tax	**10,620**	**12,560**	**−15.4**
Can be carried forward for an unlimited period	10,302	11,550	−10.8
Can be carried forward within a limited period	318	1,010	.
of which expire in the subsequent reporting period	—	117	.
Trade tax/Local tax	**4,029**	**2,935**	**37.3**
Can be carried forward for an unlimited period	3,793	1,948	94.7
Can be carried forward within a limited period	236	987	.
of which expire in the subsequent reporting period	—	—	.

Deferred tax assets for tax loss carryforwards are recognized mainly for domestic Group companies, the London branch and UK subsidiaries. Deferred tax assets were recognized in connection with the following items:

	31.12.2010	31.12.2009	Change in %
		€m	
Fair values of derivative hedging instruments	275	774	−64.5
Trading assets and liabilities	941	698	34.8
Claims on banks and customers	13	144	−91.0
Financial investments	80	48	66.7
Provisions	60	343	−82.5
Liabilities to banks and customers	59	90	−34.4
Other balance sheet items	463	1,071	−56.8
Tax loss carryforwards	1,676	1,202	39.4
Total	**3,567**	**4,370**	**−18.4**

(59) Investment properties

Investment properties stood at €1,192m at the end of 2010 (previous year: €1,279m) and developed as follows:

	2010	2009
	€m	
Book value as at 1.1.	**1,279**	**909**
Cost of acquisition/production as at 1.1.	1,455	997
Changes in exchange rates	—	—
Additions	83	278
Deductions	70	7
Changes in group of consolidated companies	—	40
Reclassifications	2	147
Cost of acquisition/production as at 31.12.	1,470	1,455
Cumulative changes from the fair value valuation	−278	−176
Book value as at 31.12.	**1,192**	**1,279**
Borrowing costs capitalized in the current financial year	—	—
Range of interest rates used (in %)	—	—

€268m (previous year: €385m) of the investment properties were acquired in rescue purchases. The additions during the period contain subsequent acquisition costs for significant properties of €49m (previous year: €14m).

In the sensitivity analyses we assume a 50 bp upward or downward move in the property yield for investment properties and a 20% rise or fall in the land value for building land. For the main investment properties this would cause market value to fall by around €74m, or rise by €86m, respectively. For building land the market value would rise by €12m or fall by €12m respectively.

(60) Assets held for sale and disposal groups

The breakdown of assets held for sale and disposal groups was as follows:

	31.12.2010	31.12.2009	Change in %
		€m	
Claims on banks	10	764	−98.7
Claims on customers	128	782	−83.6
Positive fair values attributable to derivative hedging instruments	108	96	12.5
Trading assets	82	834	−90.2
Financial investments	71	51	39.2
Fixed assets	196	271	−27.7
Other assets	487	70	.
Total	**1,082**	**2,868**	**−62.3**

The total is distributed across the fully consolidated subsidiaries set out in Note 3, which have been classified as a disposal group. In all cases the sales agreements have either already been concluded or will be concluded shortly; the contracts are expected to be fulfilled in 2011.

(61) Other assets

Other assets mainly comprise the following items:

	31.12.2010	31.12.2009	Change in %
		€m	
Collection items	612	632	−3.2
Precious metals	671	811	−17.3
Leased equipment	221	554	−60.1
Accrued and deferred items	340	380	−10.5
Other assets	5,505	1,406	.
Total	**7,349**	**3,783**	**94.3**

After the changes in the balance sheet structure (see Note 2) the other assets amounted to €3,432m as at December 31, 2008/January 1, 2009 excluding investment properties (€909m) and assets and disposal groups held for sale (€684m). Changes in leases within other assets were as follows:

	2010	2009
	€m	
Book value as at 1.1.	**554**	**358**
Cost of acquisition/production as at 1.1.	788	504
Changes in exchange rates	1	– 2
Additions	206	97
Deductions	97	46
Changes in group of consolidated companies	—	235
Reclassifications	– 534	—
Cost of acquisition/production as at 31.12.	364	788
Cumulative write-downs as at 1.1.	234	146
Changes in exchange rates	—	—
Additions	68	120
of which unscheduled	—	44
Deductions	18	31
Changes in group of consolidated companies	—	—
Reclassifications	– 141	– 1
Cumulative write-downs as at 31.12.	143	234
Cumulative changes from the fair value valuation	—	—
Book value as at 31.12.	**221**	**554**

(62) Liabilities to banks

	Total		
	31.12.2010	**31.12.2009**	Change in %
		€m	
Banks in Germany	45,475	54,188	– 16.1
Banks outside Germany	92,151	86,446	6.6
Total	**137,626**	**140,634**	**– 2.1**
of which relate to the category			
Liabilities measured at amortized cost	95,154	91,897	3.5
At fair value through profit or loss	42,472	48,737	– 12.9

	Due on demand		Other liabilities	
of which	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**
		€m		
Banks in Germany	17,097	11,989	28,378	42,199
Banks outside Germany	33,082	35,521	59,069	50,925
Total	**50,179**	**47,510**	**87,447**	**93,124**

The table below shows a breakdown of claims on banks by main transaction types:

	31.12.2010	**31.12.2009**	Change in %
		€m	
Repos and cash collaterals	44,016	31,556	39.5
Liabilities from money market trading	35,166	51,785	– 32.1
Other liabilities	58,444	57,293	2.0
Total	**137,626**	**140,634**	**– 2.1**

(63) Liabilities to customers

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

	Total		
	31.12.2010	**31.12.2009**	Change in %
		€m	
Customers in Germany	**195,561**	**206,123**	**–5.1**
Corporate customers	122,544	139,908	–12.4
Retail customers and others	66,144	57,809	14.4
Public sector	6,873	8,406	–18.2
Customers outside Germany	**67,266**	**58,495**	**15.0**
Corporate and retail customers	61,293	54,808	11.8
Public sector	5,973	3,687	62.0
Total	**262,827**	**264,618**	**–0.7**
of which relate to the category			
Liabilities measured at amortized cost	243,177	246,020	–1.2
At fair value through profit or loss	19,650	18,598	5.7

	Savings deposits		Other liabilities			
			due on demand		with agreed term or period of notice	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**
			€m			
Customers in Germany	**3,970**	**5,242**	**106,097**	**105,155**	**85,494**	**95,726**
Corporate customers	43	40	49,365	77,424	73,136	62,444
Retail customers and others	3,926	5,202	54,658	26,768	7,560	25,839
Public sector	1	—	2,074	963	4,798	7,443
Customers outside Germany	**2,586**	**2,187**	**37,710**	**26,618**	**26,970**	**29,690**
Corporate and retail customers	2,585	2,186	32,864	25,241	25,844	27,381
Public sector	1	1	4,846	1,377	1,126	2,309
Total	**6,556**	**7,429**	**143,807**	**131,773**	**112,464**	**125,416**

Savings deposits broke down as follows:

	31.12.2010	**31.12.2009**	Change in %
		€m	
Savings deposits with agreed period of notice of three months	5,700	6,095	–6.5
Savings deposits with agreed period of notice of more than three months	856	1,334	–35.8
Total	**6,556**	**7,429**	**–11.8**

The table below shows a breakdown of claims on customers by main transaction types:

	31.12.2010	**31.12.2009**	Change in %
		€m	
Repos and cash collaterals	18,106	17,619	2.8
Liabilities from money market trading	46,339	48,791	–5.0
Other liabilities	198,382	198,208	0.1
Total	**262,827**	**264,618**	**–0.7**

(64) 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 papers), index certificates, own acceptances and promissory notes outstanding.

The nominal interest paid on money-market paper ranged from 0.02% to 5.45% (previous year: 0.19% to 6.91%); for bonds and notes, from 0.03% to 12.00% (previous year: 0.03% to 16.73%). Mortgage Pfandbriefe of €28,744m (previous year: €33,506m) and public-sector Pfandbriefe of €48,495m (previous year: €63,885m) were included in securitized liabilities.

	Total		of which: issued by mortgage banks	
	31.12.2010	**31.12.2009**[1]	**31.12.2010**	**31.12.2009**
	€m			
Bonds and notes issued	116,270	139,079	80,284	103,333
Money market instruments issued	15,024	22,612	—	—
Own acceptances and promissory notes outstanding	62	88	55	75
Total	**131,356**	**161,779**	**80,339**	**103,408**
of which relate to the category				
Liabilities measured at amortized cost	128,150	158,276	80,339	103,408
At fair value through profit or loss	3,206	3,503	—	—

[1] After reclassification to trading liabilities (see Note 2).

New issues with a total volume of €44.4bn were issued in 2010. In the same period the volume of bonds maturing amounted to €76.9bn. The table below lists the most important bonds and notes issued in 2010:

Equivalent	**Currency**	**Issuer**	**Interest rate** %	**Maturity**
€m				
1,500	EUR	Eurohypo Aktiengesellschaft	2.000	2013
1,250	EUR	Eurohypo Aktiengesellschaft	2.250	2015
1,000	EUR	Commerzbank Aktiengesellschaft	3.880	2017
1,000	EUR	Commerzbank Aktiengesellschaft	4.000	2020
750	EUR	EUROHYPO Europäische Hypothekenbank S.A.	2.250	2013
500	EUR	Eurohypo Aktiengesellschaft	2.000	2014
500	EUR	Eurohypo Aktiengesellschaft	1.136[1]	2014

[1] Floating interest rate.

(65) Value adjustments portfolio fair value hedges

The adjustment to the fair value of underlying transactions hedged against interest rate risk was €121m (previous year: € – 16m). A counter asset from the hedging transactions is shown under positive fair values attributable to derivative hedging instruments.

(66) Negative fair values attributable to derivative hedging instruments

The negative fair values of derivatives which are used to hedge underlying transactions against interest rate risk are shown under this item.

	31.12.2010	**31.12.2009**	Change in %
	€m		
Negative fair values from micro fair value hedges	9,312	10,844	– 14.1
Negative fair values from portfolio fair value hedges	40	449	– 91.1
Negative fair values from cash flow hedges	17	52	– 67.3
Total	**9,369**	**11,345**	**– 17.4**

(67) Trading liabilities

Trading liabilities show the negative fair values of derivative financial instruments that do not qualify for hedge accounting as well as lending commitments with negative fair values. Own issues in the trading book and delivery commitments arising from short sales of securities are also included under trading liabilities.

	31.12.2010	31.12.2009	Change in %
		€m	
Currency-related derivative transactions	19,368	16,999	13.9
Interest-rate-related derivative transactions	100,479	145,764	−31.1
Other derivative transactions	10,248	15,609	−34.3
Certificates and other notes issued[1]	9,070	9,591	−5.4
Delivery commitments arising from short sales of securities, negative market values of lending commitments and other trading liabilities	13,228	14,632	−9.6
Total	**152,393**	**202,595**	**−24.8**

1 After reclassification from securitized liabilities (see Note 2).

Other derivative transactions consisted mainly of €5,803m (previous year: €7,738m) in equity derivatives and €3,782m (previous year: €6,668m) in credit derivatives.

(68) Provisions

Provisions broke down as follows:

	31.12.2010	31.12.2009	Change in %
		€m	
Provisions for pensions and similar commitments	539	759	−29.0
Other provisions	4,239	4,356	−2.7
Total	**4,778**	**5,115**	**−6.6**

a) Provisions for pensions and similar commitments

Changes in provisions for pensions and similar commitments were as follows over the past financial year:

	As at 1.1.2010	Pension payments	Additions	Allocation to plan assets[1]	Reclassifications/ changes in exchange rates	Changes in consolidated companies	As at 31.12.2010
				€m			
Pension entitlements of active and former employees and pension entitlements of pensioners	552	244	95	52	26	−21	356
Early retirement	104	31	9	—	—	—	82
Part-time scheme for older staff	103	38	95	60	2	−1	101
Total	**759**	**313**	**199**	**112**	**28**	**−22**	**539**

1 If taken into account when setting the level of provisions.

b) Pension obligations

Pension obligations and the pension expense are calculated annually by independent actuaries, applying the projected unit credit method. The underlying premises are based on the norms in the country in which the pension plan was established.

	31.12.2010	31.12.2009
	%	
Parameters for pension plans in Germany		
for determining pension obligation at year-end		
Calculatory interest rate	4.90	5.30
Change in salaries	2.50	2.50
Adjustment to pensions	1.80	1.80
for determining pension expense in the financial year		
Calculatory interest rate	5.30	6.00
Change in salaries	2.50	2.50
Adjustment to pensions	1.80	1.60
Expected return on plan assets	5.70	6.00
Parameters for pension plans outside Germany		
for determining pension obligation at year-end		
Calculatory interest rate	4.20-5.40	1.60-6.10
Change in salaries	2.00-4.50	2.00-8.50
Adjustment to pensions	1.50-3.70	0.40-3.75
for determining pension expense in the financial year		
Calculatory interest rate	1.60-6.10	6.00
Change in salaries	2.00-8.50	2.50
Adjustment to pensions	0.40-3.75	1.60
Expected return on plan assets	4.40-8.50	5.00-8.50
Parameters for post-employment medical plan		
for determining obligation at year-end		
Calculatory interest rate	5.40	5.50
Health care cost increase rate	6.00	5.90
for determining expenses in the financial year		
Calculatory interest rate	5.50	6.40
Health care cost increase rate	5.90	5.50

The pension obligations changed as follows:

	2010	2009
	€m	
Pension obligations as at 1.1.	**5,699**	**2,118**
Service cost	61	75
Interest expense	295	289
Pension payments	−277	−277
Actuarial gains (−)/losses (+)	314	541
Experience adjustments	−5	3
Other adjustments	319	538
Changes in group of consolidated companies	−54	2,983
Past service cost	−1	1
Reductions in benefits	−6	−12
Exchange rate changes	33	4
Other changes	9	−23
Pension obligations as at 31.12.	**6,073**	**5,699**
of which completely or partially funded by plan assets	5,884	5,505
of which not funded by plan assets	189	194

The geographical breakdown of the pension obligations was as follows:

	31.12.2010	31.12.2009
	€m	
Germany	5,032	4,721
Europe (without Germany)	952	894
America	87	78
Asia and others	2	6
Total	**6,073**	**5,699**

A change in the discount rate or the rate of increase in health costs would had the following effects:

	Obligation as at 31.12.2010	Expenses in 2010
	€m	
Interest rate sensitivity		
Calculatory interest rate +50bp	−435	—
Calculatory interest rate −50bp	489	—
Health case cost rate sensitivity		
Health care cost increase rate +100bp	2	—
Health care cost increase rate −100bp	−2	—

The expenses for pensions and other employee benefits had the following components:

	2010	2009
	€m	
Service cost	61	75
Interest expense	295	289
Expected income from plan assets	−267	−250
Past service cost	−1	1
Reductions in benefits	−5	−12
Amortization of actuarial gains (−)/losses (+)	9	—
Other	3	−16
Expenses for defined benefit plans	**95**	**87**
Expenses for defined contribution plans	98	102
Other pension benefits (early retirement and part-time scheme for older staff)	104	66
Other pension-related expenses	20	102
Changes in exchange rates	—	—
Expenses for pensions and similar employee benefits	**317**	**357**

In addition, personnel expense included €228m in employers' contributions to the state pension.

The expected return on plan assets is based on long-term bond yields at the balance sheet date for fixed-interest securities and on past market performance for other investments. The plan assets changed as follows:

	2010	2009
	€m	
Fair value as at 1.1.	**4,764**	**2,039**
Changes in group of consolidated companies	−28	2,354
Employer contributions	52	21
Expected income from plan assets	267	250
Pension payments	−34	—
Reclassifications	−3	−4
Exchange rate changes	27	6
Actuarial gains (+)/losses (−)	149	98
Fair value as at 31.12.	**5,194**	**4,764**
Current income from plan assets	416	348

In the financial year 2011 employer contributions of €62m to plan assets for defined benefit pension plans are expected in the Group as well as pension payments of €250m.

The breakdown of the plan assets was as follows:

	31.12.2010	31.12.2009
	%	
Fixed-income securities	69.3	73.7
Equities	15.6	12.9
Investment fund units	9.2	4.3
Liquid assets	2.4	4.1
Others	3.5	5.0

Summary overview of the main components of defined benefit pension plans:

	2010	2009	2008	2007	2006
			€m		
Pension obligations (projected unit credit)	**6,073**	**5,699**	**2,118**	**2,202**	**2,410**
Fair value of plan assets	5,194	4,764	2,039	1,831	1,617
Funded status	**879**	**935**	**79**	**371**	**793**
Unrecognized actuarial gains (+)/losses (−)	−576	−416	33	71	−251
Past service income (+)/expense (−)	—	—	—	—	—
Recognition of defined benefit assets	53	33	—	—	—
Provisions for pensions	**356**	**552**	**112**	**442**	**542**

c) Other provisions

Changes in other provisions:

	As at 1.1.2010	Allocations	Utilization	Reversals	Reclassification/change in consolidated companies	As at 31.12.2010
				€m		
Personnel provisions	723	640	361	132	−51	819
Restructuring measures	1,362	56	402	111	18	923
Specific risks in lending business	364	207	7	159	−21	384
Portfolio risks in lending business	278	96	—	142	−1	231
Bonuses for special savings schemes	59	6	40	—	5	30
Legal proceedings and recourse claims	625	205	108	83	169	808
Other	945	673	510	272	208	1,044
Total	**4,356**	**1,883**	**1,428**	**899**	**327**	**4,239**

The provisions in the personnel area are predominantly short-term in nature, but also include provisions for service anniversaries, which are by their nature long-term and are utilized successively in subsequent reporting periods.

The average residual term of loan loss provisions is based on the residual terms of the contingent liabilities and irrevocable lending commitments set out in Note 92. In the case of legal disputes it is impossible to forecast the duration of proceedings and the amount of the liability with certainty at the date of establishing the provision. The provisions listed under other have mainly a residual term of under one year.

The provisions for restructuring measures derive predominantly from measures relating to the integration of the Dresdner Bank Group and are largely attributable to Human Resources and the Organization and IT departments. The provisions are mainly spread over a term of up to four years, with the majority expected to be utilized by the end of 2012.

(69) Tax liabilities

	31.12.2010	31.12.2009	Change in %
		€m	
Current tax liabilities	**1,072**	**1,346**	**−20.4**
Tax liabilities to tax authorities	4	111	−96.4
Provisions for income tax	1,068	1,235	−13.5
Deferred tax liabilities	**222**	**1,240**	**−82.1**
Tax liabilities recognized in income statement	222	1,167	−81.0
Tax liabilities not recognized in income statement	—	73	.
Total	**1,294**	**2,586**	**−50.0**

Provisions for taxes on income are potential tax liabilities which have not yet been formally assessed and potential liabilities for risks associated with tax audits. The liabilities to tax authorities represent payment obligations in respect of current taxes towards German and foreign tax authorities. Deferred tax liabilities represent the potential income tax charge arising from temporary differences between the values assigned to assets and liabilities in the consolidated balance sheet in accordance with IFRS and their values for tax-accounting purposes in accordance with the local tax regulations for consolidated companies. They were recognized in connection with the following items:

	31.12.2010	31.12.2009	Change in %
		€m	
Trading assets and liabilities	53	261	−79.7
Fair values of derivative hedging instruments	52	28	85.7
Financial investments	29	326	−91.1
Claims on banks and customers	38	123	−69.1
Liabilities to banks and customers	2	236	−99.2
Other balance sheet items	48	266	−82.0
Total	**222**	**1,240**	**−82.1**

(70) Liabilities from disposal groups held for sale

The breakdown of liabilities from disposal groups held for sale was as follows:

	31.12.2010	31.12.2009	Change in %
		€m	
Liabilities to banks	199	74	.
Liabilities to customers	214	2,365	−91.0
Negative fair values attributable to derivative hedging instruments	181	318	−43.1
Provisions	56	82	−31.7
Total	**650**	**2,839**	**−77.1**

After the changes in the balance sheet structure (see Note 2) the liabilities from disposal groups held for sale amounted to €329m as at December 31, 2008/January 1, 2009.

(71) Other liabilities

	31.12.2010	31.12.2009	Change in %
		€m	
Liabilities attributable to film funds	2,197	2,219	−1.0
Liabilities attributable to non-controlling interests	2,290	1,985	15.4
Accrued and deferred items	559	506	10.5
Other liabilities	3,090	1,393	.
Total	**8,136**	**6,103**	**33.3**

As a result of the changes in the balance sheet structure (see Note 2) the other liabilities amounted to €2,585m excluding liabilities from disposal groups held for sale (€329m) as at December 31, 2008/January 1, 2009.

(72) Subordinated capital

Subordinated liabilities and profit-sharing certificates are equity within the meaning of Articles 10 (5) and (5a) of the German Banking Act (KWG) in the new version of December 31, 2010 and are broken down as follows:

	31.12.2010	31.12.2009	Change in %
		€m	
Subordinated liabilities	**11,256**	**12,215**	**−7.9**
of which Tier III capital as defined in Art. 10 (7) KWG	—	24	.
of which maturing within 2 years	2,175	2,458	−11.5
Profit-sharing certificates outstanding	**1,259**	**3,372**	**−62.7**
of which maturing within 2 years	765	645	18.6
Accrued interest, including discounts[1]	−187	−277	−32.5
Valuation effects	582	540	7.8
Total	**12,910**	**15,850**	**−18.5**
of which relate to the category			
Liabilities measured at amortized cost	12,886	15,821	−18.6
At fair value through profit or loss	24	29	−17.2

1 Including the impact of the adjustment of fair values of subordinated capital at the date of acquisition of Dresdner Bank.

The claims of creditors for repayment of these liabilities are subordinate to those of other creditors. The issuer cannot be obliged to repay the liability before the maturity date. In the event of insolvency or winding-up, subordinated liabilities may only be repaid after the claims of all senior creditors have been satisfied.

In the financial year 2010 the volume of subordinated liabilities maturing amounted to €1.0bn. Repayments of €2.4m were made on profit-sharing certificates. Beyond this there were no significant changes in the reporting year.

The following major subordinated liabilities were outstanding at the end of 2010:

Start of maturity	€m	Currency in m	Issuer	Interest rate	Maturity
2006	1,250	1,250 EUR	Commerzbank Aktiengesellschaft	4.125	2016
2007	750	750 EUR	Commerzbank Aktiengesellschaft	5.625	2017
2007	600	600 EUR	Commerzbank Aktiengesellschaft	1.815[1]	2017
2001	500	500 EUR	Commerzbank Aktiengesellschaft	6.125	2011
2008	500	500 EUR	Commerzbank Aktiengesellschaft	6.250	2014
2009	374	500 USD	Commerzbank Aktiengesellschaft	7.250	2015
2001	250	250 EUR	Commerzbank Aktiengesellschaft	6.100	2011
2003	250	250 EUR	Eurohypo Aktiengesellschaft	5.000	2016
2009	250	250 EUR	Commerzbank Aktiengesellschaft	5.000	2017
2003	220	220 EUR	Eurohypo Aktiengesellschaft	5.000	2014
2006	225	300 CAD	Commerzbank Aktiengesellschaft	4.500	2016
1999	174	150 GBP	Commerzbank Aktiengesellschaft	6.625	2019
2002	150	150 EUR	Eurohypo Aktiengesellschaft	5.750	2012

1 Floating interest rate.

In the year under review, the interest expense by the Group for subordinated liabilities totalled €713m (previous year: €760m). Interest accruals for interest not yet paid totalled €275m (previous year: €325m).

The profit-sharing certifcate capital participates fully in losses. Interest payments are made only if the issuing institution earns a distributable profit. The claims of holders of profit-sharing certificates for the repayment of principal are subordinate to those of other creditors. At year-end 2010, the following major profit-sharing certificates were in circulation:

Start of maturity	€m	Currency in m	Issuer	Interest rate	Maturity
2006	750	750 EUR	Commerzbank Aktiengesellschaft	5.386	2015
2000	320	320 EUR	Commerzbank Aktiengesellschaft	6.375	2010[1]

1 Repayment in 2011.

Interest expense on the outstanding profit-sharing certificates in the 2010 financial year was €162m (previous year: €150m). Interest accruals for interest not yet paid totalled €130m (previous year: €79m).

(73) Hybrid capital

	31.12.2010	31.12.2009	Change in %
		€m	
Hybrid capital	5,005	5,191	−3.6
Accrued interest, including discounts[1]	−1,084	−1,342	−19.2
Valuation effects	260	230	13.0
Total	**4,181**	**4,079**	**2.5**
of which relate to the category			
Liabilities measured at amortized cost	4,181	4,079	2.5
At fair value through profit or loss	—	—	.

[1] Including the impact of the adjustment of fair values of hybrid capital at the date of acquisition of Dresdner Bank.

In 2010 no new issues or buybacks were made and no issues matured. At the end of 2010, the following hybrid capital instruments were outstanding:

Start of maturity	€m	Currency in m	Issuer	Interest rate	Maturity
2006	1,000	1,000 EUR	Commerzbank Capital Funding Trust I	5.012	unlimited period
2006	1,000	1,000 EUR	Commerzbank Aktiengesellschaft	6.932	unlimited period
2006	929	800 GBP	Commerzbank Capital Funding Trust II	5.905	unlimited period
1999	748	1,000 USD	Dresdner Capital LLC I	8.151	2031
2003	600	600 EUR	Eurohypo Capital Funding Trust I	6.445	unlimited period
2006	300	300 EUR	Commerzbank Capital Funding Trust III	2.524	unlimited period
2005	300	300 EUR	Eurohypo Capital Funding Trust II	3.486	unlimited period

In the 2010 financial year interest of €155m (previous year: €203m) was payable on hybrid capital. Hybrid capital forms part of the bank's liable equity capital. Interest payments are due in accordance with the issue conditions of the instrument. The claims of holders of hybrid instruments for repayment of their capital are subordinate to the claims of creditors of the liabilities reported under subordinated liabilities and profit-sharing certificates.

(74) Equity structure

	31.12.2010	31.12.2009	Change in %
		€m	
a) Subscribed capital	3,047	3,071	−0.8
b) Capital reserve	1,302	1,334	−2.4
c) Retained earnings	9,345	7,878	18.6
d) Silent participations	17,178	17,178	0.0
Other reserves	−2,999	−3,455	−13.2
e) Revaluation reserve	−1,731	−1,755	−1.4
f) Cash flow hedge reserve	−1,005	−1,223	−17.8
g) Currency translation reserve	−263	−477	−44.9
Total before non-controlling interests	**27,873**	**26,006**	**7.2**
Non-controlling interests	785	570	37.7
Equity	**28,658**	**26,576**	**7.8**

a) Subscribed capital

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

	Units
Number of shares outstanding on 1.1.2010	**1,180,489,021**
plus treasury shares on 31.12. of the previous year	863,905
Capital increase	—
Issue of new shares	—
Number of shares issued on 31.12.2010	**1,181,352,926**
less treasury shares on balance sheet date	9,315,335
Number of shares outstanding on 31.12.2010	**1,172,037,591**

Before deduction of treasury shares, the subscribed capital was €3,072m. There are no preferential rights or restrictions on the payment of dividends at Commerzbank Aktiengesellschaft. All the shares in issue are fully paid up. The value of issued, outstanding and authorized shares was as follows:

	31.12.2010		**31.12.2009**	
	€m	1,000 units	€m	1,000 units
Shares issued	3,071.5	1,181,353	3,071.5	1,181,353
./. Treasury shares	24.2	9,315	2.2	864
= Shares outstanding	3,047.3	1,172,038	3,069.3	1,180,489
Shares not yet issued from authorized capital	1,535.0	590,385	1,142.0	439,231
Total	**4,582.3**	**1,762,423**	**4,211.3**	**1,619,720**

The number of authorized shares is 1,771,738 thousand (previous year: 1,620,584 thousand shares). The accounting value of the authorized shares is €4,606.5m (previous year: €4,213.5m shares).

As at December 31, 2010, 10,774 thousand shares (previous year: 10,821 thousand shares) had been pledged with the Group as security. This represents 0.9% (previous year: 0.9%) of the shares outstanding on the balance sheet date.

Securities transactions in treasury shares pursuant to Art. 71 (1), nos. 1 and 7 of the German Companies Act (Aktiengesetz):

	Number of shares in units	**Calculated value**[1] in € 1,000	**Percentage of share capital**
Balance as at 31.12.2010	9,315,335	24,220	0.79
Largest number acquired during the financial year	9,782,622	25,435	0.83
Total shares pledged by customers as collateral on 31.12.2010	10,773,955	28,012	0.92
Shares acquired during the financial year	216,017,380	561,645	—
Shares disposed of during the financial year	207,565,950	539,671	—

1 Accounting par value per share €2.60.

The Bank has given an undertaking to the Financial Market Stabilization Fund, represented by the Financial Market Stabilization Authority, that neither it nor any of its affiliated companies will buy back shares or other components of its liable equity capital (except as specified under Art. 71 (1) nos. 2, 4 (purchase on behalf of another party), no. 7 or no. 8 of the German Companies Act/Aktiengesetz).

As part of our capital management we increased our share capital in January 2011 by 10% less one share (118,135,291 shares) from authorized capital excluding shareholders' preemptive rights for non-cash contributions. The new shares were subscribed in their entirety for non-cash contributions of hybrid equity instruments (trust preferred securities) issued by companies of the Commerzbank Group. The nominal amount of the hybrid capital was €0.9bn and has a one-time revenue effect on pre-tax group profit/loss of €0.3bn. Subscribed capital and the capital reserve have increased as a result by €0.3bn respectively. The transaction had no significant effects on the Tier I core capital ratio.

SoFFin subsequently transformed part of its silent participations into shares in order to maintain its ownership share in Commerzbank (25% plus one share). Thus silent participations in a nominal amount of €0.2bn were transformed into 39,378,430 shares taken from the conditional capital approved by the annual general meeting in 2009.

