COMMERZBANK

Financial Statements and Management Report 2012

Commerzbank Aktiengesellschaft

The bank at your side

Contents

Management report of Commerzbank Aktiengesellschaft

Structure and organisation

Commerzbank Aktiengesellschaft is Germany's second largest bank and one of its leading banks for private and corporate customers. Our customers have one of the densest networks of any private-sector bank in Germany at their disposal. Commerzbank serves a total of around 14 million private customers and 1 million business and corporate customers worldwide. Commerzbank aims to continue strengthening its position as market leader in the private and corporate customer segments in Germany.

The focus of our activities is on the four core segments: Private Customers, Mittelstandsbank, Corporates & Markets and Central & Eastern Europe. The Bank merged all activities in commercial real estate and ship financing, in addition to public finance, into the new Non-Core Assets run-off segment, which was created in mid-2012.

All staff and management functions are contained in Group Management: Group Audit, Group Communications, Group Compliance, Group Development & Strategy, Group Finance, Group Finance Operations, Group Human Resources, Group Investor Relations, Group Legal, Group Treasury and central risk functions. On 1 September 2012, the Coordination and Tracking Office was set up as a cross-divisional functional unit to coordinate the Bank's cost and income management and monitor its progress. The support functions are provided by Group Services. These include Group Banking Operations, Group Markets Operations, Group Information Technology, Group Organisation, Group Security and Group Support. The "Commerzbank Excellence" programme has been set up under the joint leadership of Group Management and Group Services. The staff, management and support functions are combined in the Others and Consolidation division for external reporting purposes.

On the domestic market, Commerzbank Aktiengesellschaft is headquartered in Frankfurt am Main, from where it manages a nationwide branch network through which all customer groups are served. Its major German subsidiaries are comdirect bank AG, Commerz Real AG and Hypothekenbank Frankfurt AG (formerly Eurohypo AG). Outside of Germany, the Bank has 7 material subsidiaries, 23 operational foreign branches and 35 representative offices in 53 countries and is represented in all major financial centres, such as London, New York, Tokyo, Hong Kong and Singapore. However, the focus of the Bank's international activities is in Europe. The financial year is the calendar year.

Corporate Responsibility

Steadily expanding corporate responsibility

Commerzbank's "Corporate Responsibility Status Report 2012" presents the most important areas of progress in the Bank's sustainability activities. The report is available on the sustainability portal. It fulfils the requirements of a Communication on Progress (COP) regarding implementation of the ten principles of the UN Global Compact, which Commerzbank joined in 2006. Further information on corporate responsibility can be found on Commerzbank's sustainability portal, which is constantly updated: www.nachhaltigkeit.commerzbank.de.

Commerzbank remains fully committed to expanding its efforts in corporate responsibility and pursuing its goal of acting responsibly and sustainably at all times, which, despite the difficult economic conditions, it has once again demonstrated.

Reputation risk management

All financial arrangements, products and customer relations in which sustainability plays a significant role are closely scrutinized by the Commerzbank Reputation Risk Management department and, if necessary, either rejected or accepted with conditions attached. This covers sensitive areas such as weapons and armaments, power generation and the exploitation of commodities. In 2012, Reputation Risk Management received around 2,500 requests, which it analysed and issued a written opinion on. The high number of requests reflects the growing significance these issues hold for members of the public. Approximately 10% of these requests received a negative evaluation on the grounds of social, environmental or ethical concerns.

Agricultural commodities continued to be a key topic during the reporting year. In November 2011, Commerzbank decided not to issue any new listed investment products with basic food stuffs as the underlyings. This decision was a factor in the change implemented on 30 July 2012 to the composition of the ComStage Rohstoff-ETF (WKN ETF090). Having previously invested up to 25% in the agricultural commodities of sugar, soya, wheat and maize, the fund now only contains precious and industrial metals and energy commodities.

Internal presentations are regularly held in Germany and abroad to sensitise Commerzbank employees to reputational topics.