The completion of these two capital transactions increased the number of shares of Commerzbank Aktiengesellschaft to a total of 1,338,866,647 shares.

b) Capital reserve

The capital reserve shows, in addition to premiums from the issue of shares, fair values of share-based remuneration transactions in equity instruments that have not yet been exercised. 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 statutory reserve and other reserves. The statutory reserve contains reserves which are mandated by German law; in the parent company financial statements, the amounts assigned to this reserve may not be distributed. The total amount of retained earnings stated in the balance sheet results from other retained earnings of €9,345m (previous year: €7,878m). There were no statutory reserves in the reporting year or at December 31, 2009.

d) Silent participations

The contributions of the silent partner, the Financial Market Stabilization Fund (SoFFin), represented by the Financial Market Stabilization Authority, in the amount of €8.2bn each were paid in on December 31, 2008 and June 4, 2009. The silent participations are based on the agreement dated December 19, 2008 and the supplementary agreement dated June 3, 2009 on the establishment of a silent partnership concluded between the Financial Market Stabilization Fund, represented by the Financial Market Stabilization Authority, and Commerzbank Aktiengesellschaft. Commerzbank Aktiengesellschaft has given an undertaking to SoFFin, not to pay any dividend for the preceding year in the financial years January 1, 2009 to December 31, 2009 and January 1, 2010 to December 31, 2010. Interest of 9% p.a. will be paid on the participations, which are eligible in full as Tier I capital. Repayment will be at par. The interest rate on the silent participations rises in years when a dividend is paid. The additional interest to be paid in such cases is based on the total cash dividend paid out. For approximately every €5.9m of cash dividend paid, the interest rate will rise by 0.01 percentage points.

SoFFin participates in any net loss in proportion to the ratio of the book value of the silent participation to the overall book value of all of the Company's liable capital participating in the net loss (Art. 10 (2a), (4) and (5) German Banking Act). After a reduction the silent participation will be written up again in the following financial years to its full original nominal value, provided that this does not thereby cause or increase a net loss.

Furthermore, Commerzbank Aktiengesellschaft and Allianz concluded an agreement on June 3, 2009 on the establishment of a silent partnership, on the basis of which Allianz, through a subsidiary, provided Commerzbank Aktiengesellschaft with a silent participation of €750m. The silent participation comes with a profit participation consisting of fixed interest of 9% p.a. on the nominal contribution amount plus additional dividend-linked remuneration of 0.01% p.a. for approximately each €5.9 million of cash dividends paid.

In accordance with IFRS the silent participations are recognized separately under equity, and the interest paid on the silent participations is set off directly against equity without affecting the income statement. Interest is only payable on the silent participations if the Company earns a net distributable profit under German GAAP (HGB) accounting rules. This condition was not met in 2010 and no expenses were therefore incurred (previous year: nil).

e) Revaluation reserve

Gains and losses from revaluing financial investments at fair value are recognized in the revaluation reserve net of deferred taxes. Gains or losses are recognized in the income statement only if the asset has been disposed of or impaired.

f) Cash flow hedge reserve

The net gain/loss on measuring the effective part of cash flow hedges is reported in this equity item after deduction of deferred taxes. We ended cash flow hedge accounting in the financial year 2009 with only a few exceptions and since then have been using micro and portfolio fair value hedge accounting to manage interest rate risks. From the date of this change, the cash flow hedge reserve and the associated hedging transactions have been amortized in net interest income over the residual term of the hedging transactions. This has no impact on net income.

g) Currency translation reserve

The reserve from currency translation relates to translation gains and losses arising upon the consolidation of the capital accounts. This includes exchange rate differences arising from the consolidation of subsidiaries and companies accounted for using the equity method.

(75) 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. Conditional capital developed as follows:

	Conditional capital 1.1.2010	Additions	Expirations/ Utilizations	Conditional capital[1] 31.12.2010	of which Used conditional capital	of which Available lines
			€m			
Convertible bonds/bonds with warrants/profit-sharing certificates	1,222	1,058	832	1,448	—	1,448
Total	**1,222**	**1,058**	**832**	**1,448**	**—**	**1,448**

[1] €746m of the conditional capital is set aside to enable the issuance of shares in the event of the exercise of conversion rights granted to the Financial Markets Stabilization Fund SoFFin, established under the German Financial Market Stabilization Fund Act and represented by the Financial Market Stabilization Authority, as a silent partner in the Company. The conditional capital increase will only be carried out if SoFFin exercises these conversion rights.

As resolved at the General Meeting of May 19, 2010, the Company's share capital shall be conditionally increased by up to €702,000,000.00 divided into 270,000,000 no-par-value bearer shares (Conditional Capital 2010/I). The conditional capital increase will only be carried out to the extent that holders/creditors of convertible bonds, convertible profit-sharing certificates or warrants attached to bonds or profit-sharing certificates issued or guaranteed up to May 18, 2015 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) of the German Companies Act) on the basis of the AGM's authorization of May 19, 2010 (Authorization 2010) exercise their conversion or option rights or meet their corresponding obligation to exercise their conversion or option rights and no other forms of performance are chosen.

As resolved at the Annual General Meeting in May 2009, the Company's share capital shall be conditionally increased by up to €390,000,000.00, divided into up to 150,000,000 no-par-value bearer shares (Conditional Capital 2009). The conditional capital increase is to enable the issuance of shares in the event of the exercise of conversion rights granted to the Financial Market Stabilization Fund SoFFin, established under the German Financial Market Stabilization Act and represented by the Financial Market Stabilization Authority, as silent partner in the Company. The conditional capital increase will only be carried out to the extent that SoFFin exercises these conversion rights.

As resolved at the Annual General Meeting in May 2010, the Company's share capital shall be conditionally increased by up to €355,666,667.20, divided into up to 136,794,872 no-par-value bearer shares (Conditional Capital 2010/II). The conditional capital increase is to enable the issuance of shares in the event of the exercise of conversion rights granted to the Financial Market Stabilization Fund SoFFin, established under the German Financial Market Stabilization Act and represented by the Financial Market Stabilization Authority, as silent partner in the Company. The conditional capital increase will only be carried out to the extent that SoFFin exercises these conversion rights.

(76) Authorized capital

Date of AGM resolution	Original amount	Used in previous years for capital increases	Used in 2010 for capital increases	Authorization expired	Residual amount	Date of expiry
	€m	€m	€m	€m	€m	
17.5.2006	12	—	—	12	—	30.4.2011
15./16.5.2009	670	—	—	670	—	14.5.2014
15./16.5.2009	460	—	—	460	—	14.5.2014
18.5.2010	1,535	—	—	—	1,535	18.5.2015
Total	**2,677**	**—**	**—**	**1,142**	**1,535**	

The Board of Managing Directors is authorized, with the approval of the Supervisory Board, to increase the Company's share capital during the period up to May 18, 2015 through the issue of new no-par-value shares for cash or non-cash contributions, in either one or several tranches, by a maximum of €1,535,000,000.00 (Authorized Capital 2010). In principle, shareholders are to be offered subscription rights; the mandatory pre-emptive right may also be granted in such manner that the new shares are underwritten by a bank or a syndicate of banks under an obligation to offer them for subscription to shareholders of

Commerzbank Aktiengesellschaft. However, the Board of Managing Directors is authorized to exclude pre-emptive rights, with the approval of the Supervisory Board, in the following cases:

- To exclude fractional amounts from subscription rights.
- To the extent necessary, to grant 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), Stock Corporations Act), subscription rights in the amount to which they would be entitled after exercising their conversion or option rights or fulfilling their corresponding conversion or option obligation.
- To issue shares up to the amount of €12,000,000.00 to employees of Commerzbank Aktiengesellschaft or of companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) AktG);
- To increase the share capital for non-cash contributions;
- In the event of capital increases for cash, if the issue price of the new shares is not significantly lower than the stock exchange price for identical shares of the Company at the time the issue price is set. The shares issued with the exclusion of pre-emptive rights pursuant to Art. 203 (1) and Art. 186 (3) sentence 4 German Companies Act on the basis of this authorization may not exceed a total of 10% of the Company's share capital at the time the authorization becomes effective, or at the time the authorization is exercised, whichever amount is lower. The upper limit of 10% of the capital will be reduced by the proportion of share capital represented by any of the Company's own shares that are sold during the period of validity of Authorized Capital 2010, while excluding shareholders' pre-emptive rights in accordance with Art. 71 (1) 8 sentence 5, and Art. 186 (3) sentence 4 of the German Companies Act. The upper limit is further reduced by the pro-rata amount of share capital corresponding to those shares that must be issued to service options and convertible bonds with option or conversion rights or with option or conversion obligations, provided such bonds are issued during the period of validity of Authorized Capital 2010, while excluding pre-emptive rights subject to appropriate application of Art. 186 (3) sentence 4, Stock Corporations Act.

The Board of Managing Directors is authorized to specify the other details of the capital increase and its execution. Art. 4 (3), (6) and (7) in the version of the Articles of Association cited last year was cancelled by resolution of the AGM on May 19, 2010 in order to create a standard, new authorization.

(77) The Bank's foreign currency position

On December 31, 2010 the Commerzbank Group had the following foreign currency assets and liabilities (excluding fair values of derivatives):

	31.12.2010					31.12.2009[1]	Change
	USD	**PLN**	**GBP**	**Others**	**Total**	**Total**	%
				€m			
Cash reserve	3,914	571	48	1,234	5,767	5,379	7.2
Claims on banks	15,336	333	1,894	15,088	32,651	21,663	50.7
Claims on customers	45,624	6,524	16,029	21,721	89,898	91,921	−2.2
Trading assets	5,316	651	3,975	179	10,121	19,041	−46.8
Financial investments	19,008	4,934	3,341	3,896	31,179	35,432	−12.0
Other balance sheet items	644	632	615	404	2,295	15,742	−85.4
Foreign currency assets	**89,842**	**13,645**	**25,902**	**42,522**	**171,911**	**189,178**	**−9.1**
Liabilities to banks	37,846	992	7,860	6,356	53,054	42,799	24.0
Liabilities to customers	29,096	9,891	3,864	5,428	48,279	30,009	60.9
Securitized liabilities	20,030	423	2,024	8,033	30,510	42,170	−27.6
Trading liabilities	52	—	7,132	52	7,236	21,723	−66.7
Other balance sheet items	1,255	251	1,748	1,092	4,346	25,715	−83.1
Foreign currency liabilities	**88,279**	**11,557**	**22,628**	**20,961**	**143,425**	**162,416**	**−11.7**

1 After reclassification from securitized liabilities to trading liabilities (see Note 2).

The open balance sheet positions beyond trading business are matched by foreign exchange forward contracts and currency swaps with matching maturities.

Notes on financial instruments

(78) Derivative transactions

The tables below show the Commerzbank Group's business with derivative financial instruments as of the balance sheet date.

A derivative is a financial instrument whose value is determined by a so-called underlying asset. The underlying asset may, for example, be an interest rate, commodity price, share price, foreign exchange rate or bond price. The financial instrument does not require any initial net investment, or an initial net investment that is smaller than would be required for other types of instrument that would be expected to have a similar response to changes in market factors. It is settled at a future date.

Most of the 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 shows the volume traded by the Bank. The positive and negative fair values listed in the table, however, are the expenses which would be incurred by the Bank or the counterparty to replace the contracts originally concluded with transactions of an equivalent financial value. From the Bank's point of view, a positive fair value thus indicates the maximum potential counterparty-specific default risk that existed from derivative transactions on the balance sheet date.

In order to minimize both the economic and the regulatory credit risk arising from these instruments, our Legal Services department concludes master agreements (bilateral netting agreements) with our counterparties (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-mitigating techniques only where we consider them enforceable in the jurisdiction in question, if the counterparty becomes insolvent. We obtain legal opinions from various international law firms in order to verify enforceability.

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 exposure.

The table below shows the nominal amounts and the fair values of the derivative business broken down by interest rate-based contracts, currency-based contracts and contracts based on other price risks and the maturity structure of these transactions. The fair values are the sum totals of the positive and negative amounts per contract and are shown without deducting collateral and without taking account of any netting agreements, because these work on a cross-product basis. By definition, no positive fair values exist for options which have been written. The nominal amount represents the gross volume of all sales and purchases. The maturity dates listed for the transactions are based on the term to maturity of the contracts and not the maturity of the underlying. The table below also shows the fair value of derivatives based on the net method of presentation as set out in Note 1. The netting volume as at December 31, 2010 amounted to €207,088m (previous year: €136,763m).

31.12.2010	Nominal amount Residual terms: due on demand	up to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total	Fair value: positive	negative
	€m							
Foreign-currency-based forward transactions								
OTC products	4	556,439	269,677	229,003	128,309	1,183,432	18,960	19,716
Foreign exchange spot and forward contracts	—	459,796	124,259	35,974	1,011	621,040	7,760	7,471
Interest rate and currency swaps	—	20,690	56,431	153,471	114,166	344,758	8,391	9,481
Currency call options	—	34,420	41,393	18,545	6,735	101,093	2,560	—
Currency put options	—	40,779	46,507	19,363	5,328	111,977	—	2,586
Other foreign exchange contracts	4	754	1,087	1,650	1,069	4,564	249	178
Products traded on a stock exchange	—	2,943	189	—	—	3,132	—	—
Currency futures	—	2,943	189	—	—	3,132	—	—
Currency options	—	—	—	—	—	—	—	—
Total	**4**	**559,382**	**269,866**	**229,003**	**128,309**	**1,186,564**	**18,960**	**19,716**
Interest-based forward transactions								
OTC products	23	935,289	1,659,611	3,783,989	3,560,026	9,938,938	308,399	316,541
Forward rate agreements	—	115,631	492,410	3,108	—	611,149	261	295
Interest rate swaps	—	809,751	1,119,744	3,657,641	3,383,598	8,970,734	298,659	306,996
Call options on interest rate futures	—	2,357	26,445	58,615	74,552	161,969	6,820	—
Put options on interest rate futures	—	3,335	18,794	56,266	93,894	172,289	—	7,052
Other interest rate contracts	23	4,215	2,218	8,359	7,982	22,797	2,659	2,198
Products traded on a stock exchange	—	1,415	125,290	6,650	4,128	137,483	—	—
Interest rate futures	—	582	73,385	6,489	4,128	84,584	—	—
Interest rate options	—	833	51,905	161	—	52,899	—	—
Total	**23**	**936,704**	**1,784,901**	**3,790,639**	**3,564,154**	**10,076,421**	**308,399**	**316,541**
Other forward transactions								
OTC products	1,436	22,923	51,038	167,423	24,788	267,608	8,433	10,295
Structured equity/index products	1,433	9,930	12,237	14,146	1,837	39,583	1,977	2,645
Equity call options	—	2,064	9,756	8,823	349	20,992	2,148	—
Equity put options	—	2,820	12,754	11,947	993	28,514	—	3,158
Credit derivatives	—	3,534	13,800	129,526	21,503	168,363	3,612	3,830
Precious metal contracts	3	4,087	1,412	1,121	—	6,623	308	125
Other transactions	—	488	1,079	1,860	106	3,533	388	537
Products traded on a stock exchange	—	27,731	50,086	38,616	1,467	117,900	—	—
Equity futures	—	7,043	451	15	12	7,521	—	—
Equity options	—	16,314	43,640	36,483	1,455	97,892	—	—
Other futures	—	2,350	1,970	840	—	5,160	—	—
Other options	—	2,024	4,025	1,278	—	7,327	—	—
Total	**1,436**	**50,654**	**101,124**	**206,039**	**26,255**	**385,508**	**8,433**	**10,295**
Total pending forward transactions								
OTC products	1,463	1,514,651	1,980,326	4,180,415	3,713,123	11,389,978	335,792	346,552
Products traded on a stock exchange	—	32,089	175,565	45,266	5,595	258,515	—	—
Total	**1,463**	**1,546,740**	**2,155,891**	**4,225,681**	**3,718,718**	**11,648,493**	**335,792**	**346,552**
Net position in the balance sheet							**128,704**	**139,464**

31.12.2009	Nominal amount Residual terms: due on demand, up to 3 months and 3 months up to 1 year	1 year to 5 years	more than 5 years	Total	Fair value: positive	negative
			€m			
Foreign-currency-based forward transactions						
OTC products	569,568	210,591	94,331	874,490	18,121	17,357
Foreign exchange spot and forward contracts	363,697	28,683	669	393,049	5,677	6,692
Interest rate and currency swaps	84,856	144,436	83,462	312,754	8,815	7,795
Currency call options	58,077	17,807	5,458	81,342	3,417	—
Currency put options	61,304	19,417	3,657	84,378	—	2,687
Other foreign exchange contracts	1,634	248	1,085	2,967	212	183
Products traded on a stock exchange	1,855	—	—	1,855	—	—
Currency futures	1,855	—	—	1,855	—	—
Currency options	—	—	—	—	—	—
Total	**571,423**	**210,591**	**94,331**	**876,345**	**18,121**	**17,357**
Interest-based forward transactions						
OTC products	2,953,987	4,062,581	3,777,029	10,793,597	284,970	289,293
Forward rate agreements	770,675	1,894	—	772,569	398	399
Interest rate swaps	2,105,395	3,921,755	3,638,619	9,665,769	279,452	281,937
Call options on interest rate futures	34,156	62,963	55,171	152,290	4,844	—
Put options on interest rate futures	42,526	69,708	80,447	192,681	—	6,334
Other interest rate contracts	1,235	6,261	2,792	10,288	276	623
Products traded on a stock exchange	249,123	8,414	1,455	258,992	—	—
Interest rate futures	184,415	8,123	1,068	193,606	—	—
Interest rate options	64,708	291	387	65,386	—	—
Total	**3,203,110**	**4,070,995**	**3,778,484**	**11,052,589**	**284,970**	**289,293**
Other forward transactions						
OTC products	170,164	447,984	71,942	690,090	17,331	19,830
Structured equity/index products	15,003	14,074	2,610	31,687	929	2,093
Equity call options	28,049	11,795	1,637	41,481	6,035	—
Equity put options	32,024	18,081	2,485	52,590	—	5,650
Credit derivatives	88,225	400,473	65,150	553,848	9,494	10,883
Precious metal contracts	5,797	2,189	—	7,986	150	362
Other transactions	1,066	1,372	60	2,498	723	842
Products traded on a stock exchange	104,748	59,050	2,141	165,939	—	—
Equity futures	6,300	—	—	6,300	—	—
Equity options	88,322	53,495	2,141	143,958	—	—
Other futures	3,795	1,306	—	5,101	—	—
Other options	6,331	4,249	—	10,580	—	—
Total	**274,912**	**507,034**	**74,083**	**856,029**	**17,331**	**19,830**
Total pending forward transactions						
OTC products	3,693,719	4,721,156	3,943,302	12,358,177	320,422	326,480
Products traded on a stock exchange	355,726	67,464	3,596	426,786	—	—
Total	**4,049,445**	**4,788,620**	**3,946,898**	**12,784,963**	**320,422**	**326,480**
Net position in the balance sheet					**183,659**	**189,717**

Breakdown of derivatives business by borrower group:

The table below shows the positive and negative fair values of the Commerzbank Group's derivative business broken down by counterparty. The Commerzbank Group conducts derivative business primarily with counterparties who have excellent credit ratings. A large portion of the fair values is concentrated in banks and financial institutions based in OECD countries.

	31.12.2010		31.12.2009	
	Fair value		Fair value	
	positive	negative	positive	negative
	€m			
OECD central governments	1,442	1,515	1,094	877
OECD banks	113,015	125,386	167,040	178,872
OECD financial institutions	210,674	213,304	140,706	140,637
Other entities, private individuals	9,437	4,642	8,880	3,942
Non-OECD banks	1,224	1,705	2,702	2,152
Total	**335,792**	**346,552**	**320,422**	**326,480**

The outstanding volume of the Commerzbank Group's transactions as a protection buyer or seller amounted to €89,106m (previous year: €281,956m) and €79,257m (previous year: €271,892m) respectively as of the balance sheet date. 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:

	31.12.2010		31.12.2009	
	Nominal values		Nominal values	
	Buyer of protection	Seller of protection	Buyer of protection	Seller of protection
	€m			
OECD central governments	8,126	7,122	8,292	7,936
OECD banks	6,851	7,224	16,295	17,089
OECD financial institutions	7,301	6,002	94,893	93,603
Other entities, private individuals	65,756	58,051	160,480	152,111
Non-OECD banks	1,072	858	1,996	1,153
Total	**89,106**	**79,257**	**281,956**	**271,892**

Details of derivatives in cash flow hedge accounting:

The nominal values of derivatives used for cash flow hedging until this was ended in 2009 (see Note 74) totalled €335bn as at December 31, 2010. The table below shows the periods in which these are likely to expire:

	31.12.2010
	€m
Up to 3 months	17
More than 3 months up to 1 year	85
More than 1 year up to 5 years	176
More than 5 years	57

Underlying hedged transactions existed in each maturity band with at least the same nominal value.

(79) Assets pledged as collateral

Assets were pledged as collateral for the following liabilities:

	31.12.2010	31.12.2009	Change in %
		€m	
Liabilities to banks	60,504	58,627	3.2
Liabilities to customers	19,330	35,948	−46.2
Securitized liabilities	—	144	.
Other liabilities	—	3,096	.
Total	**79,834**	**97,815**	**−18.4**

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

	31.12.2010	31.12.2009	Change in %
		€m	
Claims on banks and customers	23,911	21,095	13.3
Trading assets and financial investments	66,602	79,395	– 16.1
Other assets	—	—	.
Total	**90,513**	100,490	– 9.9

The recipient of the collateral has the right under contract or in accordance with customary practice to sell or pledge the following assets of the Commerzbank Group to others:

	31.12.2010	31.12.2009	Change in %
		€m	
Claims on banks and customers	94	—	.
Trading assets and financial investments	41,771	55,131	– 24.2
Other assets	—	—	.
Total	**41,865**	55,131	– 24.1

Collateral was furnished to borrow funds as part of securities repurchase agreements (repos). Security was also furnished for funds borrowed for specific purposes and securities-lending transactions. The transactions were carried out under the standard market terms for securities lending and repurchase transactions.

(80) Maturity breakdown

	Residiual terms as at 31.12.2010				
	due on demand and unlimited term	**up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**more than 5 years**
			€m		
Claims on banks	45,351	45,557	7,044	10,928	2,076
Claims on customers	21,098	59,879	40,818	110,558	104,519
Bonds, notes and other interest-rate-related securities and promissory note loans in trading assets	222	5,685	3,894	12,114	10,200
Bonds, notes and other interest-rate-related securities held in financial instruments	16	5,366	10,324	37,682	60,105
Total	**66,687**	**116,487**	**62,080**	**171,282**	**176,900**
Liabilities to banks	50,179	56,284	4,634	13,315	13,214
Liabilities to customers	143,807	54,520	15,898	13,158	35,444
Securitized liabilities	62	23,679	18,011	66,248	23,356
Trading liabilities	—	304	3,886	3,061	1,819
Subordinated and hybrid capital[1]	—	55	1,741	3,341	12,383
Total	**194,048**	**134,842**	**44,170**	**99,123**	**86,216**

1 Excluding deferred interest and discounts (€ – 1,271m) and valuation effects (€842m).

	Residual terms as at 31.12.2009				
	due on demand and unlimited term	**up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**more than 5 years**
			€m		
Claims on banks	36,564	37,968	14,525	13,059	5,093
Claims on customers	23,047	68,766	34,830	122,114	112,726
Bonds, notes and other interest-rate-related securities and promissory note loans in trading assets	—	2,822	2,986	11,575	12,365
Bonds, notes and other interest-rate-related securities held in financial instruments	—	6,606	14,341	44,440	62,645
Total	**59,611**	**116,162**	**66,682**	**191,188**	**192,829**
Liabilities to banks	47,510	44,485	19,580	14,216	14,843
Liabilities to customers	131,773	64,249	15,736	17,045	35,815
Securitized liabilities[1]	92	25,854	32,414	74,327	29,092
Trading liabilities[1]	—	1,464	2,801	3,174	2,152
Subordinated and hybrid capital[2]	—	615	3,129	4,183	12,851
Total	**179,375**	**136,667**	**73,660**	**112,945**	**94,753**

1 After reclassification from securitized liabilities to trading liabilities (see Note 2).
2 Excluding interest accruals and discounts (€– 1,619m) and valuation effects (€770m).

The term to maturity is defined as the period between the balance sheet date and the contractual maturity date of the financial instruments. In the case of financial instruments which are paid in partial amounts, the term to maturity of each partial amount has been used.

(81) Fair value of financial instruments

Determination of fair value

This note provides more information on the fair values of financial instruments which are not recognized at fair value in the balance sheet, but for which a fair value must be disclosed in accordance with IFRS 7. For the financial instruments reported in the balance sheet at fair value the accounting methodology is set out in the accounting policies (Notes 2 to 30) and below in the sections „Valuation of financial instruments" and „Fair value hierarchy".

The nominal value of financial instruments that fall due on a daily basis is taken as their fair value. These instruments include the cash reserve as well as overdrafts and demand deposits in the claims on banks and customers or liabilities to banks and customers categories.

Market prices are not available for loans and deposits as there are no organized markets in which these financial instruments are traded. Fair value is determined for these instruments by using recognized mathematical valuation methods with current market parameters. A discounted cash flow model is used for loans with parameters based on a risk-free yield curve, credit spreads and a fixed premium to cover liquidity spreads, administrative expenses and the cost of capital. A risk-free yield curve is also used to determine the fair value of liabilities, with Commerzbank Aktiengesellschaft's own credit spread and a premium for administrative costs being incorporated separately. The model also uses market risk premiums for mortgage Pfandbriefe, public-sector Pfandbriefe and loans taken out by the Bank.

The fair value of securitized liabilities, subordinated liabilities and hybrid capital is determined on the basis of available market prices. A number of different factors, including current market interest rates and the Group's credit rating are taken into account in determining fair value. If market prices are not available, the fair values are determined on the basis of mathematical valuation models (e.g. discounted cash flow or option price models), which are in turn based on yield curves, volatilities, own credit spreads etc. Particularly in cases where the Bank has issued structured debt instruments, which are measured at fair value, the Bank's own credit spread is used in determining fair value.

The table below compares the fair values of the balance sheet items with their carrying values:

	Fair Value		Carrying amount		Difference	
	31.12.2010	**31.12.2009[1]**	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009[1]**
			€bn			
Assets						
Cash reserve	8.1	10.3	8.1	10.3	—	—
Claims on banks	110.5	106.6	110.6	106.7	−0.1	−0.1
Reverse repos and cash collaterals	68.7	58.9	68.7	58.9		
Claims from money market trading	6.8	16.3	6.8	16.3		
Promissory note loans	9.7	12.3	9.9	12.8	−0.2	−0.5
Other claims	25.6	19.6	25.5	19.2	0.1	0.4
Loan loss provisions	−0.3	−0.5	−0.3	−0.5		
Claims on customers	327.3	352.8	327.8	352.2	−0.5	0.6
Reverse repos and cash collaterals	30.0	22.4	30.0	22.4		
Claims from money market trading	9.0	17.0	9.0	17.0		
Promissory note loans	26.2	36.8	26.6	36.8	−0.4	0.0
Mortgages and other claims secured by property charges	133.5	139.6	134.3	139.9	−0.8	−0.3
Other claims	137.7	146.3	137.0	145.4	0.7	0.9
Loan loss provisions	−9.1	−9.3	−9.1	−9.3		
Value adjustment portfolio fair value hedges	0.0	0.0	0.1	0.0	−0.1	0.0
Positive fair values attributable to derivative hedging instruments	5.0	6.4	5.0	6.4	—	—
Trading assets	167.8	218.7	167.8	218.7	—	—
Financial investments	113.1	130.6	115.7	130.9	−2.6	−0.3
Loans and receivables	67.8	78.9	70.4	79.2	−2.6	−0.3
Available-for-sale	41.4	44.5	41.4	44.5		
Equity participations valued at amortized cost	0.4	0.5	0.4	0.5		
At fair value through profit or loss	3.5	6.7	3.5	6.7		
Holdings in companies accounted for using the equity method	0.7	0.4	0.7	0.4	—	—

[1] The figures as at December 31, 2009 have been partially restated. This reduced the net difference between carrying amount and fair value as at December 31, 2009 from a total of €4.0bn to €3.3bn.

	Fair Value		Carrying amount		Difference	
	31.12.2010	**31.12.2009[1]**	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009[1]**
			€bn			
Liabilities						
Liabilities to banks	137.7	140.5	137.6	140.6	0.1	−0.1
Repos and cash collaterals	44.0	31.6	44.0	31.6		
Liabilities from money market trading	35.2	51.8	35.2	51.8		
Other liabilities	58.5	57.1	58.4	57.2	0.1	−0.1
Liabilities to customers	262.6	263.8	262.8	264.6	−0.2	−0.8
Repos and cash collaterals	18.1	17.6	18.1	17.6		
Liabilities from money market trading	46.3	48.8	46.3	48.8		
Other liabilities	198.2	197.4	198.4	198.2	−0.2	−0.8
Securitized liabilities	130.3	161.4	131.4	161.8	−1.1	−0.4
Measured at amortized cost	127.1	157.9	128.2	158.3	−1.1	−0.4
At fair value through profit or loss	3.2	3.5	3.2	3.5		
Value adjustment portfolio fair value hedges	0.0	0.0	0.1	0.0	−0.1	0.0
Negative fair values attributable to derivative hedging instruments	9.4	11.3	9.4	11.3	—	—
Trading liabilities	152.4	202.6	152.4	202.6	—	—
Subordinated and hybrid capital	14.5	18.1	17.1	19.9	−2.6	−1.8

[1] The figures as at December 31, 2009 have been partially restated. This reduced the net difference between carrying amount and fair value as at December 31, 2009 from a total of €4.0bn to €3.3bn.

The net difference between the carrying amount and fair value for all items amounted to €0.6bn as at December 31, 2010 (previous year: €3.3bn).

Valuation of financial instruments

Under IAS 39, all financial instruments are initially recognized at fair value; in the case of financial instruments that are not classified as at fair value through profit or loss, fair value plus certain transaction costs. Subsequently, those financial instruments that are classified as at fair value through profit or loss or available-for-sale financial assets are measured at fair value on an ongoing basis. For this purpose, at fair value through profit or loss includes derivatives, instruments held for trading and instruments designated at fair value.

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing, independent parties in an arm's length transaction. The most suitable measure of fair value is the quoted price for an identical instrument in an active market (fair value hierarchy Level I). In those cases where no quoted prices are available, valuation is based on quoted prices for similar instruments in active markets. To reflect the price at which an asset could be exchanged or a liability settled, asset positions are valued at the bid price and liability positions are valued at the ask price (fair value hierarchy Level II).

Where quoted prices are not available for identical or similar financial instruments, fair value is derived using an appropriate valuation model where the data inputs are obtained, as far as possible, from observable market sources. While most valuation techniques rely on data from observable market sources, certain financial instruments are valued using models that incorporate other inputs for which there is insufficient recent observable market data. These valuations inherently include a greater level of management judgement. These unobservable inputs may include data that is extrapolated, interpolated, or may be derived by approximation to correlated or historical data. However, such inputs maximize market or third-party inputs and rely as little as possible on entity-specific inputs (fair value hierarchy Level III).

Valuation models must be consistent with accepted economic methodologies for pricing financial instruments and must incorporate all factors that market participants would consider appropriate in setting a price. All fair values are subject to the Group's internal controls and procedures which set out the standards for independently verifying or validating fair values. These controls and procedures are managed by the Independent Price Verification Group within the Finance function. The models, inputs, and resulting fair values are reviewed regularly with Senior Management and the Risk function.

Fair value hierarchy

Under IFRS7, financial instruments carried at fair value have been categorized into the three levels of the fair value hierarchy as follows:

Level I: Financial instruments where the fair value is based on quoted prices for identical financial instruments in an active market.

Level II: Financial instruments where no quoted prices are available for identical instruments in an active market and the fair value is established using valuation techniques.

Level III: Financial instruments where valuation techniques are used that incorporate inputs for which there is insufficient observable market data and where these inputs have a more than insignificant impact on the fair value.

In the tables below the financial instruments reported in the balance sheet at fair value are broken down by category and valuation method. There is also a breakdown of whether fair value is based on quoted market prices (Level I), observable market data (Level II) or unobservable market data (Level III).

		31.12.2010				31.12.2009			
Financial assets		**Level I**	**Level II**	**Level III**	**Total**	**Level I**	**Level II**[1]	**Level III**	**Total**
					€bn				
Claims on banks	At fair value through profit or loss	—	48.1	—	48.1	0.7	54.2	—	54.9
Claims on customers	At fair value through profit or loss	0.2	27.6	0.6	28.4	0.7	23.6	0.2	24.5
Positive fair values from derivative hedging instruments	Hedge accounting	—	5.0	—	5.0	—	6.4	—	6.4
Trading assets	Held for trading	40.0	123.8	4.0	167.8	28.6	185.0	5.1	218.7
of which positive fair values from derivatives		—	123.0	0.7	123.7	—	173.5	3.8	177.3
Financial investments	At fair value through profit or loss	3.5	—	—	3.5	5.1	0.9	0.7	6.7
	Available-for-sale	10.5	30.0	1.3	41.8	5.3	38.4	1.3	45.0
Total		**54.2**	**234.5**	**5.9**	**294.6**	**40.4**	**308.5**	**7.3**	**356.2**

[1] Including repurchse agreements, cash collaterals and short-term money market trading (see Note 2).

Financial Liabilities		31.12.2010 Level I	Level II	Level III	Total	31.12.2009 Level I[1]	Level II[1]	Level III	Total
		€bn							
Liabilities to banks	At fair value through profit or loss	0.6	41.9	—	42.5	1.6	47.1	—	48.7
Liabilities to customers	At fair value through profit or loss	1.3	18.4	—	19.7	1.7	16.9	—	18.6
Securitized liabilities	At fair value through profit or loss	3.2	—	—	3.2	3.5	—	—	3.5
Negative fair values from derivative hedging instruments	Hedge accounting	—	9.4	—	9.4	—	11.3	—	11.3
Trading liabilities	Held for trading	16.1	135.0	1.3	152.4	12.3	187.8	2.4	202.5
of which negative fair values from derivatives		—	130.1	—	130.1	—	176.0	2.4	178.4
Subordinated capital	At fair value through profit or loss	—	—	—	—	—	—	—	—
Total		**21.2**	**204.7**	**1.3**	**227.2**	**19.1**	**263.1**	**2.4**	**284.6**

1 Including own issues, repurchase agreements, cash collaterals and short-term money market trading (see Note 2).

As in the previous year, there were no significant reclassifications between Level I and Level II. The changes in financial instruments in the Level III category in financial year 2010 were as follows:

Financial assets	Trading assets	Positive fair values from derivatives[1]	At fair value through profit or loss[2]	Available-for-sale financial assets	Total
			€m		
Fair value as at 1.1.2009	**578**	**233**	**—**	**2,511**	**3,322**
Changes in group of consolidated companies	4,024	5,805	1,748	147	11,724
Gains/losses recognized in income statement during the period	−528	−284	−133	—	−945
Gains/losses recognized in equity	—	—	—	−10	−10
Purchases	448	—	2	184	634
Sales	−414	—	−5	−25	−444
Issues	—	—	—	—	—
Redemptions	—	—	—	—	—
Reclassifications	−2,818	−1,955	−640	−1,578	−6,991
Fair value as at 31.12.2009	**1,290**	**3,799**	**972**	**1,229**	**7,290**
Changes in group of consolidated companies	—	—	—	—	—
Gains/losses recognized in income statement during the period	537	—	−419	—	118
Gains/losses recognized in equity	—	—	—	453	453
Purchases	37	—	—	205	242
Sales	—	—	—	−67	−67
Issues	—	—	—	—	—
Redemptions	—	—	—	−170	−170
Reclassifications	1,447	−3,106	93	−356	−1,922
Fair value as at 31.12.2010	**3,311**	**693**	**646**	**1,294**	**5,944**

1 Including hedging instruments.
2 Excluding trading assets and positive fair values attributable to derivatives.

Financial liabilities	Trading liabilities	Negative fair values from derivatives[1]	At fair value through profit or loss[2]	Total
		€m		
Fair value as at 1.1.2009	**2**	**16**	**—**	**18**
Changes in group of consolidated companies	271	3,520	—	3,791
Gains/losses recognized in income statement during the period	4	582	—	586
Gains/losses recognized in equity	—	—	—	—
Purchases	—	—	29	29
Sales	—	—	—	—
Issues	25	13	—	38
Redemptions	—	—	—	—
Reclassifications	−275	−1,740	—	−2,015
Fair value as at 31.12.2009	**27**	**2,391**	**29**	**2,447**
Changes in group of consolidated companies	—	—	—	—
Gains/losses recognized in income statement during the period	4	—	—	4
Gains/losses recognized in equity	—	—	—	—
Purchases	—	—	—	—
Sales	—	—	—	—
Issues	—	—	—	—
Redemptions	—	—	—	—
Reclassifications	1,240	−2,371	−29	−1,160
Fair value as at 31.12.2010	**1,271**	**20**	**—**	**1,291**

1 Including hedging instruments.
2 Excluding trading assets and negative fair values attributable to derivatives.

Sensitivity analysis

Where the value of financial instruments is based on unobservable input parameters, the precise level of these parameters at the balance sheet date may be derived from a range of reasonable possible alternatives. In preparing the financial statements, appropriate levels for these unobservable input parameters are chosen to be consistent with existing market evidence and in line with the Group's valuation control approach.

The purpose of this disclosure is to illustrate the potential impact of the relative uncertainty in the fair values of financial instruments whose valuations are based on unobservable input parameters, although it should be noted that these parameters lie at the extreme ends of the range of reasonable possible alternatives. In practice, it is unlikely that all unobservable parameters would simultaneously lie at the extremes of their range of reasonable possible alternatives and the estimates given are thus likely to be greater than the true level of uncertainty in the fair value of these instruments. The purpose of these figures is not to estimate or predict future changes in fair value.

The following table presents the sensitivity analysis by type of instrument:

	Positive effects on income statement	Negative effects on income statement
	€m	
Securities	**262**	**263**
ABSs and MBSs	224	225
Other debt instruments	38	38
Derivatives	**114**	**38**
Credit derivatives	—	—
Interest-rate-related transactions	—	—
Other transactions	114	38

Day-One-P&L

The aggregated difference between the transaction price and a model value which is not exclusively based on observable market data (the so-called Day-One-P&L) applies to all Level III positions. The change in these amounts during the financial year was as follows:

	2010			2009		
Day-One-P&L	Trading assets	Trading liabilities	Total	Trading assets	Trading liabilities	Total
			€m			
Balance as at 1.1.	11	5	16	—	4	4
Allocations not recognized in income statement	2	—	2	24	2	26
Reversals recognized in income statement	12	4	16	13	1	14
Balance as at 31.12.	**1**	**1**	**2**	**11**	**5**	**16**

(82) Information on financial assets and financial liabilities for which the fair value option is applied

In the Commerzbank Group, the fair value option is primarily used to avoid accounting mismatches arising from securities and loans hedged with interest rate or credit derivatives. This also applies to structured debt instruments we have issued which have been hedged with interest rate or foreign currency derivatives. The fair value option is also used for financial instruments whose management and performance is evaluated on a fair value basis and for financial instruments with embedded derivatives.

Applying the fair value option produced the following values as broken down by balance sheet item:

	31.12.2010	**31.12.2009**	Change in %
		€m	
Claims on banks	—	699	.
Claims on customers	805	3,136	−74.3
Financial investments	3,509	6,722	−47.8
Total assets	**4,314**	**10,557**	**−59.1**
Liabilities to banks	591	1,551	−61.9
Liabilities to customers	1,292	1,658	−22.1
Securitized liabilities	3,206	3,503	−8.5
Subordinated and hybrid capital	24	29	−17.2
Total liabilities	**5,113**	**6,741**	**−24.2**

All told, the results of applying the fair value option amounted to €131m (previous year: €839m; see Note 34).

Of the total claims of €805m measured at fair value, €159m (previous year: €2,735m) were hedged by credit derivatives. In the year under review, the change in the fair value of claims attributable to changes in default risk was €−130m (previous year: €510m) and cumulatively amounted to €−166m (previous year: €−36m).

The change in the fair value of the related risk-limiting credit derivatives amounted to €28m in the financial year 2010 (previous year: €−460m) and cumulatively to €−22m (previous year: €−50m).

For liabilities to which the fair value option was applied the change in fair value for credit-risk reasons was €−89m for the 2010 financial year (previous year: €142m). The cumulative change was €−138m (previous year: €−49m). The repayment amount of the financial liabilities measured at fair value was €8,625m (previous year: €7,161m).

The credit risk-specific changes in the fair value of the claims and liabilities are primarily calculated as changes in fair values less value changes resulting from market conditions.

Risk Management

(83) Risk management

Risk management is an essential component of all Commerzbank business processes and is designed to support the management of the bank. Risks are identified, measured and then managed and monitored in line with the Bank's risk appetite.

Commerzbank defines risk as the danger of possible losses or profits foregone due to internal or external factors. In risk management we normally distinguish between quantifiable risks – those to which a value can normally be attached in financial statements or in regulatory capital requirements – and non-quantifiable risks such as reputational and compliance risks.

Responsibility for implementing the risk policy guidelines laid down by the Board of Managing Directors for quantifiable risks throughout the Group lies with the Bank's Chief Risk Officer (CRO). The CRO regularly reports to the Board of Managing Directors and the Risk Committee of the Supervisory Board on the overall risk situation within the Group. Risk management activities are split between Credit Risk Management, Market Risk Management, Intensive Care and Risk Controlling and Capital Management. They all have a Group-wide focus and report directly to the CRO. Together with the four Divisional Boards, the CRO forms the Risk Management Board within Group Management.

The Chairman of the Board of Managing Directors (CEO) bears responsibility for controlling risks related to the Bank's business strategy and reputational risks. The Chief Financial Officer (CFO) assumes responsibility for controlling compliance risk with particular regard to investor protection, insider guidelines and money laundering. The nature and scale of the risks arising from financial instruments are set out in the risk report.

(84) Default risk

The Commerzbank rating and scoring methods, in use for all key credit portfolios, form the basis for measuring default risks. Both the calibration of the probabilities of default assigned to individual counterparties or loans and the evaluation of collateral are based on an analysis of historical data from the Commerzbank portfolio. The basis for the annual recalibration of the methods is the experience of the current year.

Rating distribution

The Commerzbank rating method comprises 25 rating levels for loans not in default (1.0 to 5.8) and five default classes (6.1 to 6.5). The Commerzbank master scale allocates a non-overlapping range of probabilities of default that are stable over time to each rating class. The rating methods are subject to annual validation and recalibration so that they reflect the latest projection based on all actual observed defaults.

Master scale

Commerzbank AG rating	PD and EL mid-point as percentage	PD and EL range as percentage	S & P		
1.0	0	0	AAA	AAA	**Investment grade**
1.2	0.01	0 – 0.02			
1.4	0.02	0.02 – 0.03	AA+	AA	
1.6	0.04	0.03 – 0.05	AA, AA-		
1.8	0.07	0.05 – 0.08	A+, A	A	
2.0	0.11	0.08 – 0.13	A-		
2.2	0.17	0.13 – 0.21	BBB+	BBB	
2.4	0.26	0.21 – 0.31	BBB		
2.6	0.39	0.31 – 0.47			
2.8	0.57	0.47 – 0.68	BBB-		
3.0	0.81	0.68 – 0.96	BB+	BB	**Non-investment grade**
3.2	1.14	0.96 – 1.34	BB		
3.4	1.56	1.34 – 1.81			
3.6	2.10	1.81 – 2.40	BB-		
3.8	2.74	2.40 – 3.10	B+	B	
4.0	3.50	3.10 – 3.90			
4.2	4.35	3.90 – 4.86	B		
4.4	5.42	4.86 – 6.04			
4.6	6.74	6.04 – 7.52			
4.8	8.39	7.52 – 9.35	B-		
5.0	10.43	9.35 – 11.64			
5.2	12.98	11.64 – 14.48	CCC+	CCC	
5.4	16.15	14.48 – 18.01			
5.6	20.09	18.01 – 22.41	CCC to CC-		
5.8	47.34	22.41 – 99.99			
6.1	100	Imminent insolvency (> 90 days past due)	C, D-I, D-II		**Default**
6.2		Restructuring			
6.3		Restructuring with recapitalization/ partial waiving of claims			
6.4		Cancellation without insolvency			
6.5		Insolvency			

Consistent with the master scale method, the default ranges assigned to the ratings within the Commerzbank master scale remain unchanged for the purpose of comparability (stable over time and for the portfolio). External ratings are shown as well for guidance. A direct reconciliation is not possible, however, because for external ratings the observed default rates fluctuate from year to year and sometimes even between different portfolios.

The credit approval authorities of individual employees and of the committees (Board of Managing Directors, credit committee, credit sub-committees) are graduated by rating group. The most important control variable for default risk is expected losses (EL) as derived from the ratings. The credit risk strategy sets target values for individual sub-portfolios. This ensures that the expected risk provision is kept in line with the strategic objectives of the Bank, such as the target rating from rating agencies or the target portfolio quality and structure.

(85) Market risk

Market risk is the risk of losses as a result of changes in market prices (interest rates, spreads, currency rates, equity prices and commodities) or parameters which influence prices such as volatilities and correlations. In the Commerzbank definition, risks from equity investments in the banking book and equity event risk (modelling of equity risks beyond VaR, such as the insolvency of the issuer) also constitute market risks. We also monitor market liquidity risk which covers situations where the Bank is prevented from selling trading positions at short notice or hedging them to the desired extent due to inadequate market liquidity.

Market risk is managed by means of a sophisticated system of limits, combined with reliable and optimized methods for measuring and monitoring. Commerzbank uses economic capital (risk-taking capability) and business expectations to establish its market risk limits, which ensures a risk/reward-based management of market risk. The extent to which the limits are used, together with the relevant P&L figures, is reported daily to the Board of Managing Directors and the various heads of divisions.

For the daily quantification and monitoring of market risk, especially that arising in proprietary trading, 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 being constantly adapted to the changing environment.

As a result of the takeover of Dresdner Bank and with the agreement of the German Federal Financial Supervisory Authority (BaFin) Commerzbank is temporarily using two parallel market risk models which have both been approved by the supervisory authorities to determine its regulatory capital requirements. For the positions of the old Commerzbank general market risk is calculated on the basis of an historical simulation, while specific interest rate risk is calculated by means of a variance/covariance approach. For the positions of the former Dresdner Bank we use a VaR model based on historical data with a stochastic Gaussian normal distribution assumption. At the end of October 2010 internal risk management adopted a new market price risk model based on an historical simulation (HistSim model) to ensure consistent measurement of risk throughout the Group and our ability to meet the future requirements of Basel III. Commerzbank expects the Bundesbank to approve the use of the HistSim model for regulatory purposes during the course of 2011.

The reliability of both internal models is regularly checked using backtesting methods. Apart from meeting supervisory requirements, the aim is to assess and steadily improve forecasting quality. The total number of significant deviations also provides the basis for the evaluation of the internal risk models by the supervisory authorities.

The table below shows the group-wide regulatory market risk of the trading portfolio including the foreign exchange risks of the banking book, as used for calculating capital requirements. The value at risk shows the potential losses which will not be exceeded with a 99% degree of probability for a holding period of 10 days:

Group	**31.12.2010**	**31.12.2009**
	€m	
Minimum	165.2	174.6
Median	236.1	270.6
Maximum	320.8	358.1
Year-end figure	**250.4**	**199.8**

Because the value at risk concept forecasts potential losses under normal market conditions, Commerzbank also calculates stress tests to cover possible extreme scenarios. Stress tests are intended to simulate the impact of crises, extreme market conditions and major changes in correlations and volatilities.

Stress tests by division, individually adjusted to the risk factors of each portfolio, form part of daily reporting. Stress tests performed across portfolios simulate the impact of historical and conceivable future crisis scenarios on the Group as a whole. The overall picture is rounded off by monthly specific scenario analyses for each asset class (e.g. hypothetical interest rate, equity, foreign exchange and credit spread scenarios).

(86) 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 manage them are included in the measurement of interest rate risk.

The interest rate risks at Group level are currently measured using a net present value approach.

We are replacing the presentation of interest rate risks in the form of a VaR figure used last year with a presentation of interest rate sensitivities. This ensures better comparability of the figures as the VaR model used in last year's reporting has been replaced by the HistSim model.

Interest-rate sensitivity +1 bp	**31.12.2010**	**31.12.2009**
	€m	
Banking book	−0.1	−0.2
Trading book	−1.4	0.1
Group	**−1.5**	**−0.1**

The impact of an interest rate shock on the economic value of the Group's banking books is simulated monthly in compliance with regulatory requirements. In accordance with the Banking Directive, the Federal Financial Supervisory Authority (BaFin) has prescribed a uniform unexpected change in interest rates to be used by all banks. The applicable change in interest rates is currently +130 basis points and -190 basis points. At year-end both scenarios showed a slight gain, so that we are clearly below the defined limit for a potential decline in liable equity (20% for so-called outlier banks).

(87) Operational risk

Operational risk is defined in accordance with the Solvency Regulation (SolvV) as the risk of loss resulting from the inadequacy or failure of internal processes, systems and people or from external events. This definition includes legal risks.

The Operational Risk Committee is kept regularly informed about the risk situation. It deals in particular with the management of operational risks within the Group. The aim is to optimize the expected loss from OpRisk from a cost-benefit perspective and to minimize the potential for unexpected loss. In so doing, the Operational Risk Committee takes an end-to-end view of the processes within the Bank with the aim of recognizing risks in a timely manner. The Operational Risk Committee also deals with all issues relating to the implementation of AMA (the Advanced Management Approach) in the Group and arising from the Minimum Requirements for Risk Management (MaRisk) regulations with regard to operational risk. It is in particular responsible for the implementation of the guidelines under section 280 SolvV, which is the operational responsibility of Group Risk Control & Capital Management (GRM-CC).

The Group's operational risk profile, expressed in terms of the events incurred (losses and provisions) per event category under section 287 SolvV, shows that around 91% of the losses (previous year: 83%) fall into the two event categories of product-related losses and procedural errors. GRM-CC conducts regular benchmarking of the values to data from the operational risk data exchange ORX and to public data; these show comparable distributions.

OpRisk events	**31.12.2010**		**31.12.2009**	
	€m	%	€m	%
Internal fraud	9.9	3.6	16.3	6.0
External fraud	8.6	3.1	29.3	10.7
Material damage and system failures	1.6	0.6	1.3	0.5
Product-related losses	195.8	71.4	148.8	54.7
Procedural errors	56.2	20.5	76.3	28.0
Errors relating to employment conditions	2.3	0.8	0.2	0.1
Group	**274.4**	**100.0**	**272.2**	**100.0**

(88) 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. Besides obtaining collateral and applying a uniform lending policy, the Bank has entered into a number of master netting agreements to minimize credit risks. These give the Bank the right to net claims on and liabilities to a customer in the case of default or insolvency of that customer. The carrying values of credit risks relating to claims on customers were as follows as at December 31, 2010:

	Claims	
	31.12.2010	**31.12.2009**
	€m	
Customers in Germany	**207,690**	**217,987**
Corporate customers	97,316	98,150
Manufacturing	22,291	26,674
Construction	2,489	4,146
Trading	8,845	8,738
Services and others	63,691	58,592
Public sector	35,574	37,256
Private customers	74,800	82,581
Customers outside Germany	**129,182**	**143,496**
Corporate and retail customers	120,285	134,817
Public sector	8,897	8,679
Sub-total	**336,872**	**361,483**
less valuation allowances	−9,117	−9,289
Total	**327,755**	**352,194**

The carrying values of credit risks relating to contingent liabilities and irrevocable lending commitments were as follows as at December 31, 2010:

	Contingent liabilities, irrevocable lending commitments	
	31.12.2010	**31.12.2009**
	€m	
Customers and banks in Germany	**46,424**	**58,337**
Banks	1,374	1,166
Corporate customers	42,811	55,319
Manufacturing	15,082	25,312
Construction	1,769	2,085
Trading	3,239	3,186
Services and others	22,721	24,736
Public sector	379	106
Private customers	1,860	1,746
Customers and banks outside Germany	**52,794**	**52,238**
Banks	9,102	7,827
Corporate and retail customers	43,051	43,429
Public sector	641	982
Sub-total	**99,218**	**110,575**
less provisions	– 556	– 539
Total	**98,662**	**110,036**

The book values of credit risk concentrations in loans and receivables, contingent liabilities and irrevocable lending commitments listed above do not form the basis for the internal management of credit risk, as credit risk management also takes account of collateral, probabilities of default and other economic factors. To this extent these amounts are therefore not representative of the bank's assessment of its actual credit risk.

(89) Maximum credit risk

The maximum credit risk exposure in accordance with IFRS 7 – excluding collateral or other credit enhancements – is equal to the carrying amount of the relevant assets in each class, or the nominal value in the case of irrevocable lending commitments and contingent liabilities. The table below shows the carrying amounts or nominal values of financial instruments with a potential default risk:

Maximum credit risk	**31.12.2010**	**31.12.2009**	Change in %
		€m	
Bonds, notes and other interest-rate-related securities under	145,608	157,780	– 7.7
Trading assets	32,115	29,748	8.0
Financial investments	113,493	128,032	– 11.4
Claims on banks	110,956	107,209	3.5
Claims on customers	336,872	361,483	– 6.8
Positive fair values attributable to derivative financial instruments	128,704	183,659	– 29.9
Trading assets	123,743	177,307	– 30.2
Hedging instruments under IAS 39	4,961	6,352	– 21.9
Other trading assets	263	2,671	– 90.2
Irrevocable lending commitments	60,566	69,281	– 12.6
Contingent liabilities	38,096	40,755	– 6.5

The maximum credit risk exposures listed above do not form the basis for the management of credit risk internally, as the management of credit risk also takes account of collateral, probabilities of default and other economic factors. To this extent these amounts are therefore not representative of the bank's assessment of its actual credit risk.

(90) Liquidity ratio of Commerzbank Aktiengesellschaft

The liquidity of a bank is considered adequate if the liquidity ratio is not lower than 1. The liquidity ratio is the ratio between the funds available from the reporting date up to the end of the following month (first maturity bracket) and the outflows expected during this period. The standardized approach under the German Liquidity Regulation was used by Commerzbank Aktiengesellschaft in 2010.

As at December 31, 2010 the liquidity ratio calculated by Commerzbank Aktiengesellschaft was 1.08 (previous year: 1.20). Excess liquidity from the first maturity bracket was €20.4bn (previous year: €52.0bn). The following are the liquidity ratios for Commerzbank Aktiengesellschaft in 2010:

	Month-end level		**Month-end level**
January	1.18	July	1.12
February	1.19	August	1.12
March	1.19	September	1.11
April	1.15	October	1.11
May	1.14	November	1.09
June	1.16	December	1.08

Other notes

(91) Subordinated assets

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

	31.12.2010	**31.12.2009**	Change in %
		€m	
Claims on banks	66	62	6.5
Claims on customers	529	214	.
Trading assets	222	37	.
Financial investments	41	101	– 59.4
Total	**858**	**414**	**.**
of which banks in which an equity investment exists	1	—	.

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

(92) Contingent liabilities and irrevocable lending commitments

The Commerzbank Group extends credit facilities to its customers, granting them rapid access to funds to meet their short-term and long-term financing needs. The credit facilities can be provided in different forms, as shown in the following examples:

- Guarantees, where the Group guarantees the repayment of a loan borrowed by a customer from another party;
- Standby letters of credit, which increase a customer's credit standing and enable the customer to obtain trade finance at a lower cost;
- Documentary credits for trade finance payments, which are made on behalf of a customer and where the Group is reimbursed at a later date;
- Standby facilities for short-term debt instruments and debt paper issued on a revolving basis, which enable customers to issue money market paper or medium-term debt instruments when needed without having to go through the normal issue procedure every time.

Customers' total exposure under loans and guarantees may be secured by collateral. In addition third parties may have sub-participations in irrevocable lending commitments and guarantees.

The figures listed in the table below would only have to be written off, if all customers utilized their facilities completely and then defaulted (and there was no collateral). However, in practice the majority of these facilities expire without ever being utilized. As a result these amounts are unrepresentative in terms of assessing risk, the actual future loan exposure or resulting liquidity requirements. The risk report contains further information on credit risk arising from financial guarantee contracts and irrevocable lending commitments as well as on the monitoring and management of liquidity risks.

	31.12.2010	31.12.2009	Change in %
		€m	
Contingent liabilities	**38,096**	**40,755**	**– 6.5**
from rediscounted bills of exchange credited to borrowers	3	3	0.0
from guarantees and indemnity agreements	38,087	40,603	– 6.2
Credit guarantees	3,632	6,031	– 39.8
Other guarantees	27,256	27,228	0.1
Letters of credit	6,939	7,036	– 1.4
Guarantees for ABS securitizations	—	13	.
Other warranties	260	295	– 11.9
from other commitments	6	149	– 96.0
Irrevocable lending commitments	**60,566**	**69,281**	**– 12.6**
Book credits to banks	1,442	899	60.4
Book credits to customers	56,058	65,101	– 13.9
Acceptance credits	3,016	3,247	– 7.1
Letters of credit	50	34	47.1
Total	**98,662**	**110,036**	**– 10.3**

The maturities of contingent liabilities and irrevocable lending commitments were as follows:

	31.12.2010	31.12.2009	Change in %
		€m	
Due on demand	2,307	1,773	30.1
Up to 3 months	29,641	34,409	– 13.9
More than 3 months up to 1 year	20,729	24,162	– 14.2
More than 1 year up to 5 years	41,322	45,529	– 9.2
More than 5 years	4,663	4,163	12.0
Total	**98,662**	**110,036**	**– 10.3**

Loan loss provisions for off-balance-sheet commitments have been deducted from the respective items in these tables.

(93) Repurchase agreements (repo and reverse repo transactions), securities lending and cash collaterals

Under its repurchase agreements, the Commerzbank Group sells or purchases securities with the obligation to repurchase or return them. The money received from repurchase agreements where the Commerzbank Group is a borrower (e.g. it has the obligation to take the securities back) is shown in the balance sheet as a liability to banks or customers.

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 the financial investments, 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.

In securities lending transactions, the counterparty credit risk can be avoided by obtaining collateral, which may be provided in the form of cash, for example. The provision of collateral for a lending transaction is known as cash collateral out and the receipt of collateral as cash collateral in. In addition, cash collateral outs are desposited as collateral in connection with derivative transactions.

The repurchase agreements and securities lending transactions concluded up to the balance sheet date and the cash collaterals broke down as follows:

Repo and securities lending transactions	31.12.2010	31.12.2009	Change in %
		€m	
Genuine repurchase agreements as a borrower			
(repo agreements)			
Carrying amount of securities transferred	57,166	56,711	0.8
Cash collaterals received			
Liabilities to banks	28,481	25,643	11.1
Liabilities to customers	13,923	15,423	−9.7
Securities lent in securities lending transactions			
Carrying amount of securities transferred	14,005	8,315	68.4
Cash collaterals received			
Liabilities to banks	15,535	5,913	.
Liabilities to customers	4,183	2,196	90.5
Sum of the book values of securities transferred	**71,171**	**65,026**	**9.5**
Sum of collaterals received	**62,122**	**49,175**	**26.3**
Genuine repurchase agreements as a lender			
(reverse repo agreements)			
Fair value of securities received	81,478	73,198	11.3
Cash collaterals paid			
Claims on banks	40,528	42,336	−4.3
Claims on customers	25,148	18,099	38.9
Securities borrowed in securities lending transactions			
Fair value of securities received	28,914	21,182	36.5
Cash collaterals paid			
Claims on banks	28,159	16,527	70.4
Claims on customers	4,815	4,263	12.9
Sum of fair values of securities received	**110,392**	**94,380**	**17.0**
Sum of collaterals given	**98,650**	**81,225**	**21.5**

The carrying value of securities lent was €14,005m (previous year: €8,315m), against which there were related liabilities of €19,718m (previous year: €8,109m) as well as securities of €1,721m (previous year: €2,919m) as collateral. The claims and liabilities from repurchase agreements are shown after netting.

(94) Collateral received

The fair value of collaterals received, which the Bank has a right to sell on or pledge even where the provider does not default, were as follows:

	31.12.2010	31.12.2009	Change in %
		€m	
Total amount of collaterals received	135,068	86,977	55.3
of which			
Sold on or repledged	24,676	17,735	39.1
of which			
Subject to an obligation to return	—	—	.

The transactions were carried out on standard market terms for securities lending and repurchase transactions and loan transactions.

(95) Fiduciary transactions

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

	31.12.2010	31.12.2009	Change in %
		€m	
Claims on banks	303	14	.
Claims on customers	838	530	58.1
Other assets	495	777	−36.3
Trust assets	**1,636**	**1,321**	**23.8**
Liabilities to banks	67	32	.
Liabilities to customers	1,569	1,289	21.7
Trust liabilities	**1,636**	**1,321**	**23.8**

(96) Capital requirements and capital ratios

The amended German Banking Act and the Solvency Regulation, which implemented the Basel II Capital Accord in Germany, impose obligations on the German banks to maintain minimum capital ratios. Banks are required to maintain a minimum ratio of own funds to risk-weighted assets of 8% (own funds ratio). A minimum requirement of 4% applies universally for the ratio between core (Tier I) capital and risk-weighted assets (Tier I core capital ratio).

A bank's total capital is made up of core (Tier I), supplementary (Tier II) plus Tier III capital. Tier I capital consists mainly of subscribed capital plus reserves, silent participations, hybrid capital and minority interests, less certain items such as goodwill, equity investments and intangible assets. Tier II capital comprises profit-sharing certificates and subordinated long-term liabilities. Tier III capital consists of short-term subordinated liabilities.

Commerzbank seeks to achieve the following objectives in managing its capital:

- Adherence to the statutory minimum capital requirements at Group level and in all affiliated companies included in the regulatory group;
- Provision of sufficient reserves to guarantee the bank's freedom of action at all times;
- Strategic allocation of Tier I capital to business segments and divisions in order to exploit growth opportunities.

During the financial crisis the importance of adequate Tier I capital levels for banks has become an issue of increasing public concern. At Commerzbank Tier I capital has always been a key management target. The bank's specifications for the capital ratios far exceed the minimum statutory requirements. The bank's risk appetite and market expectations play an important role in determining the internal capital ratio targets. As a result Commerzbank has set a target corridor for regulatory capital; this is currently approximately 9 –10% for Tier I capital and 10.5 –12.5% for total capital.

Tier I capital is allocated via a regular process which takes account of the bank's strategic direction, profitable new business opportunities in the core business of each banking department as well as risk appetite issues.

All measures relating to the bank's capital – whether the issue of equity or any potential repurchase of shares – are proposed by the bank's central asset-liability committee and approved by the Board of Managing Directors, subject to the authorization granted by the AGM.

In the past year Commerzbank met the minimum statutory capital requirements as well as the much stricter requirements of SoFFin at all times. The structure of the Commerzbank Group's capital was as follows:

	31.12.2010	31.12.2009	Change in %
		€m	
Core capital (Tier I)			
Subscribed capital	3,047	3,071	−0.8
Reserves, non-controlling interests, treasury shares	8,276	6,025	37.4
Silent participations	16,428	17,604	−6.7
Hybrid capital	4,999	3,820	30.9
Other	−1,023	−1,000	2.3
Total	**31,727**	**29,520**	**7.5**
Supplementary capital (Tier II)			
Hybrid capital	—	—	.
Profit-sharing certificates	674	2,405	−72.0
Reserves in securities (amount reported: 45%)	148	148	0.0
Subordinated liabilities	9,328	10,338	−9.8
Other	−1,020	−998	2.2
Total	**9,130**	**11,893**	**−23.2**
Tier III capital	**—**	**24**	**.**
Eligible equity	**40,857**	**41,437**	**−1.4**

Due to the changes in the German Banking Act (KWG) made by the Capital Requirements Directive II, only the SoFFin silent participations are reported as from 31 December 2010. The silent participation by Allianz and the silent participation held by HT1 Funding GmbH have since been recorded for regulatory purposes as hybrid capital within the Bank's core capital. This had no impact on the balance sheet. The regulatory capital ratios and capital requirements were as follows:

	31.12.2010	31.12.2009	Change in %
		€m	
Capital adequacy requirement credit risk	18,595	19,705	−5.6
Capital adequacy requirement market risk	1,059	1,144	−7.4
Capital adequacy requirement operational risk	1,746	1,562	11.8
Total capital requirement	**21,400**	**22,411**	**−4.5**
Eligible equity	40,857	41,437	−1.4
Core capital ratio (%)	11.9	10.5	
Own funds ratio (%)	15.3	14.8	

Reconciliation of reported equity with eligible capital:

31.12.2010	Core capital/ Equity	Supplementary/ subordinated capital	Total
		€m	
Reported in balance sheet	28,658	12,910	41,568
Revaluation reserve	1,731		1,731
Cash flow hedge reserve	1,005		1,005
Non-controlling interests not to be shown in core capital (incl. revaluation reserve, cash flow hedge reserve), changes in consolidated companies and goodwill	−1,775		−1,775
Other capital subject to a 15% limit	3,158		3,158
Other capital subject to a 35% limit	1,841		1,841
Reclassification from silent participations to other capital	−750		−750
Parts of subordinated capital not eligible due to limited residual term		−1,918	−1,918
Deferred revaluation reserves for securities		148	148
Other	−2,141	−2,010	−4,151
Eligible equity	**31,727**	**9,130**	**40,857**

(97) Securitization of loans

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. The hedging effect of a credit derivative may relate both to individual loans or securities and to entire portfolios of loans or securities. As a rule, security is furnished by means of a synthetic securitization by credit default swap (CDS) and/or by credit-linked notes (CLNs). This enables us to achieve three important goals:

- Risk diversification (reduction of credit risks in the portfolio, especially concentration risks),
- Easing the burden on equity capital (the transfer of credit risks to investors leads to a reduction in the regulatory capital requirements under the Solvency Regulation) and
- Funding (use of securitization as an alternative funding instrument to unsecured bearer bonds).

As of the 2010 financial year-end, the Commerzbank Group (Commerzbank Aktiengesellschaft and three subsidiaries) had launched six securitization programmes as the buyer of protection.

The range of legal maturity dates stretches from 10 to 76 years. A total of €9.2bn loans to customers had been securitized by end-December 2010. This reduced the Bank's risk-weighted assets by €2.1bn.

Name of transaction	Buyer of protection	Year transacted	Contract period of transactions in years	Type of claim	Total lending	Reduction of risk-weighted assets
					€m	€m
CoCo Finance 2006-1	Commerzbank Aktiengesellschaft, Commerzbank International S.A., Commerzbank (Eurasija) SAO	2006	10	National and international large corporates	4,377	329
Cosmo Finance 2007-1	Commerzbank Aktiengesellschaft	2007	20	Mittelstand customers	1,972	820
Cosmo Finance 2008-1	Commerzbank Aktiengesellschaft	2008	14	Mittelstand customers	1,381	551
Provide GEMS 2002-1 PLC	Eurohypo Aktiengesellschaft	2002	45	Residential real estate portfolio	238	59
Semper Finance 2006-1	Eurohypo Aktiengesellschaft	2006	76	Project Castle - commercial real estate portfolio	707	206
Semper Finance 2007-1	Eurohypo Aktiengesellschaft	2007	36	Commercial real estate portfolio	525	167
					9,200	**2,132**

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

	2010			2009		
	Total	Male	Female	Total	Male	Female
Group	57,676	31,141	26,535	63,267	34,680	28,587
In Germany	43,378	21,776	21,602	45,299	22,912	22,387
Outside Germany	14,298	9,365	4,933	17,968	11,768	6,200

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 59% (previous year: 60%) of the standard working time.

	2010			2009		
	Total	Male	Female	Total	Male	Female
Trainees	2,616	1,313	1,303	2,282	1,021	1,261

(99) Related party transactions

a) Business relationships

As part of its normal business Commerzbank Aktiengesellschaft and/or its consolidated companies do business with related entities and persons. These include parties that are controlled but not consolidated for reasons of materiality, companies accounted for using the equity method, equity holdings, external providers of occupational pensions for employees of Commerzbank Aktiengesellschaft, key management personnel and members of their families as well as companies controlled by these persons. Key management personnel refers exclusively to members of Commerzbank Aktiengesellschaft's Board of Managing Directors and Supervisory Board.

As the guarantor of the Financial Market Stabilization Authority, which administers the Special Fund for Financial Market Stabilization (SoFFin), the German federal government holds a stake of 25% plus one share in Commerzbank Aktiengesellschaft, which gives it the potential to exert significant influence over the Company. As a result the German federal government and entities controlled by it constitute related parties as defined by IAS 24. In the tables below we present relationships with federal government-controlled entities separately from relationships with other related parties.

Assets, liabilities and off-balance sheet items involving related parties (excluding federal agencies) changed as follows in the year under review:

Assets	**31.12.2010**	**31.12.2009**	Change in %
		€m	
Claims on banks	**617**	**923**	−33.2
Subsidiaries	—	—	.
Holdings in companies accounted for using the equity method and shareholdings in related companies	617	923	−33.2
Claims on customers	**1,359**	**1,042**	30.4
Subsidiaries	321	289	11.1
Holdings in companies accounted for using the equity method and shareholdings in related companies	1,032	750	37.6
Key management personnel	3	3	0.0
Other related entities/persons	3	—	.
Trading assets	**1,285**	**1,692**	−24.1
Subsidiaries	1,285	1,692	−24.1
Holdings in companies accounted for using the equity method and shareholdings in related companies	—	—	.
Other related entities/persons	—	—	.
Financial investments	**82**	**39**	.
Subsidiaries	69	38	81.6
Holdings in companies accounted for using the equity method and shareholdings in related companies	9	—	.
Other related entities/persons	4	1	.
Other assets	**298**	—	.
Subsidiaries	—	—	.
Holdings in companies accounted for using the equity method and shareholdings in related companies	298	—	.
Total	**3,641**	**3,696**	−1.5

Liabilities	**31.12.2010**	**31.12.2009**	Change in %
		€m	
Liabilities to banks	5	6	−16.7
Subsidiaries	—	—	.
Holdings in companies accounted for using the equity method and shareholdings in related companies	5	6	−16.7
Liabilities to customers	**1,607**	1,512	6.3
Subsidiaries	208	102	.
Holdings in companies accounted for using the equity method and shareholdings in related companies	117	197	−40.6
Key management personnel	10	11	−9.1
Other related entities/persons	1,272	1,202	5.8
Trading liabilities	**2,021**	**1,495**	35.2
Subsidiaries	2,021	1,495	35.2
Holdings in companies accounted for using the equity method and shareholdings in related companies	**—**	—	.
Other related entities/persons	**—**	—	.
Other liabilities	**16**	**—**	.
Subsidiaries	9	—	.
Holdings in companies accounted for using the equity method and shareholdings in related companies	7	—	.
Total	**3,649**	**3,013**	21.1

Off-balance sheet items	**31.12.2010**	**31.12.2009**	Change in %
		€m	
Guarantees and collaterals granted to	**590**	**131**	.
Subsidiaries	36	16	.
Holdings in companies accounted for using the equity method and shareholdings in related companies	554	115	.
Key management personnel	—	—	.
Other related entities/persons	—	—	.
Guarantees and collaterals received from	**7**	**35**	−80.0
Subsidiaries	7	20	−65.0
Holdings in companies accounted for using the equity method and shareholdings in related companies	—	15	.
Key management personnel	—	—	.
Other related entities/persons	—	—	.

Liabilities to customers include €1.3bn (previous year: €1.2bn) for external pension providers reported under other related companies.

The following income and expenses arose from loan agreements with, deposits from and services provided in connection with related parties (excluding government entities):

Income	**1.1.-31.12.2010**	**1.1.-31.12.2009**	Change in %
		€m	
Non-consolidated subsidiaries			
Interest income	60	12	.
Commission income	2	16	−87.5
Trade	—	4	.
Holdings in companies accounted for using the equity method and shareholdings in related companies			
Interest income	114	59	93.2
Commission income	12	21	−42.9
Trade	—	5	.
Key management personnel			
Interest income	—	—	.
Commission income	—	—	.
Trade	—	—	.
Other related entities/persons			
Interest income	—	—	.
Commission income	—	—	.
Trade	—	—	.
Totals			
Interest income	174	71	.
Commission income	14	37	−62.2
Trade	—	9	.

Expenses	1.1.-31.12.2010	1.1.-31.12.2009	Change in %
		€m	
Non-consolidated subsidiaries			
Interest expense	—	7	.
Commission expense	33	15	.
Trade	48	14	.
Write-downs/impairments	—	—	.
Holdings in companies accounted for using the equity method and shareholdings in related companies			
Interest expense	—	10	.
Commission expense	—	—	.
Trade	9	11	–18.2
Write-downs/impairments	—	—	.
Key management personnel			
Interest expense	—	—	.
Commission expense	—	—	.
Trade	—	—	.
Write-downs/impairments	—	—	.
Other related entities/persons			
Interest expense	56	59	–5.1
Commission expense	—	—	.
Trade	—	—	.
Write-downs/impairments	—	—	.
Totals			
Interest expense	56	76	–26.3
Commission expense	33	15	.
Trade	57	25	.
Write-downs/impairments	—	—	.

Claims on key management personnel were as follows:

	31.12.2010	31.12.2009	Change in %
		€1,000	
Board of Managing Directors	2,647	2,304	14.9
Supervisory board	484	650	–25.5
Total	**3,131**	**2,954**	**6.0**

Members of the Board of Managing Directors have been granted cash advances and loans with terms ranging from on demand to a due date of 2038 and at interest rates ranging between 2.8% and 5.5%, for amounts overdrawn in certain cases up to 10.7%. Collateral security is provided on normal market terms, if necessary through land charges or rights of lien.

Members of the Supervisory Board have been granted loans with terms ranging from on demand up to a due date of 2040 and at interest rates ranging between 3.8% and 7.7%, and on amounts overdrawn in certain cases up to 10.7%. Collateral security is provided on normal market terms, if necessary through land charges or rights of lien.

With the exception of rental guarantees the companies of the Commerzbank Group did not have any contingent liabilities relating to members of the Board of Managing Directors or the Supervisory Board in the year under review.

Banking transactions with related parties are carried out on normal market terms and conditions.

Transactions with federal agencies

The Commerzbank Group conducts transactions with federal government-controlled entities as part of its ordinary business activities on standard market terms and conditions. Details of the relationship with SoFFin are contained in Note 74. The table below sets out the assets and liabilities relating to transactions with federal agencies as at December 31, 2010:

	31.12.2010	31.12.2009	Change in %
		€m	
Cash reserve	1,111	3,633	−69.4
Claims on banks	726	213	.
Claims on customers	2,991	2,378	25.8
Trading assets	5,040	2,628	91.8
Financial investments	7,079	6,209	14.0
Total	**16,947**	**15,061**	**12.5**
Liabilities to banks	15,262	24,260	−37.1
Liabilities to customers	88	90	−2.2
Subordinated capital	16,428	16,428	0.0
Total	**31,778**	**40,778**	**−22.1**
Guarantees and collaterals			
granted	298	3	.
received	5,000	5,000	0.0

The financial instruments included under trading assets and financial investments are debt instruments. Income and expenses for transactions with government entities were as follows:

	31.12.2010	
	Expenses	Income
	€m	
Interest income	27	163
Commission income	48	—
Trade	—	8
Write-downs/impairments	—	—

b) Remuneration of key management personnel

A detailed description of the remuneration system for the members of the Board of Managing Directors and for members of the Supervisory Board is provided in the remuneration report (see Page 51 ff.). Excluding the past service cost included in the calculation of the pension liabilities, the employer's payments to BVV retirement fund and the state pension plan for the members of the Board of Managing Directors, the total remuneration of the members of the Board of Managing Directors and Supervisory Board was as follows:

	31.12.2010	31.12.2009
	€1,000	
Board of Managing Directors	5,275	5,865
Supervisory board	1,841	1,974
Total	**7,116**	**7,839**

Board of Managing Directors. The table below shows a breakdown of total remuneration by the categories defined in IAS 24:

		Short-term employee benefits	Termination benefits	Payouts of share-based remuner-ation plans[4]	Total remuneration	Post-employment benefit expenses[5]
				€1,000		
Martin Blessing	2010	617		—	617	283
	2009	572		—	572	216
Frank Annuscheit	2010	603		—	603	259
	2009	545		—	545	212
Markus Beumer	2010	547		—	547	218
	2009	602		—	602	176
Wolfgang Hartmann	2010[2]	—		—	—	—
	2009[1]	232		—	232	130
Dr. Achim Kassow	2010	572		—	572	154
	2009	564		—	564	119
Jochen Klösges	2010	566		—	566	262
	2009[1]	298		—	298	—
Bernd Knobloch	2010[2]	—	—	—	—	—
	2009[2,3]	—	1,113	—	1,113	—
Michael Reuther	2010	575		—	575	336
	2009	575		—	575	269
Dr. Stefan Schmittmann	2010	555		—	555	454
	2009	535		—	535	405
Ulrich Sieber	2010	563		—	563	228
	2009[1]	308		—	308	—
Dr. Eric Strutz	2010	595		—	595	168
	2009	521		—	521	124
Martin Zielke	2010[1]	82		—	82	—
	2009[2]	—		—	—	—
Total	**2010**	**5,275**	**—**	**—**	**5,275**	**2,362**
	2009	**4,752**	**1,113**	**—**	**5,865**	**1,651**

1 Pro rata temporis from the date of appointment or up to the date of departure from the Board.
2 Not members of the Board during the years shown.
3 In 2009 Mr Knobloch received €1,113 thousand on the basis of the severance agreement concluded with him.
4 No LTP was paid out in the financial year 2010.
5 Service cost and the employer's contribution to BVV retirement fund and the state pension plan; there were no other long-term benefits pursuant to IAS 24.

Including post employment benefit expenses the total remuneration was €7,637 thousand (previous year €7,516 thousand).

The following table shows the components of short-term benefits. These comprise basic salary, variable remuneration, remuneration for serving as a director at companies consolidated in the Group financial statements of Commerzbank Aktiengesellschaft and other remuneration of individual members of the Board of Managing Directors. The column Other includes normal non-monetary benefits (chiefly use of company cars and insurance plus the tax and social security payments due on these). No variable remuneration was paid for 2009 or 2010.

		Basic salary	Variable remuneration[3]	Remuneration for serving on boards[4]	Reduction further to SoFFin cap[4]	Total monetary remuneration	Other[5]	Total short-term employee benefits
		€1,000						
Martin Blessing	2010	500	—			500	117	617
	2009	500	—	—	—	500	72	572
Frank Annuscheit	2010	500	—			500	103	603
	2009	480	—	23	−3	500	45	545
Markus Beumer	2010	500	—			500	47	547
	2009	480	—	12	—	492	110	602
Wolfgang Hartmann	2010[2]	—	—	—	—	—	—	—
	2009[1]	200	—	—	—	200	32	232
Dr. Achim Kassow	2010	500	—			500	72	572
	2009	480	—	124	−104	500	64	564
Jochen Klösges	2010	500	—			500	66	566
	2009[1]	280	—	—	—	280	18	298
Bernd Knobloch	2010[2]	—	—	—	—	—	—	—
	2009[2]	—	—	—	—	—	—	—
Michael Reuther	2010	500	—			500	75	575
	2009	480	—	21	−1	500	75	575
Dr. Stefan Schmittmann	2010	500	—			500	55	555
	2009	480	—	—	—	480	55	535
Ulrich Sieber	2010	500	—			500	63	563
	2009[1]	280	—	—	—	280	28	308
Dr. Eric Strutz	2010	500	—			500	95	595
	2009	480	—	2	—	482	39	521
Martin Zielke	2010[1]	78	—			78	4	82
	2009[2]	—	—	—	—	—	—	—
Total	**2010**	**4,578**	**—**	**—**	**—**	**4,578**	**697**	**5,275**
	2009	**4,140**	**—**	**182**	**−108**	**4,214**	**538**	**4,752**

1 Pro rata temporis from the date of appointment or up to the date of departure from the Board.
2 Not members of the Board during the years shown.
3 Payable in the following year subject to approval of the annual financial statements.
4 Remuneration for serving on the boards of Group companies paid in the financial years 2009 and 2010 will be offset in full against the SoFFin cap of the previous year and has therefore been allocated to the previous year in the table.
5 The heading Other includes non-monetary benefits granted in the year under review and employer's social security contributions, plus tax due on non-monetary benefits.

We refer to the section headed Other regulations in the remuneration report for information on regulations for payments stemming from termination of employment for active members of the Board of Managing Directors.

The assets backing the Bank's retirement benefit plan for present and former members of the Board of Managing Directors or their surviving dependants have been transferred to Commerzbank Pensions-Trust e.V. as part of a contractual trust arrangement.

As at December 31, 2010 the pension obligations for active members of the Board of Managing Directors amounted to €10.3m (previous year: €7.0m) and for former members of the Board of Managing Directors or their surviving dependants to €70.9m (previous year: €75.7m).

After deduction of plan assets transferred and after allowing for actuarial gains and losses, the provisions for pension obligations in respect of active members of the Board of Managing Directors amounted to €0.5m on December 31, 2010 (previous year: nil).

Payments to former members of the Board of Managing Directors of Commerzbank Aktiengesellschaft and their surviving dependents came to €6,519 thousand in the financial year 2010 (previous year: €7,677 thousand).

The active members of the Board of Managing Directors have participated in the long-term performance plans (LTPs) which are described in detail in Note 25 and represent a share-based form of compensation. In order to participate in the various plans, the members of the Board of Managing Directors have invested in up to 2,500 Commerzbank Aktiengesellschaft shares per plan at their individual discretion, the chairman in up to 5,000 shares per plan, at current market prices.

The table below provides information on the long-term performance plans of active members of the Board of Managing Directors, acquired in their capacity as active board members, effective as at December 31, 2010. The members of the Board of Managing Directors renounced all the shares acquired under the 2008 LTP in February 2009 and will therefore not receive any payments from this plan. The fair value of the 2006 and 2007 plans was zero in each case as at December 31, 2010. This led to the full reversal of the provision of around €10 thousand which had been created.

Currently active long-term performance plans of active members of the Board of Managing Directors acquired in their capacity as active board members:

	LTP	Number of participating shares in units	fair value: when the shares were granted in €1,000	fair value: as at 31.12.2010 in €1,000	pro rata provisions as at 31.12.2010 in €1,000
Martin Blessing	2008	—	—	—	—
	2007	2,500	79	—	—
	2006	2,500	87	—	—
Frank Annuscheit	2008	—	—	—	—
	2007	1,200	38	—	—
	2006	1,200	42	—	—
Dr. Achim Kassow	2008	—	—	—	—
	2007	2,500	79	—	—
	2006	2,500	87	—	—
Michael Reuther	2008	—	—	—	—
	2007	2,500	79	—	—
	2006	—	—	—	—
Dr. Eric Strutz	2008	—	—	—	—
	2007	2,500	79	—	—
	2006	2,500	87	—	—
Totals	**2008**	**—**	**—**	**—**	**—**
	2007	**11,200**	**354**	**—**	**—**
	2006	**8,700**	**303**	**—**	**—**
Total 2010		**19,900**	**657**	**—**	**—**
Total 2009		**19,900**	**657**	**18**	**9.9**

Members of the Board of Managing Directors not listed in the table above held no LTPs as at December 31, 2010 which they had acquired as an active board member.

Supervisory Board. Remuneration for the members of the Supervisory Board is regulated in Art. 15 of the Articles of Association of Commerzbank Aktiengesellschaft. Members of the Supervisory Board received total net remuneration for financial year 2010 of €1,563 thousand (previous year: €1,681 thousand). Of this figure, the basic remuneration and remuneration for serving on committees amounted to €1,240 thousand (previous year: €1,240 thousand) and attendance fees to €323 thousand (previous year: €441 thousand). Attendance fees are paid for participating in the meetings of the Supervisory Board and its six committees (Presiding, Audit, Risk, Nomination, Conciliation and Social Welfare Committees) which met in the year under review. Value added tax of €278 thousand (previous year: €293 thousand) payable on the remuneration of the members of the Supervisory Board is reimbursed by Commerzbank Aktiengesellschaft. The total remuneration of the members of the Supervisory Board was therefore €1,841 thousand (previous year: €1,974 thousand).

All told, the Board of Managing Directors and Supervisory Board held no more than 1% (previous year: under 1%) of the issued shares and option rights of Commerzbank Aktiengesellschaft on December 31, 2010.

(100) Share-based payment plans

Due to the performance already contributed by employees there were again expenses relating to share-based payments in the 2010 financial year. Share-based payment expense was as follows:

	2010	**2009**
	€m	
Cash-settled plans	3	1
of which LTP	1	1
Equity-settled plans	2	—
Total	**5**	**1**

The provisions for cash-settled plans and the reserves in equity for plans settled with equity instruments were as follows:

	31.12.2010	31.12.2009
	€m	
Provisions	8	2
of which LTP	2	1
Reserves in equity	3	2

Further details and the terms and conditions of the LTP are available in Note 25 of this annual report. The new Share Award Programme for the financial year 2010 is accounted for as part of other personnel provisions. The amount of these provisions that relate to share-based payments cannot be determined until April 2011 when the individual variable payments are finally decided. On the basis of provisional information as of the reporting date we estimate that the amount of possible provisions for share-based payments from this programme is €41.6m.

The parameters for the calculation of the LTPs are shown in the following tables:

		Fair value per award as at	
LTP	Date of grant	31.12.2010	31.12.2009
		in €	
2006	April 1, 2006	—	—
2007	April 1, 2007	—	1.76
2008	May 1, 2008	4.84	4.60

	Number of rights	
	2010	2009
	Units	
Balance as at 1.1.	**988,400**	**1,033,500**
Granted during the year	—	—
Forfeited during the year	40,550	45,100
Exercised during the year	—	—
Expired during the year	—	—
Balance as at 31.12.	**947,850**	**988,400**

The expected residual terms of the awards outstanding at year-end vary between 3 and 28 months (previous year: 15 to 28 months). The fair values of the LTP awards were calculated using a Monte Carlo model. The inputs to the model were as follows:

	31.12.2010	31.12.2009
Volatility of the Commerzbank share price	80%	82%-86%
Volatility of the DJ-Euro-Stoxx Banks Index	47%	46%-48%
Correlation of Commerzbank share price to index	80%	82%
Dividend yield Commerzbank share	1.3%	1.3%
Dividend yield of DJ Euro Stoxx Banks Index	2.8%	2.0%
Risk-free interest rate	0.9%	1.5%-1.7%
Staff turnover	4.5%	4.5%

The volatility is based on the historical volatility of the Commerzbank share price and the Dow Jones (DJ) Euro Stoxx Banks Index. The correlation is based on the period before valuation day, taking into account the remaining term of the plans.

(101) Other commitments

Payment commitments to Group external entities and non-consolidated entities on shares not fully paid up amounted to €67.8m (previous year: €4.9m).

The Bank had an additional funding obligation of up to €96m (previous year: €96m) to Liquiditäts-Konsortialbank (Liko) GmbH, Frankfurt am Main. The individual banking associations have also undertaken additional funding obligations to Liko. To cover such obligations, Group companies have guaranteed to Liko as primary obligor that they will meet any payment to their respective associations.

In accordance with 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 as a result of support provided for banks in which Commerzbank holds a majority interest.

Securities with a book value of 7,501m (previous year: €6,979m) have been deposited as collateral to meet obligations to futures and options exchanges and clearing houses.

(102) Lessor and lessee figures

Lessor disclosures – operating leases

Commerzbank acts as a lessor in operating lease arrangements. As at the balance sheet date these leases primarily comprised leased real estate and vehicles.

The following minimum leasing payments stemming from noncallable leases will accrue to the Commerzbank Group over the next few years from operating leases granted:

Due date	31.12.2010	31.12.2009
	€m	
In under 1 year	184	251
In 1 to 5 years	572	707
In more than 5 years	160	292
Total	**916**	**1,250**

No conditional lease instalments have been agreed in the leases.

Lessor disclosures – finance leases

Commerzbank acts as a lessor on finance leases. As at the balance sheet date these leases primarily comprise leased real estate and office furniture and equipment (e.g. vehicles, copying machines). The relationship between gross investments and net present value of the minimum leasing payments was as follows:

	31.12.2010	31.12.2009
	€m	
Outstanding leasing payments	3,392	2,142
+ guaranteed residual values	129	28
= minimum leasing payments	3,521	2,170
+ non-guaranteed residual values	9	19
= gross investments	3,530	2,189
− unrealized financial income	464	263
= net investments	3,066	1,926
− net present value of non-guaranteed residual values	6	14
= net present value of minimum leasing payments	3,060	1,912

The minimum lease payments include the total lease instalments to be paid by the lessee under the lease agreement plus the guaranteed residual value. The non-guaranteed residual value is estimated at the beginning of the lease agreement and reviewed as of the reporting date on a regular basis. The unrealized financial income is equivalent to the interest implicit in the lease agreement between the reporting date and the end of the contract.

The term of the gross investment and net present values of the minimum lease payments from noncallable finance leases broke down as follows:

	Gross investments		Net present value of minimum leasing payments	
Residiual terms as at 31.12.	**2010**	**2009**	**2010**	**2009**
		€m		
Up to 1 year	1,012	736	881	648
1 year to 5 years	1,645	1,153	1,384	1,013
More than 5 years	873	300	795	251
Total	**3,530**	**2,189**	**3,060**	**1,912**

Lessee disclosures – operating leases

The Group's existing obligations arising from operating leases involve rental and leasing agreements for buildings, office furniture and equipment and led in the financial year 2010 to expenses of €562m (previous year: €700m). Of this amount €21m relates to rental and lease agreements that can be terminated (previous year: €8m). For rental and lease agreements that cannot be terminated, the following expenses are forecast for future years:

Due date	31.12.2010	31.12.2009
	€m	
In under 1 year	549	651
In 1 to 5 years	1,625	1,863
In more than 5 years	1,355	1,531
Total	**3,529**	**4,045**

Real estate lease agreements usually have terms of between 1 and 30 years with up to 3 options to extend the lease by a further 3 to 5 years. Price adjustment clauses exist in a number of different forms such as step-up leases and index clauses. Subletting agreements have been signed for buildings no longer in use in the Commerzbank Group. These leases are of non-callable duration.

The following income will accrue to the Commerzbank Group in the next few years from these leases:

Due date	31.12.2010	31.12.2009
	€m	
In under 1 year	54	50
In 1 to 5 years	136	178
In more than 5 years	103	405
Total	**293**	**633**

As in 2009 the leases did not contain any agreements on contingent rents.

(103) Date of release for publication

The Group financial statements were approved by the Board of Managing Directors for submission to the Supervisory Board on March 7, 2011. The Supervisory Board is responsible for reviewing and formally approving the Group financial statements. Preliminary figures for the 2010 results were released by the Board of Managing Directors for publication on February 18, 2011.

(104) Corporate Governance Code

We have issued our annual declaration of compliance with the German Corporate Governance Code pursuant to Art. 161, German Companies Act (Aktiengesetz) and made it permanently available to shareholders on the internet (www.commerzbank.com). An annual declaration of compliance with the German Corporate Governance Code pursuant to Art. 161, German Companies Act (Aktiengesetz) has also been issued for comdirect bank Aktiengesellschaft and made permanently available on the internet (www.comdirect.de).

(105) Letters of comfort

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

Name	Registered office
AFÖG GmbH & Co. KG	Frankfurt/Main
comdirect bank Aktiengesellschaft	Quickborn
Commerz (East Asia) Ltd.	Hong Kong
Commerzbank (Eurasija) SAO	Moskow
Commerzbank Europe (Ireland)	Dublin
Commerzbank Europe Finance (Ireland) plc.	Dublin
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main
Commerzbank International S.A.	Luxembourg
CommerzTrust GmbH	Frankfurt/Main
Commerz Markets LLC	New York
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg
Eurohypo Aktiengesellschaft	Eschborn

(106) Holdings in affiliated and other companies

We provide the following information pursuant to Art. 313 (2) of the German Commercial Code on the consolidated financial statements including the disclosures pursuant to Art. 285 No. 11a HGB.

1. Affiliated companies

a) Affiliated companies included in the consolidated financial statements

Name	Registered office	Share of capital held in %	Voting rights in %	Currency	Equity 1,000	Net profit/ loss 1,000
ABORONUM Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin KG	Düsseldorf	60.0	85.0	EUR	27	4
ADMERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0	EUR	26	2
AFÖG GmbH & Co. KG	Frankfurt/Main	100.0	100.0	EUR	151,071	−95,965
AGV Allgemeine Grundstücksverwaltungs- und -verwertungsgesellschaft mit beschränkter Haftung	Eschborn	100.0	100.0	EUR	40	—[b]
AJUNTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0	EUR	−4,908	−1,582
ALDUNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0	EUR	−10,397	−3,378
ALMURUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0	EUR	8,294	−951
ALTEREGO Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0	EUR	959	−6,721
ASCARA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0	EUR	−689	−488
ASTUTIA Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0	EUR	3,788	—[b]
Atlas-Vermögensverwaltungs-Gesellschaft mit beschränkter Haftung	Bad Homburg v.d. Höhe	100.0	100.0	EUR	455,113	—[b]
BACUL Beteiligungsgesellschaft mbH	Eschborn	100.0	100.0	EUR	3	−7
BERGA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Grünwald (Munich)	100.0	100.0	EUR	−1,253	400
Bishop Finance Inc.	Wilmington, Delaware	100.0	100.0	GBP	569,985	−979
BRE Bank Hipoteczny S.A.	Warsaw	100.0	100.0	PLN	368,373	30,861
BRE Bank SA	Warsaw	69.8	69.8	PLN	6,923,121	655,907
BRE Finance France S.A.	Levallois Perret	100.0	100.0	EUR	163	−18
BRE Holding Sp. z.o.o.	Warsaw	100.0	100.0	PLN	370,742	523[a]
BRE Leasing Sp. z o.o.	Warsaw	100.0	100.0	PLN	121,358	27,437
BRE Ubezpieczenia Sp. z.o.o	Warsaw	100.0	100.0	PLN	13,051	7,051[a]
BRE Ubezpieczenia Towarzystwo Ubezpieczen i Reasekuracji S.A.	Warsaw	100.0	100.0	PLN	59,255	9,460[a]
BRE.locum S.A.	Lódz	80.0	80.0	PLN	109,185	6,207[a]
Bridge Re Limited	Hamilton, Bermuda	100.0	100.0	USD	411	0
CB Building Kirchberg GmbH	Düsseldorf	100.0	100.0	EUR	2,216	785
CBG Commerz Beteiligungsgesellschaft Holding mbH	Bad Homburg v.d. Höhe	100.0	100.0	EUR	6,137	—[b]
CBG Commerz Beteiligungskapital GmbH & Co. KG	Frankfurt/Main	100.0	100.0	EUR	33,745	6,783
CFB-Fonds Transfair GmbH	Düsseldorf	100.0	100.0	EUR	26	—[b]
CG New Venture 2 Verwaltungs-gesellschaft mbH	Wiesbaden	100.0	100.0	EUR	83	0
CG New Venture 4 GmbH & Co. KG	Wiesbaden	99.9	99.0	EUR	20,315	0
CG Real Estate Master FCP-SIF	Luxembourg	58.0	58.0	EUR	203,243	8,464
Chess Finance LLC	New York	100.0	100.0	USD	17,161	−1,502
Coba Holdings I, LLC[1])	Wilmington, Delaware	100.0	100.0	USD	409,779	15,611
Coba Vermögensverwaltungs gesellschaft mbH	Düsseldorf	100.0	100.0	EUR	26	—[b]
comdirect bank Aktiengesellschaft	Quickborn	80.5	80.5	EUR	418,644	52,983
Commerz (East Asia) Limited	Hongkong	100.0	100.0	EUR	5,543	47
Commerz Asset Management Asia Pacific Pte Ltd.	Singapore	100.0	100.0	SGD	51,099	−7,609
Commerz Business Consulting GmbH	Frankfurt/Main	100.0	100.0	EUR	73	—[b]
Commerz Direktservice GmbH	Duisburg	100.0	100.0	EUR	1,178	—[b]
Commerz Grundbesitz Beteiligungsgesellschaft mbH & Co. KG	Frankfurt/Main	90.0	90.0	EUR	13,433	1,179
Commerz Markets LLC[2])	Wilmington, Delaware	100.0	100.0	USD	412,331	5,111
Commerz Real AG	Düsseldorf	100.0	100.0	EUR	408,394	—[b]
Commerz Real Asset Verwaltungs-gesellschaft mbH	Grünwald (Munich)	100.0	100.0	EUR	25	—[b]
Commerz Real Autoleasing GmbH	Hamburg	100.0	100.0	EUR	7,553	—[b]
Commerz Real Baucontract GmbH	Düsseldorf	100.0	100.0	EUR	4,238	—[b]
Commerz Real Baumanagement GmbH	Düsseldorf	100.0	100.0	EUR	52	—[b]

Name	Registered office	Share of capital held in %	Voting rights in %	Currency	Equity 1,000	Net profit/ loss 1,000
Commerz Real Fonds Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0	EUR	25	—[b)]
Commerz Real Immobilien GmbH	Düsseldorf	100.0	100.0	EUR	12,936	—[b)]
Commerz Real Investmentgesellschaft mbH	Wiesbaden	100.0	100.0	EUR	21,968	—[b)]
Commerz Real IT-Leasing GmbH	Düsseldorf	100.0	100.0	EUR	1,954	—[b)]
Commerz Real Leasingservice GmbH & Co. KG	Hamburg	100.0	100.0	EUR	–20	–103
Commerz Real Mietkauf GmbH	Düsseldorf	100.0	100.0	EUR	26	—[b)]
Commerz Real Mobilienleasing GmbH	Düsseldorf	100.0	100.0	EUR	–3,463	—[b)]
Commerz Real Partner Hannover GmbH	Düsseldorf	100.0	100.0	EUR	–386	–205
Commerz Real Partner Nord GmbH	Düsseldorf	100.0	100.0	EUR	1,163	–688
Commerz Real Partner Süd GmbH	Düsseldorf	65.0	65.0	EUR	1,098	793
Commerz Real Spezialfondsgesellschaft mbH	Wiesbaden	100.0	100.0	EUR	5,948	—[b)]
Commerz Real Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0	EUR	26	—[b)]
Commerz Services Holding GmbH	Frankfurt/Main	100.0	100.0	EUR	12,564	—[b)]
Commerz Systems GmbH	Frankfurt/Main	100.0	100.0	EUR	6,108	4,351
Commerz Transaction Services Mitte GmbH	Erfurt	100.0	100.0	EUR	2,715	—[b)]
Commerz Transaction Services Nord GmbH	Magdeburg	100.0	100.0	EUR	1,493	—[b)]
Commerz Transaction Services West GmbH	Hamm	100.0	100.0	EUR	1,256	—[b)]
Commerzbank (Eurasija) SAO	Moskow	100.0	100.0	RUB	10,922,008	1,333,058
Commerzbank (South East Asia) Ltd.	Singapore	100.0	100.0	EUR	69,460	2,203
Commerzbank Asset Management Asia Ltd.	Singapore	100.0	100.0	SGD	2,839	–4,399
Commerzbank Auslandsbanken Holding AG	Frankfurt/Main	100.0	100.0	EUR	1,792,196	—[b)]
Commerzbank Auslandsbanken Holding Nova GmbH	Frankfurt/Main	100.0	100.0	EUR	921,212	—[b)]
Commerzbank Capital Funding LLC I	Wilmington, Delaware	100.0	100.0	EUR	2	0
Commerzbank Capital Funding LLC II	Wilmington, Delaware	100.0	100.0	GBP	2	0
Commerzbank Capital Funding LLC III	Wilmington, Delaware	100.0	100.0	EUR	2	0
Commerzbank Capital Funding Trust I	Wilmington, Delaware	100.0	100.0	EUR	1	0
Commerzbank Capital Funding Trust II	Wilmington, Delaware	100.0	100.0	GBP	1	0
Commerzbank Capital Funding Trust III	Wilmington, Delaware	100.0	100.0	EUR	1	0
Commerzbank Capital Investment Company Limited[3)]	London	100.0	100.0	GBP	0	0
Commerzbank Capital Ventures Management Limited[4)]	London	100.0	100.0	GBP	0	0
Commerzbank Europe (Ireland)	Dublin, Ireland	81.7	81.7	EUR	373,395	436
Commerzbank Europe Finance (Ireland) plc	Dublin, Ireland	100.0	100.0	EUR	54	1
Commerzbank Finance 2 S.à.r.l.[5)]	Luxembourg	100.0	100.0	EUR	1,005	–19
Commerzbank Finance 3 S.à.r.l	Luxembourg	100.0	100.0	EUR	132,050	134[a)]
Commerzbank Finance BV[6)]	Amsterdam, Netherlands	100.0	100.0	EUR	6,640	7,292
Commerzbank Holdings (UK) Limited[7)]	London	100.0	100.0	GBP	495,330	80,100
Commerzbank Holdings France	Paris	100.0	100.0	EUR	80,638	2,447
Commerzbank Immobilien- und Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0	100.0	EUR	462,597	—[b)]
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main	100.0	100.0	EUR	6,359,838	—[b)]
Commerzbank International S.A.	Luxembourg	100.0	100.0	EUR	558,321	88,045
Commerzbank Investments (UK) Ltd.[8)]	London	100.0	100.0	GBP	226,381	219,178
Commerzbank Leasing (Guernsey) Limited[9)]	St. Peter Port, Guernsey	100.0	100.0	EUR	8	0
Commerzbank Leasing 1 S.à.r.l.[10)]	Luxembourg	100.0	100.0	GBP	258	6
Commerzbank Leasing 2 S.à.r.l.[11)]	Luxembourg	100.0	100.0	GBP	63,200	–367
Commerzbank Leasing 4 S.à.r.l.[12)]	Luxembourg	100.0	100.0	GBP	32	18
Commerzbank Leasing 5 S.à r.l.[13)]	Luxembourg	100.0	100.0	GBP	–91	–44
Commerzbank Leasing 6 S.à.r.l.[14)]	Luxembourg	100.0	100.0	GBP	111	–20
Commerzbank Leasing December(1) Limited [15)]	London	100.0	100.0	GBP	1,486	365
Commerzbank Leasing December (10)[16)]	London	100.0	100.0	GBP	32	0

Name	Registered office	Share of capital held in %	Voting rights in %	Currency	Equity 1,000	Net profit/ loss 1,000
Commerzbank Leasing December (11)[17]	London	100.0	100.0	GBP	0	0
Commerzbank Leasing December (12) Limited[18]	London	100.0	100.0	GBP	254	– 163
Commerzbank Leasing December (13) Limited[19]	London	100.0	100.0	GBP	0	0
Commerzbank Leasing December (15) [20]	London	100.0	100.0	USD	– 283	12
Commerzbank Leasing December (17) Limited	London	100.0	100.0	GBP	207	617[a]
Commerzbank Leasing December (19) Limited	London	100.0	100.0	GBP	55,028	55,829[a]
Commerzbank Leasing December (20) Limited	London	100.0	100.0	GBP	0	0[a]
Commerzbank Leasing December (21) Limited	London	100.0	100.0	GBP	0	0[a]
Commerzbank Leasing December (22) Limited	London	100.0	100.0	GBP	22	– 421[a]
Commerzbank Leasing December (23) Limited	London	100.0	100.0	GBP	25	– 45[a]
Commerzbank Leasing December (24) Limited	London	100.0	100.0	GBP	737	712[a]
Commerzbank Leasing December (25) Limited	London	70.0	70.0	GBP	– 14,991	0[a]
Commerzbank Leasing December (26) Limited	London	100.0	100.0	GBP	1,345	1,298[a]
Commerzbank Leasing December (3) Limited[21]	London	100.0	100.0	GBP	427	– 25
Commerzbank Leasing December (4) Limited[22]	London	74.0	74.0	GBP	20	0
Commerzbank Leasing December (7) Limited[23]	Edinburgh	100.0	100.0	GBP	0	0
Commerzbank Leasing December (8) Limited[24]	London	100.0	100.0	GBP	0	0
Commerzbank Leasing December (9) Limited[25]	London	100.0	100.0	GBP	0	0
Commerzbank Leasing Holdings Limited [26]	London	100.0	100.0	GBP	2,883	6,464
Commerzbank Leasing Limited[27]	London	100.0	100.0	GBP	2,109	655
Commerzbank Leasing March (3) Limited[28]	London	100.0	100.0	GBP	5	5
Commerzbank Leasing September (5) Limited[29]	London	100.0	100.0	GBP	– 5	– 12
Commerzbank Leasing September (6) Limited[30]	London	100.0	100.0	GBP	0	0
Commerzbank Online Ventures Limited[31]	London	100.0	100.0	EUR	0	0
Commerzbank Overseas Holdings Limited[32]	London	100.0	100.0	GBP	10,039	1,254
Commerzbank Property Management & Services Limited[33]	London	100.0	100.0	GBP	0	– 945
Commerzbank Securities Ltd[34]	London	100.0	100.0	GBP	475	10
Commerzbank Securities Nominees Limited[35]	London	100.0	100.0	GBP	10	0
Commerzbank U.S. Finance, Inc.	Wilmington, Delaware	100.0	100.0	USD	657	13
Commerzbank Zrt.	Budapest	100.0	100.0	HUF	22,231,390	– 153,461
CommerzFactoring GmbH	Mainz	50.1	50.1	EUR	1,099	—[b]
CSA COMMERZ SOUTH AFRICA (PROPRIETARY) LIMITED	Johannesbourg, South Africa	100.0	100.0	ZRA	5,833	7,330
Deutsche Schiffsbank AG	Bremen/Hamburg	92.1	92.1	EUR	950,370	0
Dom Inwestycyjny BRE Banku S.A.	Warsaw	100.0	100.0	PLN	72,474	29,849
Dresdner Bank Brasil S.A. Banco Múltiplo	São Paulo - SP, Brazil	100.0	100.0	BRL	269,247	6,419
Dresdner Capital LLC I	Wilmington, Delaware	100.0	100.0	USD	1,582	42
Dresdner Capital LLC III	Wilmington, Delaware	100.0	100.0	EUR	303	10
Dresdner Capital LLC IV	Wilmington, Delaware	100.0	100.0	JPY	18,333	452
Dresdner Kleinwort — Grantchester, Inc.	Wilmington, Delaware	100.0	100.0	USD	27,846	16
Dresdner Kleinwort & Co. Holdings, Inc.	Wilmington, Delaware	100.0	100.0	USD	224,695	18
Dresdner Kleinwort (Japan) Limited	Hongkong	100.0	100.0	JPY	2,250,133	66,717
Dresdner Kleinwort Capital Inc	New York	100.0	100.0	USD	3,608	– 1,331
Dresdner Kleinwort Capital Investment Trust Limited	London	100.0	100.0	GBP	0	0
Dresdner Kleinwort do Brasil Limitada	Rio de Janeiro, Brazil	100.0	100.0	BRL	– 13,339	– 15

Name	Registered office	Share of capital held in %	Voting rights in %	Currency	Equity 1,000	Net profit/ loss 1,000
Dresdner Kleinwort EIV Manager, Inc.	Wilmington, Delaware	100.0	100.0	USD	–18	0
Dresdner Kleinwort Finance Inc.	New York	100.0	100.0	USD	2,105	228
Dresdner Kleinwort Flags Inc.	Wilmington, Delaware	13.9	100.0	USD	140,479	0
Dresdner Kleinwort Group Holdings, LLC	Wilmington, Delaware	100.0	100.0	USD	170,917	4
Dresdner Kleinwort Holdings LLC	New York	100.0	100.0	USD	65,386	–20,133
Dresdner Kleinwort Leasing Inc.	New York	100.0	100.0	USD	15,765	40
Dresdner Kleinwort Limited	London	100.0	100.0	GBP	317,053	71,594
Dresdner Kleinwort LLC	Wilmington, Delaware	14.8	100.0	USD	34,022	27
Dresdner Kleinwort Luminary Inc.	Wilmington, Delaware	13.9	76.1	USD	813,341	6,418
Dresdner Kleinwort Moon LLC	Wilmington, Delaware	100.0	100.0	USD	83,755	6,039
Dresdner Kleinwort Pfandbriefe Investments II, Inc.	Wilmington, Delaware	100.0	100.0	USD	12,959	1,490
Dresdner Kleinwort Services (Guernsey) Limited	St. Peter Port, Guernsey	100.0	100.0	GBP	2	0
Dresdner Kleinwort Services LLC	New York	100.0	100.0	USD	866	0
Dresdner Kleinwort Servicios y Asesorias Ltda.	Santiago de Chile, Chile	100.0	100.0	CLP	–40,713	1,024
Dresdner Kleinwort Stripes LLC	Wilmington, Delaware	100.0	100.0	USD	193,213	158
Dresdner Kleinwort Wasserstein (Argentina) S.A.	Buenos Aires, Argentina	100.0	100.0	USD	136	–45
Dresdner Kleinwort Wasserstein Securities (India) Private Limited	Mumbai, India	75.0	75.0	INR	474,867	75,318
Dresdner Lateinamerika Aktiengesellschaft	Hamburg	100.0	100.0	EUR	50,109	—[b]
Dresdner UK Investments 2 B.V.	Amsterdam, Netherlands	100.0	100.0	EUR	957	5
Dresdner UK Investments N.V.	Amsterdam, Netherlands	100.0	100.0	EUR	1,723	4
EH Estate Management GmbH	Eschborn	100.0	100.0	EUR	11,026	—[b]
EH MoLu IV, LLC	Dover, USA	100.0	100.0	USD	14,389	–161[a]
EH NY IV, LLC	Dover, USA	100.0	100.0	USD	–827	9,710
EHNY Ashland, LLC	Dover, USA	100.0	100.0	USD	–827	9,710
EHY Real Estate Fund I, LLC	New York	100.0	100.0	USD	–3,511	–353
EHY Sub Asset LLC	Wilmington, Delaware	100.0	100.0	USD	–7,901	84
Elco Leasing Limited	London	100.0	100.0	GBP	504	3
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft	Luxembourg	100.0	100.0	EUR	281,548	197
Eurohypo (Japan) Corporation	Tokyo, Japan	100.0	100.0	JPY	2,876,293	–398,662
Eurohypo Aktiengesellschaft	Eschborn	100.0	100.0	EUR	5,661,992	—[b]
Eurohypo Capital Funding LLC I	Wilmington, Delaware	100.0	100.0	EUR	1	0
Eurohypo Capital Funding LLC II	Wilmington, Delaware	100.0	100.0	EUR	3	0
Eurohypo Capital Funding Trust I	Wilmington, Delaware	100.0	100.0	EUR	1	0
Eurohypo Capital Funding Trust II	Wilmington, Delaware	100.0	100.0	EUR	1	0
EUROHYPO Europäische Hypothekenbank S.A.	Senningerberg, Luxembourg	100.0	100.0	EUR	35,250	69,374
European Bank for Fund Services Gesellschaft mit beschränkter Haftung (ebase)	Haar/Munich	80.5	100.0	EUR	29,575	6,036
European Venture Partners (Holdings) Ltd	St. Helier, Jersey	85.0	85.0	GBP	0	280
European Venture Partners Ltd	London	85.0	100.0	GBP	0	9,381
FABA Vermietungsgesellschaft mbH	Düsseldorf	95.0	75.0	EUR	26	—[b]
Felix (CI) Limited	George Town, Cayman Island	100.0	100.0	GBP	25	0
FHB — Immobilienprojekte GmbH	Eschborn	100.0	100.0	EUR	52	—[b]
FI Pro-City Immobilien GmbH	Eschborn	100.0	100.0	EUR	26	—[b]
Film Library Holdings LLC	Wilmington, Delaware	51.0	51.00	USD	32,321	–2,806[a]
FM LeasingPartner GmbH	Bissendorf, Kr Osnabrück	50.4	50.4	EUR	832	290
Forum Immobiliengesellschaft mbH	Eschborn	100.0	100.0	EUR	809	—[b]
Frankfurter Gesellschaft für Vermögensanlagen mit beschränkter Haftung	Eschborn	100.0	100.0	EUR	5,952	—[b]
Futura Hochhausprojektgesellschaft mbH	Eschborn	100.0	100.0	EUR	2,421	—[b]
Galbraith Investments Limited	London	100.0	100.0	GBP	71	20 [a]
GBG Verwaltungs- und Verwertungsgesellschaft für Grundbesitz mbH	Eschborn	100.0	100.0	EUR	312	—[b]
General Leasing (No. 16) Limited	London	43.8	43.8	GBP	–343	–56
G-G-B Gebäude- und Grundbesitz GmbH	Eschborn	100.0	100.0	EUR	256	—[b]
GIE Dresdner Kleinwort France	Paris	100.0	100.0	EUR	0	0
GO German Office GmbH	Wiesbaden	100.0	100.0	EUR	–31,818	—[b]
gr Grundstücks GmbH Objekt Corvus	Frankfurt/Main	100.0	100.0	EUR	53	–3

Name	Registered office	Share of capital held in %	Voting rights in %	Currency	Equity 1,000	Net profit/ loss 1,000
gr Grundstücks GmbH Objekt Corvus & Co. Sossenheim KG	Frankfurt/Main	100.0	100.0	EUR	442	– 213
Gresham Leasing March (1) Limited	London	25.0	100.0	GBP	1,065	0
Gresham Leasing March (2) Limited	London	25.0	100.0	GBP	2,411	288
Grundbesitzgesellschaft Berlin Rungestr. 22 – 24 mbH	Eschborn	94.0	94.0	EUR	1,159	– 894
GVG Gesellschaft zur Verwertung von Grundbesitz mit beschränkter Haftung	Eschborn	`100.0	100.0	EUR	26	—b)
Herradura Ltd	London	100.0	100.0	GBP	5	0
Hibernia Beta Beteiligungsgesellschaft mbH	Frankfurt/Main	100.0	100.0	EUR	70,644	– 10,691
Hibernia Eta Beteiligungsgesellschaft mbH	Frankfurt/Main	85.0	85.0	EUR	50,168	– 7,344
Hibernia Gamma Beteiligungs- gesellschaft mbH	Frankfurt/Main	60.6	60.6	EUR	139,087	– 22,823
Hibernia Sigma Beteiligungsges- ellschaft mbH	Frankfurt/Main	100.0	100.0	EUR	50,194	– 7,376
Intermarket Bank AG	Vienna	56.2	56.2	EUR	37,042	1,425
Inversiones Dresdner Kleinwort Chile Ltda.	Santiago de Chile, Chile	100.0	100.0	CLP	– 1,229,990	141,158
IVV – Immobilien – Verwaltungs- und Verwertungsgesellschaft mbH	Eschborn	100.0	100.0	EUR	26	—
KENSTONE GmbH	Eschborn	100.0	100.0	EUR	26	—b)
Kleinwort Benson (Canada) Limited	Toronto, Canada	100.0	100.0	CAD	0	0
Kommanditgesellschaft MS "CPO ALICANTE" Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	20,504	– 1,219
Kommanditgesellschaft MS "CPO ANCONA" Offen Reederei GmbH & Co.	Hamburg	77.2	77.2	EUR	39,585	– 235
Kommanditgesellschaft MS "CPO BARCELONA" Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	20,543	– 926
Kommanditgesellschaft MS "CPO BILBAO" Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	20,791	– 765
Kommanditgesellschaft MS "CPO CADIZ" Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	20,819	—617
Kommanditgesellschaft MS "CPO MARSEILLE" Offen Reederei GmbH & Co.	Hamburg	77.2	77.2	EUR	39,906	– 970
Kommanditgesellschaft MS "CPO PALERMO" Offen Reederei GmbH & Co.	Hamburg	73.9	73.9	EUR	39,504	– 477
Kommanditgesellschaft MS "CPO TOULON" Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	38,633	– 4,995a)
Kommanditgesellschaft MS "CPO VALENCIA" Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	21,635	– 455
Kommanditgesellschaft MS "CPO VIGO" Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	21,428	– 369
Langham Nominees Ltd	St. Peter Port, Guernsey	100.0	100.0	GBP	0	0
LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Anthropolis KG	Düsseldorf	94.5	94.4	EUR	– 7,355	3,949
LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Grindelwaldweg KG	Düsseldorf	94.5	94.6	EUR	– 4,883	1,836
LUGO Photovoltaik Beteiligungs-gesellschaft mbH	Düsseldorf	100.0	100.0	EUR	– 12,012	– 12,420
Magyar Factor Zrt.	Budapest	100.0	100.0	HUF	1,912,721	143,383
Marlyna Ltd	London	100.0	100.0	GBP	25	0
Marylebone Commercial Finance(2)	London	25.0	25.0	GBP	7,014	– 47
Marylebone Commercial Finance Limited	London	25.0	87.0	GBP	571	0
Max Lease S.à.r.l. & Cie. Secs	Luxembourg	100.0	100.0	EUR	3,030	771
MERKUR Grundstücks GmbH	Frankfurt/Main	100.0	100.0	EUR	73,576	– 530
Messestadt Riem "Office am See" I GmbH	Eschborn	94.0	94.0	EUR	– 134	—b)
Messestadt Riem "Office am See" II GmbH	Eschborn	94.0	94.0	EUR	459	—b)
Messestadt Riem "Office am See" III GmbH	Eschborn	94.0	94.0	EUR	19	—b)
Morris (S.P.) Holdings Limited	London	100.0	100.0	GBP	11	0

Name	Registered office	Share of capital held in %	Voting rights in %	Currency	Equity 1,000	Net profit/ loss 1,000
NAVALIS Schiffsbetriebsgesellschaft mbH & Co. MS "NEDLLOYD JULIANA" KG	Hamburg	93.6	92.8	EUR	17,771	1,477
NAVIPOS Schiffsbeteiligungs- gesellschaft mbH	Hamburg	100.0	100.0	EUR	902	443
New Asian Land Fund Holdings Limited	Hamilton, Bermuda	100.0	100.0	BMD	34,733	– 18,438
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lampertheim KG	Düsseldorf	95.0	95.0	EUR	32	166
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte Plön und Preetz KG	Düsseldorf	90.0	65.0	EUR	– 517	82
Nordboden Immobilien- und Handelsgesellschaft mbH	Eschborn	100.0	100.0	EUR	315	—[b]
NOVELLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0	EUR	10,804	—[b]
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Jupiter KG	Düsseldorf	100.0	51.0	EUR	21,259	2,110
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Luna KG	Düsseldorf	100.0	51.0	EUR	666	335
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neptun KG	Düsseldorf	100.0	51.0	EUR	15,024	1,660
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Pluto KG	Düsseldorf	100.0	51.0	EUR	23,056	2,376
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Uranus KG	Düsseldorf	100.0	51.0	EUR	36,087	6,091
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Venus KG	Düsseldorf	100.0	51.0	EUR	19,797	1,719
Parc Continental Ltd.	London	100.0	100.0	GBP	0	0
Pisces Nominees Limited	London	100.0	100.0	GBP	76,844	– 30,196[a]
Polfactor S.A.	Warsaw	100.0	100.0	PLN	46,426	9,560
Property Invest GmbH	Eschborn	100.0	100.0	EUR	61,059	– 30,332
Property Invest Italy S.r.l.	Milan, Italy	100.0	100.0	EUR	60,280	– 4,116[a]
PUBLIC JOINT STOCK COMPANY "BANK FORUM"	Kyew, Ukrain	94.5	94.5	UAH	764,801	– 3,282,345
Real Estate Holdings Limited	Hamilton, Bermuda	100.0	100.0	BMD	29,385	10,897
Real Estate TOP TEGEL Drei GmbH	Eschborn	94.0	94.0	EUR	60	—[b]
Real Estate TOP TEGEL Eins GmbH	Eschborn	94.0	94.0	EUR	421	—[b]
Real Estate TOP TEGEL Sechs GmbH	Eschborn	94.0	94.0	EUR	129	—[b]
Real Estate TOP TEGEL Vier GmbH	Eschborn	94.0	94.0	EUR	60	—[b]
Real Estate TOP TEGEL Zwei GmbH	Eschborn	94.0	94.0	EUR	60	—[b]
REFUGIUM Beteiligungsgesellschaft mbH	Grünwald (Munich)	100.0	100.0	EUR	10,714	5,701
Rood Nominees Limited	London	100.0	100.0	GBP	0	0
Rook Finance LLC	Wilmington, Delaware	100.0	100.0	USD	31,752	– 314
SB-Bauträger Gesellschaft mit beschränkter Haftung	Eschborn	100.0	100.0	EUR	55	—[b]
SB-Bauträger GmbH & Co. Urbis Hochhaus-KG	Frankfurt/Main	100.0	100.0	EUR	232	0
SB-Bauträger GmbH & Co. Urbis Verwaltungs KG	Frankfurt/Main	100.0	100.0	EUR	258	0
SECUNDO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0	EUR	5,811	—[b]
Service-Center Inkasso GmbH Düsseldorf	Düsseldorf	100.0	100.0	EUR	128	—[b]
South East Asia Properties Limited	London	100.0	100.0	GBP	13,702	0
Southwark Bridge Investments Ltd.	London	100.0	100.0	GBP	0	0
Space Park GmbH & Co. KG	Frankfurt/Main	90.0	90.0	EUR	– 95,038	– 39
Süddeutsche Industrie-Beteiligungs-GmbH	Frankfurt/Main	100.0	100.0	EUR	6,676	—[b]
TARA Immobiliengesellschaft mbH	Eschborn	100.0	100.0	EUR	25	—[b]
TARA Immobilienprojekte GmbH	Eschborn	100.0	100.0	EUR	25	—[b]
The New Asian Property Fund Ltd.	Bermuda	100.0	100.0	BMD	9,007	5,726
Thurlaston Finance Limited	George Town, Cayman Island	100.0	100.0	GBP	25	0
TIGNATO Beteiligungsgesellschaft mbH & Co. KölnTurm Media Park KG	Eschborn	100.0	100.0	EUR	– 1,329	– 9,380
TOMO Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0	100.0	EUR	22,779	—[b]
Transfinance a.s.	Praha	100.0	100.0	CZK	252,529	– 41,508

Name	Registered office	Share of capital held in %	Voting rights in %	Currency	Equity 1,000	Net profit/ loss 1,000
U.S. Residential Investment I, L.P.	Wilmington, Delaware	90.0	90.0	USD	29,058	−5,267
Unica Immobiliengesellschaft mbH	Eschborn	100.0	100.0	EUR	43	—b)
Valorem LLC	New York	100.0	100.0	USD	1,048	−748
Vendome Lease S.A.	Paris	100.0	100.0	EUR	1	−484
Watling Leasing March (1)	London	25.0	25.0	GBP	11,174	−97
WebTek Software Private Limited i.L.	Bangalore, India	100.0	100.0	INR	230,933	14,286
WESTBODEN — Bau- und Verwaltungsgesellschaft mit beschränkter Haftung	Eschborn	100.0	100.0	EUR	55	—b)
Westend Grundstücksgesellschaft mbH	Eschborn	99.4	100.0	EUR	260	—b)
Wohnbau-Beteiligungsgesellschaft mbH	Eschborn	90.0	90.0	EUR	307	−8
Yarra Finance Limited	George Town, Cayman Island	100.0	100.0	GBP	55	0

b) Affiliated companies not included in the consolidated financial statements due to their minor significance[c])

Name	Registered office	Share of capital held in %	Voting rights in %
1. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0
10. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0
11. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0
12. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0
13. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0
14. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0
2. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0
3. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0
4. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0
4274563 CANADA INC.	Toronto	100.0	100.0
5. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0
6. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0
7. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0
8. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0
9. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0
ABANTITIM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ABANTUM Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0
ABELASSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ABENITA Photovoltaik Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0
ABESTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ABORONUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ABOTORIUM Finanz- und Verwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0
ACARINA Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0
ACCESSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ACINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ACOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ACREDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ACRONA Photovoltaik-Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0
ACTOSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ADAMANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ADELIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ADELIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Teltow KG	Düsseldorf	91.9	91.6
ADELKA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ADENARA Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	100.0
ADUKKA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ADURAMA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0
AFINA, Bufete de Socios Financieros S.A.	Madrid	98.7	99.3
AFÖG Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	94.2	94.2
AGALINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
AGARBA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
AGASILA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0

Name	Registered office	Share of capital held in %	Voting rights in %
AGREGATA Grundstücks-Vermietungsgesellschaft mbH	Haan	100.0	100.0
AJOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
AKERA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0
AKUSTIA Verwaltung und Treuhand GmbH i.L.	Düsseldorf	100.0	100.0
ALACRITAS Verwaltungs- und Treuhand GmbH	Düsseldorf	100.0	100.0
ALBELLA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0
ALBOLA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0
ALCARDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ALDANZA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ALDINGA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0
ALDULA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0
ALEMANTA Photovoltaik Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0
ALEMONA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0
Alexanderplatz D4 Erste Verwaltungsgesellschaft mbH	Berlin	90.0	90.0
ALFRIDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ALFUTURA Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main	100.0	100.0
ALIBORA Verwaltung- und Treuhand GmbH i.L	Düsseldorf	100.0	100.0
ALIDA Photovoltaik-Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0
ALIVERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ALKANTA Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0
ALMARENA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ALMONDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ALONGA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ALSANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ALSANTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte RiCö KG	Düsseldorf	0.0	85.0
ALSENNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ALSTRUCTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
Alternative Asset Management S.A.	Luxembourg	100.0	100.0
ALUBRA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0
ALUDANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ALVENTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ALVINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
AMALIA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0
AMBRESA Sp. z o.o.	Warsaw	100.0	100.0
AMENA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
AMERA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0
AMITEA Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0
AMITICULA Photovoltaik Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0
AMONEUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
AMTERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
AMUNDA Verwaltung und Treuhand GmbH i.L.	Düsseldorf	100.0	100.0
ANBANA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ANCAVA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ANCAVA Vermietungsgesellschaft mbH & Co. Objekt Stuttgart KG	Düsseldorf	47.2	52.6
ANCAVA Vermietungsgesellschaft mbH & Co. Objekt Weilimdorf KG	Düsseldorf	47.2	52.6
ANEA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ANSELMA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	100.0
ARAFINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
AREBA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0
Ariondaz SAS	Paris	100.0	100.0
ARISA Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	100.0
ARMANDA Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	100.0
AROSA Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	100.0
ARQUATUS Grundstücks-Vermietungsgesellschaft mbH i. L.	Düsseldorf	100.0	100.0
ARVINA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0
ASCETO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0

Name	Registered office	Share of capital held in %	Voting rights in %
ASERTUNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ASILUS Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	100.0
ASISTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ASKANZA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ASKANZA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lüdenscheid KG	Düsseldorf	94.4	86.0
ASKIBA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ASPERGA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
Aspiro S.A. 36)	Lódz	100.0	100.0
ASSANDRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ASSENTO Photovoltaik-Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0
ASSERTA Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	100.0
ASTRELLA Grundstücks-Vermietungsgesellschaft mbH i.L.	Berlin	100.0	100.0
ASTRIFA Mobilien-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ATERNA Mobilien-Vermietungsgesellschaft mbH	Berlin	100.0	100.0
ATLAS-ALPHA GmbH	Frankfurt/Main	100.0	100.0b)
ATUNO Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0
AURESTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
AVANCIA Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
AVARICA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
AVARICA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Münchberg KG	Düsseldorf	93.2	93.6
AVENDO Beteiligungsgesellschaft mbH	Stuttgart	100.0	100.0
AVERTUM Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	100.0
AVERTUM Flugzeug-Leasinggesellschaft mbH & Co. Zweite Legacy 600 KG	Düsseldorf	100.0	100.0
Bankowy Dom Hipoteczny Sp. z.o.o.	Warsaw	100.0	100.0
Belus Immobilien- und Beteiligungsgesellschaft mbH	Eschborn	100.0	100.0
Beteiligungsgesellschaft für Industrie und Handel mbH	Frankfurt/Main	100.0	100.0
BFC Berliner Film Companie Beteiligungsgesellschaft mbH	Berlin	100.0	100.0
BFC Berliner Film Companie Productions GmbH i.L.	Berlin	100.0	100.0
Brafero-Sociedade Imobiliária, S.A.	Lisbon	100.0	100.0
BRE Corporate Finance S.A.	Warsaw	100.0	100.0
BRE Property Partner Sp. z.o.o.	Warsaw	100.0	100.0
BRE Systems Sp. z.o.o.	Warsaw	100.0	100.0
BRE Wealth Management SA	Warsaw	100.0	100.0
BREL-Property Management Sp. z o.o.	Warsaw	100.0	100.0
BREL-AG Sp. z o.o.	Warsaw	100.0	100.0
BREL-AN Sp. z o.o.	Warsaw	100.0	100.0
BREL-APEX Sp. z o.o.	Warsaw	100.0	100.0
BREL-BAT Sp. z o.o.	Warsaw	100.0	100.0
BREL-COM Sp. z o.o.	Warsaw	100.0	100.0
BREL-ESTATE Sp. z o.o.	Warsaw	100.0	100.0
BREL-FIN Sp. z o.o	Warsaw	100.0	100.0
BREL-FORCA Sp. z o.o.	Warsaw	100.0	100.0
BREL-HAN Sp. z o.o.	Warsaw	100.0	100.0
BREL-IMMO Sp. z o.o.	Warsaw	100.0	100.0
BRELINVEST Sp. z o.o. Fly 2 Sp. Komandytowa	Warsaw	100.0	100.0
BRELINVEST Sp.z o.o.	Warsaw	100.0	100.0
BREL-MAR Sp. z o.o.	Warsaw	100.0	100.0
BREL-MIG Sp. z.o.o. w likwidacji	Warsaw	100.0	100.0
BREL-POL Sp. z o.o.	Warsaw	100.0	100.0
BREL-PRO Sp. z o.o.	Warsaw	100.0	100.0
BREL-STAR Sp. z o.o.	Warsaw	100.0	100.0
CAP Kiel Betriebs-GmbH	Kiel	51.0	51.0
CB Euregio GmbH	Frankfurt/Main	100.0	100.0
CB Lux Kirchberg GmbH	Frankfurt/Main	100.0	100.0
CBG Commerz Beteiligungskapital Verwaltungs GmbH	Frankfurt/Main	100.0	100.0

Name	Registered office	Share of capital held in %	Voting rights in %
CCR Courtage i.L.	Paris	100.0	100.0
Centrum Rozliczeń i Informacji CERI Sp. z.o.o.	Lódz	100.0	100.0
CG Japan GmbH	Wiesbaden	100.0	100.0
CG NL Holding B.V.	Amsterdam	100.0	100.0
CG Real Estate Luxemburg S.à.r.l. i.L.	Luxembourg	100.0	100.0
CGG Canada Grundbesitz GmbH	Wiesbaden	100.0	100.0
CGI Stadtgalerie Schweinfurt Verwaltungs- GmbH	Wiesbaden	100.0	100.0
CGI Victoria Square Limited	London	100.0	100.0
CGI Victoria Square Nominees Limited	London	100.0	100.0
CGM Lux 1 S.à.r.l. i.L.	Luxembourg	100.0	100.0
CGM Lux 2 S.à.r.l. i.L.	Luxembourg	100.0	100.0
CGM Lux 3 S.à.r.l. i.L.	Luxembourg	100.0	100.0
CIV GmbH Alpha	Frankfurt/Main	100.0	100.0
CIV GmbH Beta	Frankfurt/Main	100.0	100.0
COLLEGIUM GLASHÜTTEN Zentrum für Kommunikation GmbH	Glashütten	100.0	100.0[b)]
Commerz (Nederland) N.V.	Amsterdam	100.0	100.0
Commerz Building and Management GmbH	Essen	100.0	100.0[b)]
Commerz Derivatives Funds Solutions S.A.	Luxembourg	100.0	100.0
Commerz Europe (Ireland), Inc.	Wilmington, Delaware	100.0	100.0
Commerz Grundbesitz Gestao de Centras Commerciais, Sociedade Unipessoal, Lda.	Lisbon	100.0	100.0
Commerz Keyes Avenue Properties (Pty) Ltd.	Johannesburg	100.0	100.0
Commerz Nominees Ltd.	London	100.0	100.0
Commerz Overseas Services Ltd.	London	100.0	100.0
Commerz Real Autoservice GmbH[37)]	Düsseldorf	100.0	100.0
Commerz Real Benelux GmbH	Wiesbaden	100.0	100.0
Commerz Real CZ s.r.o.	Praha	100.0	100.0
Commerz Real Direkt GmbH	Düsseldorf	100.0	100.0[b)]
Commerz Real Finanzierungsleasing GmbH	Düsseldorf	100.0	100.0
Commerz Real France GmbH	Wiesbaden	100.0	100.0
Commerz Real Nederland B. V.	Breda	100.0	100.0
Commerz Real Projektconsult GmbH	Düsseldorf	100.0	100.0
Commerz Real Vertrieb GmbH	Düsseldorf	100.0	100.0
Commerz U.S. Financial Corporation	Wilmington, Delaware	100.0	100.0
Commerz U.S. Holding, Inc.	Wilmington, Delaware	100.0	100.0
Commerzbank Capital Management Unternehmensbeteiligungs GmbH[38)]	Frankfurt/Main	100.0	100.0[b)]
Commerzbank International Trust (Jersey) Ltd.	St. Helier, Jersey	100.0	100.0
Commerzbank Leasing December(6) Limited	London	100.0	100.0
Commerzbank Representative Office Nigeria Limited	Lagos	100.0	100.0
Commerzbank Representative Office Panama, S.A.	0	100.0	100.0
Commerzbank Sao Paulo Servicos Ltda.	São Paulo	100.0	100.0
Commerzbank Sponsoring GmbH[39)]	Frankfurt/Main	100.0	100.0
CommerzKommunalbau GmbH	Düsseldorf	100.0	100.0
CommerzLeasing GmbH	Düsseldorf	100.0	100.0
CommerzStiftungsTreuhand GmbH	Frankfurt/Main	100.0	100.0
CommerzTrust GmbH	Frankfurt/Main	100.0	100.0
CR KaiserKarree Holding S.a.r.l.	Luxembourg	100.0	100.0
CR Station General Partner Inc.	Toronto	100.0	100.0
CR Station Limited Partnership	Toronto	100.0	100.0
Crédito Germánico S.A	Montevideo	100.0	100.0
CRI 1 Sp.zo.o.	Warsaw	100.0	100.0
CRI Erste Beteiligungsgesellschaft mbH	Wiesbaden	100.0	100.0
CRI Zweite Beteiligungsgesellschaft mbH	Wiesbaden	100.0	100.0
CSK Sp. z o.o.	Lódz	100.0	100.0
CTF Consulting OOO	Moskow	100.0	100.0
Czwarty Polski Fundusz Rozwoju Sp. z o.o.	Lódz	100.0	100.0

Name	Registered office	Share of capital held in %	Voting rights in %
Delphi I Eurohypo LLC	Wilmington	100.0	100.0
DFI S.p.A. in liquidazione[40])	Milan	100.0	100.0
DOMINO Projektentwicklungsgesellschaft mbH & Co. Objekt Neue Mainzer Straße KG	Frankfurt/Main	100.0	100.0
dozent.it Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0	100.0
Dresdner Kleinwort Derivative Investments Limited	London	100.0	100.0
Dresdner Kleinwort Group LLC	Wilmington, Delaware	100.0	100.0
Dresdner Kleinwort Holdings II, Inc.	Wilmington, Delaware	100.0	100.0
Dresdner Kleinwort Securities (Asia) Limited	Hongkong	100.0	100.0
Dresdner Private Placement GmbH	Bad Vilbel	100.0	100.0
Dresdner Structured Products S.A.	Luxembourg	100.0	100.0
Dresdner Versicherung GmbH	Dresden	100.0	100.0
Dritte SIB Aktiengesellschaft	Frankfurt/Main	100.0	100.0
EHNY Holdings, LLC	Dover, Delaware	100.0	100.0
EHNY Montelucia Manager, LLC	Dover, Delaware	100.0	100.0
Einunddreißigste DRESIB Beteiligungs-Gesellschaft mbH	Frankfurt/Main	100.0	100.0
Elfte Umbra Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0	100.0[b])
EP Euro-Projektentwicklungs GmbH & Co. Objekt 1 KG	Frankfurt/Main	100.0	100.0
EP Euro-Projektentwicklungs-Verwaltungs GmbH	Frankfurt/Main	100.0	100.0
Erste Alexanderplatz 3 Betriebsvorrichtungs GmbH	Berlin	90.0	90.0
Erste DRESIB Beteiligungs-Gesellschaft mbH	Frankfurt/Main	100.0	100.0
EuREAM GmbH	Wiesbaden	100.0	100.0
Eurohypo Investment Banking Limited	London	100.0	100.0
Eurohypo Nominees 1 Limited	London	100.0	100.0
Eurohypo Representacoes Ltda.	São Paulo	100.0	100.0
Eurologistik 1 Freehold BVBA	Brussels	94.9	94.9
Eurologistik 1 Leasehold General Partner	Brussels	94.9	94.9
Eurologistik 1 Leasehold Société en commandite simple	Brussels	94.9	94.9
Fernwärmenetz Leipzig GmbH	Leipzig	100.0	100.0
Finanztrust AG	Glarus	100.0	100.0
Forum Algarve — Gestao de Centro comercial, Sociedade Unipessoal, Lda. i.L.	Lisbon	100.0	100.0
Forum Almada — Gestao de Centro Comercial, Sociedade Unipessoal Lda. II & Comandita i.L.	Lisbon	100.0	100.0
Forum Almada — Gestao de Centro Commercial, Sociedade Unipessoal, Lda. i.L.	Lisbon	100.0	100.0
Forum Montijo, Gestao de Centro Comercial Sociedade Unipessoal, Lda i.L.	Lisbon	100.0	100.0
Frega Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0	100.0
FV EURL	Paris	100.0	100.0
Garbary Sp. z. o.o.	Poznań	100.0	100.0
Gesellschaft für Kreditsicherung mbH	Berlin	63.3	63.3
GIE Victoria Aéronautique	Paris	100.0	100.0
GRAMOLINDA VermietungsGmbH & Co. Objekt Frankfurt KG	Grünwald (Munich)	97.0	70.0
GRANADA Investment GmbH	Düsseldorf	100.0	100.0
Grundstücks- und Vermögensverwaltungsgesellschaft Geretsried mbH	Düsseldorf	51.1	51.0
H 47 GmbH & Co. KG	Düsseldorf	99.7	94.9
H 47 Verwaltungsgesellschaft mbH	Düsseldorf	94.4	94.0
Hamudi S.A.	Madrid	100.0	100.0
Hardy Beteiligungs-Gesellschaft mbH	Frankfurt/Main	100.0	100.0
Haus am Kai 2 O.O.O.	Moskow	100.0	100.0
HDW Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main	100.0	100.0
Histel Beteiligungs GmbH	Frankfurt/Main	100.0	100.0
HVI Handels- und Verwertungsgesellschaft für Immobilien mbH	Düsseldorf	94.0	94.0
Immobiliengesellschaft Ost Hägle spol. s. r.o.	Praha	100.0	100.0
Immobilien-Vermietungsgesellschaft Reeder & Co. Objekt Airport Bürocenter Dresden KG i. L.	Dresden	88.2	87.5

Name	Registered office	Share of capital held in %	Voting rights in %
Immobilien-Vermietungsgesellschaft Reeder & Co. Objekt Aschersleben KG	Düsseldorf	94.0	93.8
Immobilienverwaltungs- und Vertriebsgesellschaft Villen am Glienicker Horn mbH	Berlin	100.0	100.0
Immobilienverwaltungsgesellschaft Grammophon Büropark mbH	Berlin	100.0	100.0
Immobilienverwaltungsgesellschaft Kampffmeyer Villa mbH	Berlin	100.0	100.0
Immobilienverwaltungsgesellschaft Schlachthof Offenbach mbH	Eschborn	100.0	100.0
IMMOFIDUCIA Sp. z. o.o.	Warsaw	100.0	100.0
IWP International West Pictures GmbH & Co. Erste Produktions KG	Cologne	94.9	94.9
IWP International West Pictures Verwaltungs GmbH	Cologne	100.0	100.0
KTC Kommunikations- und Trainings-Center Königstein GmbH	Königstein/Taunus	100.0	100.0
L.I.A. Leasinggesellschaft für Immobilien und Anlagegüter mbH	Düsseldorf	100.0	100.0
LAUREA MOLARIS Grundstücks-Vermietungs gesellschaft mbH	Düsseldorf	94.0	94.0
LOFRA GmbH & Co. KG	Frankfurt/Main	99.9	100.0
LOFRA Verwaltungs-Gesellschaft mbH	Frankfurt/Main	100.0	100.0
Lufthansa Leasing GmbH & Co. Echo-Oscar KG i. L.	Grünwald (Munich)	100.0	99.6
Lufthansa Leasing GmbH & Co. Echo-Papa KG i. L.	Grünwald (Munich)	71.2	71.0
LUGO Photovoltaik-Beteiligungsgesellschaft mbH & Co. Objekt El Baldio 1 KG	Düsseldorf	100.0	100.0
Max Lease S.à.r.l.	Luxembourg	100.0	100.0
MOLBINA Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf Ludwig-Erhard-Allee KG	Düsseldorf	97.0	93.8
MOLBRIELA Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
MOLITA Vermietungsgesellschaft mbH & Co. Objekt Messe Hamburg KG	Hamburg	0.0	51.0
MOLMELFI Vermietungsgesellschaft mbH & Co. Objekt Burghausen KG	Düsseldorf	100.0	51.0
MOLRATUS Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
MOLRATUS Vermietungsgesellschaft mbH & Co. Objekt Loxstedt KG	Düsseldorf	0.0	85.0
MONEA Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
Montitail — Gestao de Retail Park, Sociedade Unipessoal Lda.	Lisbon	94.9	94.9
NACOLO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NACONA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NACONEO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NACONGA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NACORINO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NACORONA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NACOTA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAFARI Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAFIRINA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAMINO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAROLA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NASIRO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NASTO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAUCULA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAULUMO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAUMARE Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAUMOSA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAUPEUS Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAURANTO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAURATA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAUSOLA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAUTARO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAUTESSA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAUTINO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAUTIRA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAUTIS Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0

Name	Registered office	Share of capital held in %	Voting rights in %
NAUTLUS Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAUTO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAUTORIA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAUTUGO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAVALIS Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAVIBOLA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAVIBOTO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAVIFIORI Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAVIGA Schiffsbeteiligung GmbH	Hamburg	100.0	100.0
NAVIGATO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAVIGOLO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAVILO Vermietungsgesellschaft mbH	Hamburg	100.0	100.0
NAVINA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAVIRENA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAVIROSSA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAVISTA Verwaltung und Treuhand GmbH i.L.	Düsseldorf	100.0	100.0
NAVITA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAVITARIA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAVITONI Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAVITOSA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NAVITURA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NEB-Shipping Co.	Monrovia/Liberia	92.1	92.1
NEPTANA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NEPTILA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NEPTORA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NEPTUGA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NEPTUNO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	100.0
NESTOR Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hamme KG	Düsseldorf	100.0	100.0
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Wiemelhausen KG	Düsseldorf	100.0	100.0
Neuma Vermögensverwaltungsgesellschaft mbH	Hamburg	100.0	100.0
Neunzehnte FraMü Beteiligungs GmbH	Frankfurt/Main	100.0	100.0
NORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
NOSCO Grundstücks-Vermietungsgesellschaft mbH	Mainz	100.0	100.0
NOTITIA Grundstücks-Vermietungsgesellschaft mbH	Berlin	100.0	100.0
NOVITAS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
Number X Real Estate GmbH	Eschborn	100.0	100.0
NUMERIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
NURUS Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0
OSKAR Medienbeteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0
PAREO Kraftwerk-Beteiligungsgesellschaft mbH	Leipzig	100.0	100.0
Property Invest Spain, S.L.	Barcelona	100.0	100.0
PRUNA Betreiber GmbH	Grünwald (Munich)	51.0	51.0
RAMONIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
RAPIDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
RAVENNA Katowice Sp. z.o.o. w likwidacji	Warsaw	100.0	100.0
RAVENNA Kraków Sp. z o.o.	Warsaw	100.0	100.0
Receivable Partners Inc.	North Brook	66.0	66.0
RECURSA Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main	100.0	100.0
RESIDO Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	100.0
RIMA Medien-Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0
RIPA Medien-Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Baden-Airpark KG	Düsseldorf	50.0	65.0
ROSATA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0

Name	Registered office	Share of capital held in %	Voting rights in %
ROSEA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ROSINTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ROSOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
ROTUNDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
Schunk GmbH	Willich	51.0	51.0
Solar Cuever del Negro 1, S.L.U.	Madrid	100.0	100.0
Solar Cuever del Negro 10, S.L.U.	Madrid	100.0	100.0
Solar Cuever del Negro 11, S.L.U.	Madrid	100.0	100.0
Solar Cuever del Negro 12, S.L.U.	Madrid	100.0	100.0
Solar Cuever del Negro 13, S.L.U.	Madrid	100.0	100.0
Solar Cuever del Negro 14, S.L.U.	Madrid	100.0	100.0
Solar Cuever del Negro 15, S.L.U.	Madrid	100.0	100.0
Solar Cuever del Negro 16, S.L.U.	Madrid	100.0	100.0
Solar Cuever del Negro 17, S.L.U.	Madrid	100.0	100.0
Solar Cuever del Negro 18, S.L.U.	Madrid	100.0	100.0
Solar Cuever del Negro 2, S.L.U.	Madrid	100.0	100.0
Solar Cuever del Negro 3, S.L.U.	Madrid	100.0	100.0
Solar Cuever del Negro 4, S.L.U.	Madrid	100.0	100.0
Solar Cuever del Negro 5, S.L.U.	Madrid	100.0	100.0
Solar Cuever del Negro 6, S.L.U.	Madrid	100.0	100.0
Solar Cuever del Negro 7, S.L.U.	Madrid	100.0	100.0
Solar Cuever del Negro 8, S.L.U.	Madrid	100.0	100.0
Solar Cuever del Negro 9, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 1, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 10, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 11, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 12, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 13, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 14, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 15, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 16, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 17, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 18, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 2, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 3, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 4, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 5, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 6, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 7, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 8, S.L.U.	Madrid	100.0	100.0
Solar Los Arroyos de Escuzar 9, S.L.U.	Madrid	100.0	100.0
SOLTRX Transaction Services GmbH	Düsseldorf	100.0	100.0[b)]
Space Park Erste Verwaltungs GmbH	Frankfurt/Main	100.0	100.0
TARA Immobilien-Besitz GmbH	Eschborn	100.0	100.0[b)]
TARA Immobilien-Verwaltungs-GmbH	Eschborn	100.0	100.0
TARA Property-Management GmbH	Eschborn	100.0	100.0
Tele-Tech Investment Sp. z o.o.	Warsaw	100.0	100.0
Theresiencenter Dienstleistungsgesellschaft mbH	Wiesbaden	94.9	94.9
TIGNARIS Beteiligungsgesellschaft mbH & Co. Objekt Ostfildern KG	Düsseldorf	94.9	97.0
TIGNARIS Beteiligungsgesellschaft mbH & Co. Streubesitz KG	Düsseldorf	94.8	94.8
TIGNATO Beteiligungsgesellschaft mbH	Eschborn	100.0	100.0
Transfactor Slovakia a.s.	Bratislava	100.0	100.0
TRANSFERIA Managementgesellschaft mbH i.L.	Dortmund	100.0	100.0
Veer Palthe Voûte (Antilles) N.V.	Curacao	100.0	100.0
Wall Street Technology Managers LP	New York	90.0	90.0
Wijkertunnel Beheer III B.V.	Amsterdam	100.0	100.0
WST-Broker-GmbH	Frankfurt/Main	90.0	90.0

2. Associated companies

a) Associated companies included in the consolidated financial statements at equity

Name	Registered office	Share of capital held in %	Voting rights in %	Currency	Equity 1,000	Net profit/ loss 1,000
36th Street CO-INVESTMENT, L.P.	Wilmington, Delaware	48.0	49.0	USD	14,271	– 1,368
AKA Ausfuhrkredit- Gesellschaft mbH	Frankfurt/Main	31.6	31.6	EUR	20,500	8,360[a)]
Argor-Heraeus S.A.	Mendrisio	26.5	26.5	CHF	6,369	20,686[a)]
Capital Investment Trust Corporation	Taipei	24.0	24.0	TWD	495,022	609,583
Captain Holdings S.à.r.l.	Luxembourg	46.0	46.0	GBP	3,929	– 42
Commerz Unternehmens beteiligungs-Aktiengesellschaft	Frankfurt/Main	40.0	40.0	EUR	30,000	15
COMUNITHY Immobilien GmbH	Düsseldorf	49.9	49.9	EUR	– 8,143	747
Exploitatiemaatschappij Wijkertunnel C.V.	Amsterdam	33.3	33.3	EUR	10,607	5,991
GIE Céline Bail	Paris	40.0	40.0	EUR	0	4,213
GIE Morgane Bail	Paris	40.0	40.0	EUR	0	3,581
GIE Northbail	Puteaux	25.0	25.0	EUR	0	7
GIE Vulcain Energie	Paris	21.0	21.0	EUR	0	23,082
HAJOBANTA GmbH & Co. Asia Opportunity I KG	Düsseldorf	20.7	20.7	EUR	150,168	– 31,856
IGS Aerosols GmbH	Wehr/Baden	100.0	0.0	EUR	3,208	23
ILV Immobilien-Leasing Verwaltungsgesellschaft Düsseldorf mbH	Düsseldorf	47.0	47.0	EUR	45,047	1,269
Inmobiliaria Colonial S.A.	Barcelona	20.1	20.1	EUR	1,699,600	– 474,000[a)]
Irving Place Co-Investment, L.P.	New York	33.9	45.0	USD	12,633	0
KGAL GmbH & Co. KG	Grünwald (Munich)	45.0	45.0	EUR	12,500	0
KGAL Verwaltungs-GmbH	Grünwald (Munich)	45.0	45.0	EUR	1,400	0
Linde Leasing GmbH	Wiesbaden	25.0	25.0	EUR	600	5,502
MFG Flughafen-Grundstücksverwaltungsgesellschaft mbH & Co. BETA KG	Grünwald (Munich)	29.4	29.4	EUR	62,072	489
MM Cogène 2	Paris	49.8	49.8	EUR	0	2,476
RECAP/COMMERZ Alta Phoenix Lofts Investment, L.P.	New York	45.0	45.0	USD	16,158	0
RECAP/COMMERZ AMW Apartments Investment, L.P.	New York	45.0	45.0	USD	15,480	0
RECAP/COMMERZ Greenwich Park Investment, L.P.	New York	45.0	45.0	USD	10,870	0
Reederei MS "E.R. INDIA" Beteiligungsgesellschaft mbH & Co. KG	Hamburg	26.1	26.1	EUR	1,585	0
Southwestern Co-Investment, L.P.	New York	45.0	45.0	USD	13,196	0

b) Associated companies not included in the consolidated financial statements at equity due to their minor significance

Name	Registered office	Share of capital held in %	Voting rights in %
229 W. 36 th Street Partnership, L.P.	Wilmington, Delaware	47.6	49.0
4239431 Canada Inc.	Toronto	47.5	47.5
4239440 Canada Inc.	Toronto	47.5	47.5
4239440 Canada Inc. General Partner	Toronto	47.5	47.5
4239458 Canada Inc.	Toronto	47.5	47.5
4239466 Canada Inc.	Toronto	47.5	47.5
4239474 Canada Inc.	Toronto	47.5	47.5
4239482 Canada Inc.	Toronto	47.5	47.5
ABELASSA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Witt Weiden KG	Düsseldorf	0.0	50.0
ACOLA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf Kasernenstraße KG	Düsseldorf	1.0	50.0
ACREDA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Conow KG	Düsseldorf	0.0	50.0
ACREDA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt NESTLÉ KG	Düsseldorf	0.0	50.0
ACTIUM Leasobjekt GmbH & Co. Objekte Amberg und Landshut KG	Düsseldorf	23.5	23.5
ACTOR Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
ADAMANTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Elbphilharmonie KG	Düsseldorf	50.0	50.0
ADMIRA Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
AERA Grundstücks-GmbH	Düsseldorf	44.2	44.2
AF Eigenkapitalfonds für deutschen Mittelstand GmbH & Co. KG	Munich	49.7	49.7
AGASILA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf KG	Düsseldorf	23.4	25.0
ALFUTURA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte Hessen KG	Frankfurt/Main	0.0	50.0
ALIVERA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf-Lichtenbroich KG	Düsseldorf	5.2	23.3
ALMARENA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin KG	Düsseldorf	0.0	50.0
ALONGA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bayerstraße 33 KG	Düsseldorf	0.0	50.0
Ampton B.V.	Amsterdam	50.0	50.0
Arbeitsgemeinschaft Projekt Justizvollzugsanstalt Neustrelitz	Schwerin	100.0	50.0
ASERTUNA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Schülke-Mayr KG	Düsseldorf	0.0	50.0
ASTIRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
ASTIRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Furth/Bogen KG	Düsseldorf	0.0	40.0
AV America Grundbesitzverwaltungsgesellschaft mbH i.L.	Eschborn	25.0	25.0
AVENDO Beteiligungsgesellschaft mbH & Co. Objekt Fernwärmenetz Cottbus KG	Stuttgart	0.0	50.0
Babcock Borsig GrundstücksVermietungsgesellschaft mbH & Co. Objekt Friedrichsfeld KG	Düsseldorf	2.9	37.3
Babcock Borsig Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Oberhausen KG	Düsseldorf	2.9	37.3
BAF Berlin Animation Film GmbH	Berlin	49.0	49.0
Banco Comercial S. A. i.L.	Montevideo	33.3	33.3
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Alzenau KG	Düsseldorf	0.0	37.6
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Neustadt-Schwaig KG	Grünwald (Munich)	16.9	45.1
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Peguform Weiden KG	Grünwald (Munich)	16.9	45.1
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Rastatt KG	Grünwald (Munich)	16.9	45.1
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Singen KG	Düsseldorf	0.0	37.6

Name	Registered office	Share of capital held in %	Voting rights in %
Bonitos GmbH & Co. KG	Frankfurt/Main	50.0	50.0
Bonitos Verwaltungs GmbH	Frankfurt/Main	50.0	50.0
BONUS Vermietungsgesellschaft mbH	Düsseldorf	33.0	33.0
C & W Projektentwicklungsgesellschaft mbH	Düsseldorf	49.9	49.9
C O M U N I T H Y Projektentwicklungsgesellschaft mbH	Düsseldorf	49.9	49.9
CALMATO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	0.5	24.0
CANDOR Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
CANTICA Beteiligungsgesellschaft mbH	Schönefeld	0.5	24.0
CANUS Grundstücks-Vermietungsgesellschaft mbH i. L.	Düsseldorf	47.0	47.0
CAPRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
CAPRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Walbeck KG i. L.	Düsseldorf	47.0	47.0
Captain North Sea Finance Limited	Luxembourg	46.0	46.0
CARBO Beteiligungsgesellschaft mbH	Düsseldorf	47.0	47.0
CARUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
CATINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
CATINA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hamburg KG	Düsseldorf	2.8	23.5
CELEBRA Grundstücks-Vermietungsgesellschaft mbH i. L.	Düsseldorf	47.0	47.0
CENULA Grundstücks-Vermietungsgesellschaft mbH	Grünwald (Munich)	47.0	47.0
CEPA Beteiligungsgesellschaft mbH	Düsseldorf	47.0	47.0
CERVA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
CERVA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Frankfurt KG	Düsseldorf	50.0	50.0
CERVISIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
CERVISIA Grundstücks-Vermietungsgesellschaft mbH & Co. Kommanditgesellschaft	Düsseldorf	47.0	47.0
CESSIO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
CETERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
CETERA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Oberhausen KG	Düsseldorf	47.0	47.0
CHRISTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
CHRISTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Döllken KG	Düsseldorf	47.0	47.0
CHRISTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Rottweil KG	Düsseldorf	46.1	34.8
CICADA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
CICONIA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	47.0	47.0
CLANGO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Haan KG	Düsseldorf	0.0	40.0
Commerz GOA Realty Associates LLC	New York	49.0	49.0
COMMERZ GOA REALTY Management, LLC	Atlanta	49.0	49.0
Commerz Realty Associates GP V, LLC	Wilmington, Delaware	49.0	49.0
COMPAT Immobilien GmbH	Düsseldorf	49.9	49.9
COMPOSITA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
COMPRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
COMUNITHY Wohnimmobilien GmbH	Düsseldorf	49.9	49.9
CORVA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
DATIS Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
DAUNUS Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
DECIMA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
DECIMA Grundstücks-Vermietungsgesellschaft mbH & Co. KG	Düsseldorf	47.0	47.0
Deutsche Babcock Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	45.9	46.1
DIGITUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gladbach KG	Schönefeld	2.6	42.3
DIGITUS Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
DILAP Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
DIO Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
DONUM Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0

Name	Registered office	Share of capital held in %	Voting rights in %
Dr. Gubelt Immobilien Vermietungs-Gesellschaft mbH & Co. Objekt Bochum KG	Düsseldorf	0.0	50.0
DRABELA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DRABELA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Stade KG	Düsseldorf	0.0	42.5
DREBACUSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DREBACUSA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Produktion Wolfen KG	Düsseldorf	0.0	42.5
DREBANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DREBECUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DREBENDA Grundstücks-Vermietungsgesellschaft mbH	Cologne	50.0	50.0
DREBENDA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt FTTB NetCologne KG	Cologne	0.0	42.5
DREBOSTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DREBOSTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Schwerin KG	Düsseldorf	0.0	42.5
DRECORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DRECREDO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DREDARA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DREDOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DREDOLA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin KG	Düsseldorf	0.0	42.5
DREFLORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Schwenningen KG	Düsseldorf	0.0	42.5
DREFLORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DREFUMA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DREHERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DREKANDIS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DREKONTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DRELARA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DRELARA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Freiburg KG	Düsseldorf	0.0	42.5
DRELOBA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DRELOBA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gevelsberg KG	Düsseldorf	0.0	42.5
DRELOSINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DRELOSINA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Ivenack KG	Düsseldorf	0.0	42.5
DRELUNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DRELUTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DREMARA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DRENITA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DRENITA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Fertigung Dräger Medizintechnik KG	Düsseldorf	0.0	42.5
DRESANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DRESEMPA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DRESIWA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DRETERUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DRETERUM Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt BBS Kiel Ravensberg KG	Düsseldorf	0.0	42.5
DRETUNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DREVERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
DREVERA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Greven KG	Düsseldorf	0.0	42.5
DURUS Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
Düsseldorfer Börsenhaus GmbH	Düsseldorf	20.0	20.0
ECLIPS Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
ECLIPS Vermietungsgesellschaft mbH & Co. Objekt Göppingen Kommanditgesellschaft	Düsseldorf	2.8	40.0
edding AG & Co. Grundstücksverwaltung OHG	Düsseldorf	0.0	50.0
EDITUS Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0

Name	Registered office	Share of capital held in %	Voting rights in %
EHNY Montelucia Holdings Trust	Wilmington, Delaware	30.8	26.7
EHNY Montelucia Resort, LLC	Dover, Delaware	30.8	26.7
EHNY Montelucia Villas, LLC	Dover, Delaware	30.8	26.7
ELEGANTIA Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
ELOTUS Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
EP Euro-Projektentwicklungs GmbH & Co. Objekt Köln-Porz KG i.L.	Frankfurt/Main	50.0	50.0
FABIUS Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
FACO Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
FAGUS Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
FAR Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
FERO Vermietungsgesellschaft mbH	Düsseldorf	34.8	34.8
FESTAR Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
FLOR Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
Flumen Vermietungsgesellschaft mbH i.L.	Düsseldorf	47.0	47.0
FOLLIS Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
FORNAX Kraftwerk-Beteiligungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
FORNAX Kraftwerk-Beteiligungsgesellschaft mbH & Co. Objekt Knapsack KG	Grünwald (Munich)	0.0	42.5
FOSSUM Beteiligungsgesellschaft mbH	Düsseldorf	24.8	25.0
FOSSUM Vermietungsgesellschaft Brno s.r.o.	Praha	24.8	25.0
FOSSUM Vermietungsgesellschaft Liberec s.r.o.	Praha	24.8	25.0
FOSSUM Vermietungsgesellschaft Mladá Boleslav s.r.o.	Praha	24.8	25.0
FOSSUM Vermietungsgesellschaft Ostrava s.r.o.	Praha	24.8	25.0
FOSSUM Vermietungsgesellschaft PRAHA s.r.o.	Praha	24.8	25.0
FOSSUM Vermietungsgesellschaft Tabor s.r.o.	Praha	24.8	25.0
FRAGUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
FREMITUS Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
FRENO Vermietungsgesellschaft mbH i.L.	Düsseldorf	47.0	47.0
FRETUM Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
FRIGO Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
FUCATUS Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
FUCATUS Vermietungsgesellschaft mbH & Co, Objekt Mainz OHG	Düsseldorf	2.8	23.5
FUCATUS Vermietungsgesellschaft mbH & Co. Objekt Bad Rappenau KG	Düsseldorf	47.0	47.0
FUCATUS Vermietungsgesellschaft mbH & Co. Objekt Recklinghausen KG	Düsseldorf	47.0	47.0
FUCATUS Vermietungsgesellschaft mbH & Co. Objekt Schwalbach KG	Düsseldorf	47.0	47.0
FUGA Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
FULGENS Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
FULGENS Vermietungsgesellschaft mbH & Co. Objekt Ravensburg KG	Düsseldorf	47.0	47.0
FUNCTIO Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
FUNGOR Vermietungsgesellschaft mbH	Düsseldorf	46.1	46.1
FUTAR Grundstücks-Vermietungsgesellschaft mbH	Schönefeld	47.0	47.0
GAIUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
GALBA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
Galeries Rive Nord Limited Partnership	Toronto	0.0	47.5
GALLO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
GAMMA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
GAURO Grundstücks-Vermietungsgesellschaft mbH i. L.	Düsseldorf	47.0	47.0
GELAS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
GENUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
GERAM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
GERO Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	47.0	47.0
GESTUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
GIE Cinquieme Lease	Puteaux	33.3	33.3
GIE Go Lease	Puteaux	50.0	50.0

Name	Registered office	Share of capital held in %	Voting rights in %
GIE Hu Lease	Puteaux	50.0	50.0
GIE Quatrieme Lease	Puteaux	33.3	33.3
GILOS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
GMF German Mittelstand Fund GmbH	Frankfurt/Main	23.5	23.5
GOPA Gesellschaft für Organisation, Planung und Ausbildung mbH	Bad Homburg	24.8	24.8
GRADUS Investitionsgüter-Vermietungsgesellschaft mbH	Karlsruhe	47.0	47.0
GRADUS Investitionsgüter-Vermietungsgesellschaft mbH & Co. Objekt Badenwerk KG	Karlsruhe	0.0	40.0
GRALANA Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GRAMEDA Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GRAMEN Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
GRAMINA Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GRAMINA Vermietungsgesellschaft mbH & Co. Objekt München Triebstraße KG	Grünwald (Munich)	0.0	42.5
GRAMOLINDA Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GRANA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
GRANOS Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GRASSANO Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GRATIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
GRATNOMA Grundstücks-Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GRATNOMA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Itzehoe KG	Grünwald (Munich)	0.0	42.5
GRAVIS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
GRENADO Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GRETANA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt D 19 KG	Grünwald (Munich)	0.0	42.5
GRETANA Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GRETANA Vermietungsgesellschaft mbH & Co. Objekt Lagerimmobilie KG	Grünwald (Munich)	0.0	42.5
GRETANA Vermietungsgesellschaft mbH & Co. Objekt Lagerlogistik KG	Grünwald (Munich)	0.0	42.5
GREX Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
GREZANA Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GRISLEVA Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GRONDALIS Vermietungsgesellschaft mbH	Grünwald (Munich)	47.0	47.0
GRONDOLA Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GROSINA Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Berlin Marzahn KG	Grünwald (Munich)	0.0	38.0
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Berlin Weißensee KG	Grünwald (Munich)	0.0	38.0
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Chemnitz KG	Grünwald (Munich)	0.0	38.0
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Darmstadt KG	Grünwald (Munich)	0.0	38.0
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Dreieich KG	Grünwald (Munich)	0.0	38.0
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Dresden KG	Grünwald (Munich)	0.0	38.0
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Essen KG	Grünwald (Munich)	0.0	38.0
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Hannover Hauptbetrieb KG	Grünwald (Munich)	0.0	38.0
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Saarbrücken KG	Grünwald (Munich)	0.0	38.0
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Saarlouis KG	Grünwald (Munich)	0.0	38.0
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Stuttgart KG	Grünwald (Munich)	0.0	38.0
GROTEGA Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GRUMENTO Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GRUMONA Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GRUMOSA Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GRUNATA Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
GRUNATA Vermietungsgesellschaft mbH & Co. Objekt Knautnaundorf KG	Grünwald (Munich)	0.0	42.5

Name	Registered office	Share of capital held in %	Voting rights in %
GUSTO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
GZ Verwaltungsgesellschaft für Transportmittel mbH	Munich	50.0	50.0
HABILIS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
HABILIS Grundstücks-Vermietungsgesellschaft mbH & Co. Kommanditgesellschaft	Düsseldorf	47.0	47.0
HABILIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Solingen KG	Düsseldorf	47.0	47.0
HAGIA Grundstücks-Vermietungsgesellschaft mbH	Grünwald (Munich)	47.0	47.0
HALOS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
HALOS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Göttingen KG	Düsseldorf	47.0	47.0
HALOS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Pforzheim KG	Düsseldorf	2.4	31.3
HALOS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Varn Products KG	Düsseldorf	47.0	47.0
HAMA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	47.0	47.0
HAMSUN Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
HAMSUN Grundstücks-Vermietungsgesellschaft mbH & Co. KG	Düsseldorf	47.0	47.0
HANNO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
HARPEX Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
HARPEX Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bremen OHG	Grünwald (Munich)	0.0	40.0
HARPEX Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gummersbach KG	Düsseldorf	38.5	38.5
HECATE Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
HELIUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
HENDRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
HEPHAISTOS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
HEPHAISTOS Grundstücks-Vermietungsgesellschaft mbH & Co. KG	Düsseldorf	47.0	47.0
HERMUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
HERMUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Willich KG	Düsseldorf	47.0	47.0
HESTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
HESTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Frankfurt KG	Düsseldorf	47.0	47.0
HESTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Pirmasens KG i.L.	Düsseldorf	47.0	47.0
HIMUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
HONOR Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
HONOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Rostock KG	Düsseldorf	47.0	47.0
HORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
HORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hamburg Liebigstraße KG	Düsseldorf	47.0	47.0
HULDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
ILV Anlagen-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
ILV Asset Verwaltungsgesellschaft Grünwald mbH	Grünwald (Munich)	47.0	47.0
ILV Baubetreuungsgesellschaft mbH	Düsseldorf	47.0	47.0
ILV DRITTE Fonds-Beteiligungsgesellschaft mbH	Düsseldorf	47.0	47.0
ILV Finanzierungsleasing GmbH	Düsseldorf	47.0	47.0
ILV FÜNFTE Fonds-Beteiligungsgesellschaft mbH	Düsseldorf	47.0	47.0
ILV Gesellschaft für Grundbesitzvermietung mbH	Düsseldorf	47.0	47.0
ILV Gesellschaft für Immobilien-Mietkauf mbH	Düsseldorf	47.0	47.0
ILV Grundstücks-Leasing GmbH	Düsseldorf	47.0	47.0
ILV Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
ILV Immobilien Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
ILV Immobilien Vermietungsgesellschaft mbH 1987	Düsseldorf	47.0	47.0
ILV Immobilien Vermietungsgesellschaft mbH 1988	Düsseldorf	47.0	47.0
ILV Immobilien Vermietungsgesellschaft mbH Objekte 1990	Düsseldorf	47.0	47.0

Name	Registered office	Share of capital held in %	Voting rights in %
ILV Immobilien-Vermietungsgesellschaft mbH Objekte 1990 & Co. Kommanditgesellschaft	Düsseldorf	47.0	47.0
ILV Leasinggesellschaft für Grundstücke mbH	Düsseldorf	47.0	47.0
ILV Leasinggesellschaft für Immobilien mbH	Düsseldorf	47.0	47.0
ILV Projektbaugesellschaft mbH	Düsseldorf	47.0	47.0
ILV VIERTE Fonds-Beteiligungsgesellschaft mbH	Düsseldorf	47.0	47.0
ILV ZWEITE Fonds-Beteiligungsgesellschaft mbH	Düsseldorf	47.0	47.0
ILV-Achte Fonds Beteiligungsgesellschaft mbH	Düsseldorf	47.0	47.0
ILV-Fonds-Beteiligungsgesellschaft mbH	Düsseldorf	47.0	47.0
ILV-Neunte Fonds Beteiligungsgesellschaft mbH	Düsseldorf	47.0	47.0
ILV-Sechste Fonds Beteiligungsgesellschaft mbH	Düsseldorf	47.0	47.0
ILV-Siebte Fonds Beteiligungsgesellschaft mbH	Düsseldorf	47.0	47.0
ILV-Siebte Immobilien-Vermietungsgesellschaft mbH & Co. Objekt Hamburg KG	Düsseldorf	35.4	35.4
Immobilien Vermietungsgesellschaft Etzenhausen Dr. Rühl & Co. KG	Düsseldorf	47.2	46.6
Immobilien-Leasing Verwaltungsgesellschaft Waltersdorf mbH	Schönefeld	47.0	47.0
Immobilien-Vermietungsgesellschaft Objekt Eindhoven B.V.	Breda	30.0	30.0
Industriedruck Krefeld Kurt Janßen GmbH & Co KG i.K.	Krefeld	25.7	25.7
Kapelaansdijk I BV	Amsterdam	25.0	25.0
Koppelenweg I BV	Hoevelaken	33.3	33.3
Küppersbusch Aktiengesellschaft & Co. Grundstücksgesellschaft OHG	Düsseldorf	2.4	24.0
LARIX Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
LARS Grundstücks-Vermietungsgesellschaft mbH	Augsburg	47.0	47.0
LARS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Augsburg OHG	Augsburg	0.0	40.0
LARS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hagen KG	Düsseldorf	44.7	40.0
LARS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Weishaupt OHG	Düsseldorf	0.0	40.0
LAUTUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
LAUTUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Arnsberg KG	Düsseldorf	47.0	47.0
LECTIO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
LECTIO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Passau KG	Düsseldorf	47.0	47.0
LECTIO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Weimar KG	Düsseldorf	47.0	47.0
LEGALIS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
LENIS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
LENIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Attendorn KG	Düsseldorf	0.0	40.0
LENIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Essenbach KG	Düsseldorf	47.0	47.0
Lerchesberg Grundstücks-Gesellschaft mbH i.L.	Frankfurt/Main	49.0	49.0
LIBRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
Liegenschaft Hainstraße GbR	Frankfurt/Main	50.0	50.0
LIGO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
LINDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
LIRIS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
LIRIS Grundstücks-Vermietungsgesellschaft mbH & Co. KG	Düsseldorf	47.0	47.0
LOCO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
LOCO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Air Treads KG	Düsseldorf	47.0	47.0
LOCO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Rosental KG	Düsseldorf	47.0	47.0
LOCO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Selsten KG	Düsseldorf	47.0	47.0
LONGUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0

Name	Registered office	Share of capital held in %	Voting rights in %
LONGUM Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Krefeld KG	Düsseldorf	47.0	47.0
LONGUM Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Wettenberg KG	Düsseldorf	47.0	47.0
LORATA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
LORATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bonn KG	Düsseldorf	47.0	47.0
LORATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Kosmedico KG	Düsseldorf	47.0	47.0
LORATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Rheine KG	Düsseldorf	47.0	47.0
LORICA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
LORICA Grundstücks-Vermietungsgesellschaft mbH & Co. KG	Düsseldorf	47.0	47.0
LOUISENA Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
LOUISENA Vermietungsgesellschaft mbH & Co. Objekt Königstein KG	Grünwald (Munich)	0.0	42.5
Lufthansa Leasing GmbH & Co. Echo-November KG i. L.	Grünwald (Munich)	30.6	30.5
MADENA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MADENA Grundstücks-Vermietungsgesellschaft mbH & Co. KG	Düsseldorf	47.0	47.0
MAECENA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MAECENA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bremen KG	Düsseldorf	42.3	42.3
MAECENA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dortmund KG	Düsseldorf	44.7	31.3
MAGISTRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MAGNA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Nürnberg OHG	Grünwald (Munich)	0.0	40.0
MAGNIFICA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MAHO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MAIESTA Grundstücks-Vermietungsgesellschaft mbH	Vreden	23.0	23.0
MAIORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MALAXA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MALEA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MALEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gerwisch KG	Düsseldorf	47.0	47.0
MANDATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dortmund KG	Düsseldorf	47.0	47.0
MANDATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt elho Sportbekleidung KG	Grünwald (Munich)	47.0	47.0
MANDATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hanau KG	Düsseldorf	47.0	47.0
MANDATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Ulm KG	Düsseldorf	47.0	47.0
MANICA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MANICA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neutraubling KG	Düsseldorf	44.7	23.5
MARBANA Vermietungsgesellschaft mbH & Co. Objekt Hallenbad Flensburg KG	Flensburg	40.0	40.0
MARBREVA Vermietungsgesellschaft mbH & Co. Objekt AOK Bayern KG	Düsseldorf	100.0	50.0
MARBREVA Vermietungsgesellschaft mbH & Co. Objekt AOK Rheinland-Pfalz KG	Düsseldorf	100.0	50.0
Marie Lease S.à r.l.	Luxembourg	49.0	49.0
MARIUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MARIUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Assamstadt KG	Düsseldorf	0.0	40.0
MARIUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hannover KG	Düsseldorf	21.0	40.0
MAROLA Vermietungsgesellschaft mbH & Co. Objekt Essen KG	Düsseldorf	0.1	50.0
MARTINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MATERNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0

Name	Registered office	Share of capital held in %	Voting rights in %
MATERNA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Reisholz KG	Düsseldorf	0.5	24.0
MATIS Grundstücks-Vermietungsgesellschaft mbH	Haan	47.0	47.0
MATIS Grundstücks-Vermietungsgesellschaft mbH & Co. Gehe Objekte OHG	Haan	0.0	40.0
MAXIMA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
Mayfair Shopping Centre Limited Partnership	Toronto	0.0	47.5
Mercedes Benz AG & Co. Grundstücksvermietung Objekt Franken KG	Schönefeld	0.5	40.0
MERCEDES BENZ AG & Co. Grundstücksvermietung Objekt Germersheim Betriebsvorrichtungen OHG	Düsseldorf	0.5	40.0
MERCEDES BENZ AG & Co. Grundstücksvermietung Objekt Germersheim KG	Düsseldorf	0.5	40.0
Mercedes-Benz AG & Co. Grundstücksvermietung Objekt Rhein-Main OHG	Schönefeld	0.5	40.0
MERCEDES-BENZ AG & Co. Grundstücksvermietung Objekt Südwest KG	Düsseldorf	0.5	40.0
Mercedes-Benz AG & Co. Grundstücksvermietung Objekte Leipzig und Magdeburg KG	Schönefeld	0.0	42.0
MERLAN Mobilien-Verwaltungsgesellschaft mbH & Co. Projekt Nr. 15 KG i. L.	Grünwald (Munich)	32.0	31.1
Mic Mac Mall Limited Partnership	Toronto	0.0	47.5
MIDAS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MIDAS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bumke OHG	Düsseldorf	0.0	40.0
MIDAS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Langenhagen KG	Düsseldorf	44.7	44.7
MILES Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MILES Grundstücks-Vermietungsgesellschaft mbH & Co. KG	Düsseldorf	47.0	47.0
MILVUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MILVUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Günzburg KG	Düsseldorf	0.0	40.0
MINERVA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MINERVA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Herrmann KG	Grünwald (Munich)	0.0	40.0
MINERVA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Pfullendorf OHG	Grünwald (Munich)	0.0	40.0
MINERVA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Radolfzell KG	Düsseldorf	37.1	37.1
MINERVA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Sigmaringen KG	Düsseldorf	0.0	40.0
MIRABILIS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MIRABILIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berching KG	Düsseldorf	47.0	47.0
MIRATIO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MITEC engine.tec gmbh & Co. Objekt Krauthausen KG	Eisenach	0.5	45.0
MITIGO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MODESTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MODICA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	23.0	23.0
MOLA Vermögensverwaltungsgesellschaft mbH	Düsseldorf	47.0	47.0
MOLARIS Beteiligungsgesellschaft mbH & Co. Objekt Kurhaus KG	Düsseldorf	100.0	49.0
MOLBARVA Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
MOLBARVA Vermietungsgesellschaft mbH & Co. Objekt Augsburg KG	Düsseldorf	0.0	42.5
MOLBERNO Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
MOLBERNO Vermietungsgesellschaft mbH & Co. Objekt Pirmasens KG	Grünwald (Munich)	0.0	25.0
MOLCASA Vermietungsgesellschaft Objekt Smart mbH	Grünwald (Munich)	50.0	50.0
MOLDOMA Vermietungsgesellschaft mbH & Co. Objekt Augsburg KG	Düsseldorf	100.0	50.0
MOLERSA Vermietungsgesellschaft mbH & Co. Objekt Altenkunstadt KG	Grünwald (Munich)	0.0	42.5

Name	Registered office	Share of capital held in %	Voting rights in %
MOLGRADO Vermietungsgesellschaft Objekt Göttingen und Oldenburg mbH	Grünwald (Munich)	50.0	50.0
MOLPIREAS Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
MOLPIREAS Vermietungsgesellschaft mbH & Co. Objekt Heilbronn KG	Düsseldorf	0.0	42.5
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Aquarius KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Aries KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf Hohe Straße KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Geminus KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Halle Markt 11 KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Halle Riegel KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Pforzheim KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Taurus KG	Düsseldorf	98.5	49.0
MOLSTINA Vermietungsgesellschaft mbH & Co. Objekt Stuttgart KG	Düsseldorf	0.1	50.0
MOLSURA Vermietungsgesellschaft mbH	Düsseldorf	50.0	50.0
MOLWANKUM Vermietungsgesellschaft mbH & Co. Objekt Landkreis Hildburghausen KG	Düsseldorf	6.0	29.0
MOLWARGA Vermietungsgesellschaft mbH & Co. Objekt Aue KG	Düsseldorf	4.6	25.0
MOTIO Grundstücks-Vermietungsgesellschaft mbH	Singen (Hohentwiel)	47.0	47.0
MS "Meta" Stefan Patjens GmbH & Co. KG	Drochtersen	30.5	30.5
MUTUSCA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bergkamen KG	Düsseldorf	0.0	50.0
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Erlangen KG	Düsseldorf	10.0	50.0
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Landau KG	Düsseldorf	0.0	50.0
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Villingen-Schwenningen KG	Düsseldorf	0.0	50.0
Neue Krausenhöfe Berlin Erste Grundstücksgesellschaft mbH	Teltow	47.4	47.4
Neue Krausenhöfe Berlin Zweite Grundstücksgesellschaft mbH	Teltow	47.4	47.4
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Castrop-Rauxel KG	Düsseldorf	0.0	50.0
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Ettlingen KG	Düsseldorf	0.0	50.0
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gelsenkirchen KG	Düsseldorf	0.0	50.0
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Görlitz KG	Düsseldorf	0.0	50.0
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Groß-Kienitz OHG	Düsseldorf	0.0	50.0
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Koblenz-Kesselheim KG	Düsseldorf	0.0	50.0
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Langenau KG	Düsseldorf	0.0	50.0
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lüdinghausen KG	Düsseldorf	0.0	50.0
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Singen KG	Düsseldorf	0.0	50.0
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Weingarten KG	Grünwald (Munich)	0.0	42.5
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Weishaupt OHG	Düsseldorf	0.0	50.0
NOSCO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Alzey KG	Mainz	0.0	50.0
NOSSIA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Grünwald (Munich)	2.5	25.0

Name	Registered office	Share of capital held in %	Voting rights in %
NOTITIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Technologiepark Adlershof KG	Berlin	0.0	50.0
NULUX NUKEM LUXEMBURG GmbH	Luxembourg	49.5	49.5
OB Lagerhaus Betriebsgesellschaft mbH & Co. Objekt Glasstrasse KG	Düsseldorf	47.0	23.5
ORBITA Kraftwerk-Beteiligungsgesellschaft mbH	Düsseldorf	50.0	50.0
ORBITA Kraftwerk-Beteiligungsgesellschaft mbH & Co. Objekt Kraftwerk Hessen KG	Grünwald (Munich)	0.0	42.5
ORNATUS Grundstücks-Vermietungsgesellschaft mbH	Schönefeld	50.0	50.0
OSCA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Grünwald (Munich)	26.0	26.0
PACTOR Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
PACTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Mühlenstraße KG i.L.	Düsseldorf	47.0	47.0
Patella Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Fernwärmetrasse Lutherstadt Wittenberg KG	Berlin	94.0	37.6
Pinova GmbH & Co.Erste Beteiligungs KG	Munich	41.8	41.8
Place Ste-Foy Limited Partnership	Toronto	0.0	47.5
ProCredit Bank S.A., Romania	Bukarest	21.0	21.0
ProCredit Bank Sh.A.	Tirana	20.0	20.0
RAMONIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte Kleinmachnow/Mölln KG	Düsseldorf	0.0	42.0
RAMONIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Friedrichshafen KG	Düsseldorf	0.0	50.0
RAMONIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Kraichtal KG	Düsseldorf	0.0	50.0
RAMONIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lichtenau KG	Düsseldorf	0.0	50.0
RAMONIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt München KG	Düsseldorf	0.0	50.0
RAMONIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt München-Haar KG	Düsseldorf	0.0	50.0
RAMONIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Oberhausen KG	Düsseldorf	0.0	50.0
RAMONIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Stuttgart-Feuerbach KG	Düsseldorf	0.0	50.0
RAMONIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Vaihingen KG	Düsseldorf	0.0	50.0
RAVENNA KRAKOW Spolka z Ograniczona Odpowiedzialnoscia	Warsaw	50.0	50.0
RAVENNA Szczecin Spolka Z Ograniczona Odpowiedzialnoscia	Warsaw	50.0	50.0
Registra Securita Trust GmbH	Frankfurt/Main	33.3	33.3
Rendite Partner Gesellschaft für Vermögensverwaltung mbH i. L.	Frankfurt/Main	33.3	33.3
Riverbank Trustees Limited	London	94.0	40.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Heilbronn KG	Düsseldorf	0.0	50.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Logistikobjekt Schweinfurt KG	Düsseldorf	2.5	35.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Garmisch-Partenkirchen KG	Düsseldorf	0.0	50.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bankakademie KG	Düsseldorf	0.0	50.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt CAP Kiel KG	Düsseldorf	0.0	50.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Ettlingen KG	Grünwald (Munich)	0.0	42.5
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Fischerwerke KG	Düsseldorf	0.0	50.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gerlingen KG	Düsseldorf	0.0	50.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gutenbergstraße KG	Düsseldorf	0.0	50.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hamm KG	Düsseldorf	0.0	50.0

Name	Registered office	Share of capital held in %	Voting rights in %
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Haßfurt KG	Düsseldorf	0.0	50.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Heimstetten KG	Grünwald (Munich)	0.0	42.5
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Holzstraße KG	Düsseldorf	0.0	50.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Kahl KG	Düsseldorf	0.0	50.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lechfeld KG	Düsseldorf	0.0	50.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lüdenscheid KG	Düsseldorf	0.0	50.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Mainz KG	Düsseldorf	0.0	50.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Maritim Stuttgart KG	Grünwald (Munich)	0.0	42.5
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Moers KG	Düsseldorf	0.0	50.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neckarkanal KG	Düsseldorf	0.0	50.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Oberhaching KG	Grünwald (Munich)	0.0	42.5
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Pforzheim KG	Düsseldorf	0.5	50.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Recklinghausen KG	Grünwald (Munich)	0.0	42.5
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Singen KG	Düsseldorf	0.0	50.0
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte topwert KG	Düsseldorf	0.0	50.0
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Am Hammergarten KG	Düsseldorf	0.0	50.0
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bad Schönborn KG	Düsseldorf	0.0	50.0
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dieselstraße KG	Grünwald (Munich)	0.0	35.0
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt FINOVA KG	Düsseldorf	0.0	50.0
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Fulda-West KG	Grünwald (Munich)	0.0	42.5
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Garching KG	Düsseldorf	0.0	50.0
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Kässbohrer KG	Düsseldorf	0.0	50.0
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Kelsterbach KG	Düsseldorf	0.0	50.0
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Logistik-Center Heilbronn KG	Düsseldorf	0.0	50.0
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Metzingen KG	Grünwald (Munich)	0.0	35.0
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neustadt-Schwaig KG	Grünwald (Munich)	0.0	42.5
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Offenbach KG	Düsseldorf	0.0	50.0
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Östringen KG	Düsseldorf	0.0	50.0
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Saarbrücken KG	Grünwald (Munich)	0.0	42.5
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bamberg KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Braunschweig KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt BURDA Medien Park KG	Düsseldorf	0.0	50.0

Name	Registered office	Share of capital held in %	Voting rights in %
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt BURDA Offenburg KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Eckental KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Essen KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Ettlingen KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Fenepark Kempten KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Genshagen KG	Grünwald (Munich)	0.0	42.5
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gründau-Lieblos KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hannover-Stöcken KG	Grünwald (Munich)	0.0	42.5
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hüttenheim KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt ISF Sindlingen KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Köngen KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Langenselbold KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Liesborn KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Maichingen KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Oelkinghausen KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Offenburg KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Ratingen KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Römerberg KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Schwalbach KG	Düsseldorf	6.6	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Schweinfurt KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Veldhoven KG	Düsseldorf	19.0	37.9
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Wustermark KG	Düsseldorf	0.0	50.0
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte TANK & RAST KG	Düsseldorf	0.0	50.0
ROSINTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin KG	Düsseldorf	0.5	50.0
ROSINTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Haus der Schiffahrt KG	Düsseldorf	0.0	50.0
ROSINTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Kürnach KG	Düsseldorf	0.0	50.0
ROSINTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Möbel Wallach Celle KG	Düsseldorf	0.0	50.0
ROSINTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Nürnberg KG	Düsseldorf	0.0	50.0
ROSOLA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Alzenau KG	Düsseldorf	0.0	50.0
ROSOLA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf KG	Düsseldorf	0.0	50.0
ROSOLA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hafenhaus Lübeck KG	Düsseldorf	0.0	50.0
ROSOLA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Heddernheim KG	Düsseldorf	0.0	50.0

Name	Registered office	Share of capital held in %	Voting rights in %
ROSOLA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lünen/Soest KG	Düsseldorf	0.0	50.0
ROSOLA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Peguform KG	Grünwald (Munich)	0.0	42.5
Rudolph Beteiligungs GmbH	Halver	100.0	0.0
SCI l'Argentière	Grenoble	30.0	30.0
S.E.A. Hotels Investment AB	Danderyd	50.0	50.0
S-Factoring druzba d.d.	Ljubljana	22.5	22.5
SITA Immobilia GmbH & Co. KG	Cologne	5.1	50.0
Somentec Software GmbH	Langen	35.7	35.7
Southcentre Mall Limited Partnership	Toronto	0.0	47.5
Südkurier GmbH & Co. Objekt Konstanz OHG	Singen (Hohentwiel)	0.0	39.5
TAMOLDINA Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
TAMOLTEMPA Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
TAMOLTESSA Vermietungsgesellschaft mbH	Grünwald (Munich)	50.0	50.0
TASKABANA dritte Immobilien-Vermietungsgesellschaft mbH & Co. Objekt Marl KG	Grünwald (Munich)	0.0	42.5
TASKABANA dritte Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Tankanlage KG	Grünwald (Munich)	0.0	23.5
TASKABANA erste Immobilien-Vermietungsgesellschaft mbH & Co. Objekt Marl KG	Grünwald (Munich)	0.0	42.5
TASKABANA erste Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Marl KG	Grünwald (Munich)	16.9	45.1
TASKABANA Vermietungsgesellschaft mbH	Grünwald (Munich)	47.0	47.0
TASKABANA zweite Immobilien-Vermietungsgesellschaft mbH & Co.Objekt Marl KG	Grünwald (Munich)	0.0	42.5
TASKABANA zweite Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Tankanlage KG	Grünwald (Munich)	0.0	40.0
The World Markets Company GmbH i. L.	Frankfurt/Main	25.2	25.2
TIGNARIS Beteiligungsgesellschaft mbH & Co. Objekt Giershagen KG	Grünwald (Munich)	0.0	42.5
TIGNARIS Beteiligungsgesellschaft mbH & Co. Objekt Pfullendorf KG	Grünwald (Munich)	0.0	42.5
Vermietungsgesellschaft Objekt 12 m.b.H.	Düsseldorf	46.5	46.5
WEKO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Rosenheim KG	Grünwald (Munich)	0.0	42.5

3. Jointly controlled entities included in the consolidated financial statements at equity

Name	Registered office	Share of capital held in %	Voting rights in %	Currency	Equity 1,000	Net profit/ loss 1,000
Carbon Trade & Finance SICAR S.A.	Luxembourg	50.0	50.0	EUR	1,000	2,860
Delphi I LLC	Wilmington, Delaware	33.3	32.3	EUR	– 299,141	– 26,615
Commerz Finanz GmbH[41)]	Munich	49.9	49.9	EUR	9,780	20,258
FV Holding S.A.	Brussels	60.0	50.0	EUR	33,659	– 5,051
CR Kaiserkarree S.a.r.l.	Luxembourg	50.0	50.0	EUR	– 26,211	– 14,509
Servicing Advisors Deutschland GmbH	Frankfurt/Main	50.0	50.0	EUR	2,665	1,731
Urbanitas Grundbesitzgesellschaft mbH	Berlin	50.0	50.0	EUR	– 7,728	1,396

4. Special purpose entities and non-publicly-offered funds

a) Special purpose entities included in the consolidated financial statements pursuant to IAS 27/ SIC 12

Name	Registered office	Share of capital held in %	Currency	Subscribed capital 1,000
ALEPPA Funding I LLC	Dover, Delaware	0.0	USD	0
ALEPPA Funding II LLC	Dover, Delaware	0.0	USD	0
Asset Securisation Programme for Insured Receivables Ltd. (ASPIRE)	Dublin	0.0	EUR	0
Barrington II CDO Ltd.	George Town, Cayman Island	0.0	EUR	0
Barrington II LLC	Dover, Delaware	0.0	USD	0
Beethoven Funding Corporation	Dover, Delaware	0.0	USD	3

Name	Registered office	Share of capital held in %	Currency	Subscribed capital 1,000
Borromeo Finance S.r.l	Milan	0.0	EUR	0
Bosphorus Capital Ltd.	Dublin	0.0	EUR	0
CB MezzCAP Limited Partnership	St. Helier, Jersey	0.0	EUR	0
Classic Finance BV	Amsterdam	0.0	EUR	0
Classic I Netherlands Limited	Amsterdam	0.0	EUR	0
CoCo Finance 2006-1 plc	Dublin	0.0	EUR	−3,039
CoSMO Finance 2007-1 Ltd.	Dublin	0.0	EUR	3
CoSMO Finance 2008-1 Ltd.	Dublin	0.0	EUR	2
Danube Delta PLC	Dover, Delaware	0.0	USD	0
FAF Inc.	George Town, Cayman Island	0.0	EUR	164
Greenway Infrastructure Capital Plc	St. Helier, Jersey	0.0	EUR	0
Greenway Infrastructure Fund	St. Helier, Jersey	0.0	EUR	0
Honeywell Grundbesitzverwaltungs-GmbH & Co Vermietungs-KG	Grünwald (Munich)	100.0	EUR	−11,577[d)]
Idilias SPC Inc.	George Town, Cayman Island	0.0	EUR	1,906
Idilias SPC (Silo II)	George Town, Cayman Island	0.0	EUR	0
Idilias SPC (Silo IV)	George Town, Cayman Island	0.0	EUR	0
Justine Capital SRL	Milan	0.0	EUR	0
Kaiserplatz-Companies:				
Kaiserplatz Funding LLC	Wilmington, Delaware	0.0	EUR	0
Kaiserplatz Holdings Ltd.	St. Helier, Jersey	0.0	EUR	0
Kaiserplatz Funding Ltd.	St. Helier, Jersey	0.0	EUR	0
Kaiserplatz Sub-Holding Ltd.	St. Helier, Jersey	0.0	EUR	0
Kaiserplatz Purchaser No. 05 Ltd.	St. Helier, Jersey	0.0	EUR	0
Kaiserplatz Purchaser No. 06 Ltd.	St. Helier, Jersey	0.0	EUR	0
Kaiserplatz Purchaser No. 15 Ltd.	St. Helier, Jersey	0.0	EUR	0
Kaiserplatz Purchaser No. 16 Ltd.	St. Helier, Jersey	0.0	EUR	0
Kaiserplatz Purchaser No. 17 Ltd.	St. Helier, Jersey	0.0	EUR	0
MidCABS Ltd.	St. Helier, Jersey	0.0	EUR	0
Kalmus Grundstücks Gesellschaft Objekt KG	Grünwald (Munich)	0.0	EUR	0
Lamina Grundstücks- Verwaltungsgesellschaft mhH & Co Objekt Leipzig KG	Grünwald (Munich)	0.0	EUR	0
Liffey (Emerald) Limited	Dublin	0.0	EUR	0
Livingstone Mortgages Limited	London	0.0	GBP	0
Mandas Receivables No. 2 Limited	St. Helier, Jersey	0.0	EUR	0
Merkur Grundstücks-Gesellschaft Objekt Berlin Lange Strasse mbH & Co. KG	Grünwald (Munich)	0.0	EUR	0
Millstone II LLC	Dover, Delaware	0.0	USD	0
Millstone II Ltd.	Dover, Delaware	0.0	USD	0
Mole Finance Inc.	George Town, Cayman Island	0.0	EUR	176
More Global Inc.	George Town, Cayman Island	0.0	EUR	112
Pantheon Master Fund	Dover, Delaware	0.0	USD	0
Plymouth Capital Ltd.	St. Helier, Jersey	0.0	EUR	19,614
Portland Capital Ltd.	St. Helier, Jersey	0.0	EUR	7
RCL Securisation GmbH	Frankfurt/Main	0.0	EUR	64
Rügen I GmbH	Frankfurt/Main	0.0	EUR	0
Semper Finance 2006-1 Ltd.	St. Helier, Jersey	0.0	GBP	0
Semper Finance 2007-1 GmbH	Frankfurt/Main	0.0	EUR	0
Shannon Capital plc.	Dublin	0.0	EUR	1,394
Silver Tower 125 Inc.	George Town, Cayman Island	0.0	EUR	5,761
Symphony No. 2 Llc	Wilmington, Delaware	0.0	USD	−39
Symphony No. 4 Llc	Dover, Delaware	0.0	USD	8
Thames SPC	George Town, Cayman Island	0.0	EUR	0
Truckman Inc	Cayman Island	0.0	EUR	13[a)]
TS Co. mit One GmbH	Frankfurt/Main	0.0	EUR	25
TS Lago One GmbH	Frankfurt/Main	0.0	EUR	26
Twins Financing LLC	New York	0.0	USD	0

Name	Registered office	Share of capital held in %	Currency	Subscribed capital 1,000
Victoria Capital (Ireland) Public Limited Company	Luxembourg	0.0	EUR	0
Victoria Capital Holdings S.A.	Luxembourg	0.0	EUR	0
Victoria Capital S.A.	Luxembourg	0.0	EUR	0
Wisley Inc.	George Town, Cayman Island	0.0	EUR	291

b) Special funds included in the consolidated financial statements pursuant to IAS 27/SIC 12

Name	Registered office	Share of investor in fund in %	Currency	Fund volume 1,000
BRE Gold Fund	Luxembourg	100.0	PLN	242,569
CDBS Cofonds	Frankfurt/Main	100.0	EUR	101,121
CDBS Cofonds II	Frankfurt/Main	100.0	EUR	91,430
CDBS Cofonds III	Frankfurt/Main	100.0	EUR	96,183
CDBS Cofonds IV	Frankfurt/Main	100.0	EUR	98,086
ComStage ETF CB Commodity EW Index TR	Luxembourg	75.2	USD	616,631
ComStage ETF Commerzbank EONIA INDEX TR	Luxembourg	8.2	EUR	409,223
ComStage ETF DAX® TR	Luxembourg	22.6	EUR	599,251
ComStage ETF Dow Jones EURO STOXX 50® TR	Luxembourg	36.2	EUR	275,830
ComStage ETF Dow Jones EURO STOXX® Select Dividend 30 TR	Luxembourg	68.1	EUR	131,100
ComStage ETF Dow Jones INDUSTRIAL AVERAGE™	Luxembourg	66.9	USD	206,504
ComStage ETF Dow Jones STOXX® 600 TR	Luxembourg	77.7	EUR	344,948
ComStage ETF iBoxx € Liquid Sovereigns Diversified 1-3 TR	Luxembourg	34.7	EUR	284,500
ComStage ETF iBoxx € Liquid Sovereigns Diversified 3-5 TR	Luxembourg	44.2	EUR	330,901
ComStage ETF iBoxx € Liquid Sovereigns Diversified 3m-1 TR	Luxembourg	13.9	EUR	100,427[a)]
ComStage ETF iBoxx € Liquid Sovereigns Diversified 5-7 TR	Luxembourg	95.5	EUR	103,951[a)]
ComStage ETF iBoxx € Sovereigns Germany Capped 1-5 TR	Luxembourg	98.8	EUR	105,354
ComStage ETF iBoxx € Sovereigns Germany Capped 3m-2 TR	Luxembourg	94.8	EUR	10,173[a)]
ComStage ETF MSCI EMU TRN	Luxembourg	79.9	USD	500,018
ComStage ETF MSCI USA TRN	Luxembourg	78.2	USD	226,742[a)]
ComStage ETF MSCI World TRN	Luxembourg	64.3	USD	311,344
ComStage ETF NIKKEI 225	Luxembourg	47.8	JPY	14,668,438[a)]
Gresham Bond Fund	Wilmington/Delaware	99.7	GBP	137,795
GS SICAV — UK Premia	Luxembourg	86.6	GBP	171,180[a)]
ILSP Mutual Fund AG & Co. KG	Vaduz	85.4	USD	511,159
OP-Fonds CDBS V	Frankfurt/Main	100.0	EUR	89,029

5. Investments in large corporations in which the investment exceeds 5% of the voting rights

Name	Registered office	Share of capital held in %	Voting rights in %
ARES Energie Aktiengesellschaft	Berlin	13.7	13.7
CarMeile AG	Wuppertal	10.0	10.0
ConCardis Gesellschaft mit beschränkter Haftung	Frankfurt/Main	13.9	13.9
EURO Kartensysteme Gesellschaft mit beschränkter Haftung	Frankfurt/Main	13.9	13.9
GEWOBA Aktiengesellschaft Wohnen und Bauen	Bremen	7.1	7.1
Liquiditäts-Konsortialbank Gesellschaft mit beschränkter Haftung	Frankfurt/Main	9.6	9.6
Open Joint-Stock Company Promsvyazbank	Moskow	15.3	15.3

Footnotes

1) Renamed: Dresdner Kleinwort Holdings I, Inc. has been transformed into Coba Holdings I, LLC

2) Renamed: Dresdner Kleinwort Securities LLC has been transformed into Commerz Markets LLC

3) Renamed: Dresdner Kleinwort Capital Investment Company Limited has been transformed into Commerzbank Capital Investment Company Limited

4) Renamed: Dresdner Kleinwort Capital Ventures Management Limited has been transformed into Commerzbank Capital Ventures Management Limited

5) Renamed: Dresdner Finance 2 S.à.r.l. has been transformed into Commerzbank Finance 2 S.à.r.l.

6) Renamed: Kleinwort Benson Finance BV has been transformed into Commerzbank Finance BV

7) Renamed: Dresdner Kleinwort Group Limited has been transformed into Commerzbank Holdings (UK) Limited

8) Renamed: Dresdner Investments (UK) Limited has been transformed into Commerzbank Investments (UK) Ltd.

9) Renamed: Dresdner Kleinwort Leasing (Guernsey) Ltd has been transformed into Commerzbank Leasing (Guernsey) Limited

10) Renamed: Dresdner Leasing 1 S.a.r.l. has been transformed into Commerzbank Leasing 1 S.à.r.l.

11) Renamed: Dresdner Leasing 2 S.a.r.l. has been transformed into Commerzbank Leasing 2 S.à.r.l.

12) Renamed: Dresdner Leasing 4 S.à.r.l. has been transformed into Commerzbank Leasing 4 S.à.r.l.

13) Renamed: Dresdner Leasing 5 S.à.r.l. has been transformed into Commerzbank Leasing 5 S.à r.l.

14) Renamed: Dresdner Leasing 6 S.a.r.l. has been transformed into Commerzbank Leasing 6 S.à.r.l.

15) Renamed: Dresdner Kleinwort Leasing December (1) Limited has been transformed into Commerzbank Leasing December (1) Limited

16) Renamed: Dresdner Kleinwort Leasing December (10) has been transformed into Commerzbank Leasing December (10)

17) Renamed: Dresdner Kleinwort Leasing December (11) has been transformed into Commerzbank Leasing December (11)

18) Renamed: Dresdner Kleinwort Leasing December (12) Limited has been transformed into Commerzbank Leasing December (12) Limited

19) Renamed: Dresdner Kleinwort Leasing December (13) Limited has been transformed into Commerzbank Leasing December (13) Limited

20) Renamed: Dresdner Kleinwort Leasing December (15) Limited has been transformed into Commerzbank Leasing December (15)

21) Renamed: Dresdner Kleinwort Leasing December (3) Limited has been transformed into Commerzbank Leasing December (3) Limited

22) Renamed: Dresdner Kleinwort Leasing December (4) Limited has been transformed into Commerzbank Leasing December (4) Limited

23) Renamed: Dresdner Kleinwort Leasing December (7) Limited has been transformed into Commerzbank Leasing December (7) Limited

24) Renamed: Dresdner Kleinwort Leasing December (8) Limited has been transformed into Commerzbank Leasing December (8) Limited

25) Renamed: Dresdner Kleinwort Leasing December (9) Limited has been transformed into Commerzbank Leasing December (9) Limited

26) Renamed: Dresdner Kleinwort Leasing Holdings Limited has been transformed into Commerzbank Leasing Holdings Limited

27) Renamed: Dresdner Kleinwort Leasing Limited has been transformed into Commerzbank Leasing Limited

28) Renamed: Dresdner Kleinwort Leasing March (3) Limited has been transformed into Commerzbank Leasing March (3) Limited

29) Renamed: Dresdner Kleinwort Leasing September (5) Limited has been transformed into Commerzbank Leasing September (5) Limited

30) Renamed: Kleinwort Leasing September (6) Limited has been transformed into Commerzbank Leasing September Dresdner (6) Limited

31) Renamed: Dresdner Kleinwort Online Ventures Limited has been transformed into Commerzbank Online Ventures Limited

32) Renamed: Dresdner Kleinwort Overseas Holdings Limited has been transformed into Commerzbank Overseas Holdings Limited

33) Renamed: Dresdner Kleinwort Property Management & Services Limited has been transformed into Commerzbank Property Management & Services Limited

34) Renamed: Dresdner Kleinwort Securities Ltd has been transformed into Commerzbank Securities Ltd

35) Renamed: Dresdner Kleinwort Securities Nominees Limited has been transformed into Commerzbank Securities Nominees Limited

36) Renamed: Aspiro Sp.z.o.o. has been transformed into Aspiro S.A.

37) Renamed: Commerz Real Autoleasing GmbH has been transformed into Commerz Real Autoservice GmbH

38) Renamed: Commerzbank Capital Management GmbH has been transformed into Commerzbank Capital Management Unternehmensbeteiligungs GmbH

39) Renamed: Dresdner Kleinwort Sponsoring GmbH has been transformed into Commerzbank Sponsoring GmbH

40) Renamed: Dresdner Finanziaria S.p.A. has been transformed into DFI S.p.A. in liquidazione

41) Renamed: Dresdner-Cetelem Kreditbank GmbH has been transformed into Commerz Finanz GmbH

Notes and explanations

[a]) Included in the consolidated financial statements for the first time in the year under review.
[b]) Profit transfer agreement.
[c]) No disclosures pursuant to Art. 285 No. 11a of the German Commercial Code (HGB) are provided due to their minor significance as defined in Art. 286(3) No. 1 HGB.
[d]) Consolidated in accordance with SIC 12 as the share of voting rights held is 19%.

Foreign-exchange rates for €1 as of December 31, 2010:

Bermuda	BMD	1.33620
Brazil	BRL	2.21770
Chile	CLP	626.28090
United Kingdom	GBP	0.86075
India	INR	59.75800
Japan	JPY	108.65000
Canada	CAD	1.33220
Poland	PLN	3.97500
Russia	RUB	40.82000
Singapore	SGD	1.71360
South Africa	ZAR	8.86250
Taiwan	TWD	38.99750
Tchech Republik	CZK	25.06100
Ukrain	UAH	10.66330
Hungary	HUF	277.95000
USA	USD	1.33620

Boards of Commerzbank Aktiengesellschaft

Supervisory Board

Klaus-Peter Müller
Chairman

Uwe Tschäge[1]
Deputy Chairman
Employee of
Commerzbank Aktiengesellschaft

Hans-Hermann Altenschmidt[1]
Employee of
Commerzbank Aktiengesellschaft

Dott. Sergio Balbinot
Managing Director
Assicurazioni Generali S. p. A.

Dr.-Ing. Burckhard Bergmann
Former Chairman of the
Board of Managing Directors
E.ON Ruhrgas AG

Herbert Bludau-Hoffmann[1]
(until 31.12.2010)
Economist
ver.di Trade Union
Financial Services Division,
responsible for Commerzbank

Dr. Nikolaus von Bomhard
Chairman of the
Board of Managing Directors
Münchener Rückversicherungs-
Gesellschaft AG

Karin van Brummelen[1]
Employee of
Commerzbank Aktiengesellschaft

Astrid Evers[1]
Employee of
Commerzbank Aktiengesellschaft

Uwe Foullong[1]
Member of the ver.di National
Executive Committee

Daniel Hampel[1]
Employee of
Commerzbank Aktiengesellschaft

Dr.-Ing. Otto Happel
Entrepreneur
Luverse AG

Sonja Kasischke[1]
Employee of
Commerzbank Aktiengesellschaft

**Prof. Dr.-Ing. Dr.-Ing. E.h.
Hans-Peter Keitel**
President of the Federation
of German Industries (BDI)

Alexandra Krieger[1]
Cert. Business Manager
Head Economics Department I
Promotion of Co-Determination
Hans Böckler Foundation

Dr. h.c. Edgar Meister
Lawyer
Former member of the Executive
Board of Deutsche Bundesbank

**Prof. h.c. (CHN) Dr. rer. oec.
Ulrich Middelmann**
Former Deputy Chairman of the
Board of Managing Directors
ThyssenKrupp AG

Dr. Helmut Perlet
Former member of the
Board of Managing Directors
Allianz SE

Barbara Priester[1]
Employee of
Commerzbank Aktiengesellschaft

Mark Roach[1]
(since 10.1.2011)
Secretary ver.di Trade Union
National Administration

Dr. Marcus Schenck
Member of the
Board of Managing Directors
E.ON AG

Dr. Walter Seipp
Honorary Chairman

[1] Elected by the Bank's employees.

Board of Managing Directors

Martin Blessing
Chairman

Frank Annuscheit

Markus Beumer

Dr. Achim Kassow

Jochen Klösges

Michael Reuther

Dr. Stefan Schmittmann

Ulrich Sieber

Dr. Eric Strutz

Martin Zielke
(since 5.11.2010)

Responsibility statement by the Board of Managing Directors

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal oppertunities and risks associated with the expected development of the Group.

Frankfurt/Main, March 7, 2011
The Board of Managing Directors

Martin Blessing

Frank Annuscheit

Markus Beumer

Achim Kassow

Jochen Klösges

Michael Reuther

Stefan Schmittmann

Ulrich Sieber

Eric Strutz

Martin Zielke

The following auditor's report (*Bestätigungsvermerk*) has been issued in accordance with Section 322 of the German Commercial Code (*Handelsgesetzbuch*) on the consolidated financial statements and group management report (*Konzernlagebericht*) of COMMERZBANK Aktiengesellschaft as of and for the fiscal year ended December 31, 2010. The group management report is neither included nor incorporated by reference in this Prospectus.

Auditor's Report

We have audited the consolidated financial statements prepared by the COMMERZBANK Aktiengesellschaft, Frankfurt am Main, comprising the statement of financial position, the statement of comprehensive income, 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. 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) is 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 and 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, 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Lothar Schreiber (Wirtschaftsprüfer) (German Public Auditor)	Peter Goldschmidt (Wirtschaftsprüfer) (German Public Auditor)

Translation of the auditors' report issued in German language on the consolidated financial statements prepared in German language by the management of Commerzbank Aktiengesellschaft, Frankfurt/Main. The German language statements are decisive.