Compliance

One of the core tasks of Group Compliance is to ensure that legal and supervisory requirements are met so as to prevent money laundering. To ensure the greatest possible transparency in business relationships and financial transactions, the "know your customer" principle must be applied at all times in Commerzbank: this covers not only verifying and documenting the identity of the client, but also – where necessary – obtaining a risk-based clarification of the origin of the assets employed within the business relationship or transaction. In the fight against money laundering and terrorism finance, the Bank exercises special care in business with politically exposed people, as these transactions are at greater risk of being used for illegal purposes. This group includes private individuals who hold or have held important public office as well as their direct family members and other related persons. In concert with the Financial Institutions division, Group Compliance ensures that global standards on the prevention of money laundering and terrorism financing are upheld when processing international payments on behalf of foreign banks. To facilitate this, the

Global Policy for Financial Institutions, which covers the duties of care to be followed when accepting customers, was updated in 2012.

Private Customers and Mittelstandsbank

The financial markets and state debt crisis conspired to unsettle customers and diminish their confidence in their bank. The new strategy Commerzbank presented in November 2012 takes account of these changes. This particularly applies to Private Customer business, where various measures to improve advisory quality had already been introduced during the year. Their impact is being felt in the sharp rise in customers' willingness to recommend the Bank, as surveyed in monthly telephone interviews. Commerzbank uses the Net Promoter Score, which is an internationally recognised standard for assessing customer satisfaction. This measure is a core component of variable compensation for all employees and managers involved in sales to private customers.

Commerzbank's Customer Advisory Board plays an important role in implementing the new strategy. The main focus of the first Customer Advisory Board, whose three-year tenure ended in 2012, was supporting the integration of Dresdner Bank. In May 2012, 25 men and women from Private and Business Customers and Wealth Management, representing a cross section of our customer structure, were elected to serve for the following three years on the second Customer Advisory Board. As well as representing our customers' interests, they also act as catalysts and sounding boards for Commerzbank's client-centric development.

The Mittelstandsbank's customers also take an active interest. Under the slogan "Entrepreneurs lend a hand", Commerzbank is organising active support to playgrounds, nursery schools and primary schools in need of renovation. In 2012, seven such undertakings were completed, with a total of 116 entrepreneurs and bank advisors lending a helping hand. Commerzbank provided the construction material, worth more than €55,000.

But Commerzbank is also providing support to its core business outside Germany, via a variety of initiatives. The African continent is an important market here. In 2012, Commerzbank received the Best of European Business Award from international strategy consulting group Roland Berger for its successful and sustainable corporate strategy in Africa. In this spirit, it is also important to Commerzbank to also take responsibility at a local level through social commitment. For example, Commerzbank Aktiengesellschaft provided the SOS Children's Villages charity with a total of €100,000 in 2012 and 2013. The support benefits selected education and sustainability projects in SOS Children's Villages, including buying modern IT equipment and photovoltaic systems for children's villages in Ghana.

Another area of activity is the promotion of renewable energies. This has been pursued for over 25 years, with the Mittelstandsbank taking entrepreneurial responsibility. Via its Renewable Energies Centre of Competence (CoC RE), Commerzbank is one of the world's largest funders of renewable energies. The CoC RE's core business includes advising the sector's firms, and in particular helping fund renewable energies projects. In 2012, a banking consortium with Commerzbank as Lead Arranger received the European Offshore Wind Deal of the Year award from Project Finance magazine for funding the Meerwind offshore wind farm. Scheduled for completion at the beginning of 2014, the wind farm is set to supply around 400,000 households with clean electricity, saving about one million tonnes of CO_2 emissions.

Environment

The main aims of corporate environmental protection include optimising the consumption of resources, using more renewable energies and reducing CO_2 and other greenhouse gases. The overarching aim is to steadily turn Commerzbank into a climate-neutral company. This impacts many areas of the Bank and is supported by a certified environmental management system. The focus of Green IT, for example, is to run IT and communication technology as efficiently as possible in terms of energy and resources. As a result, the Bank already saved the equivalent of one entire computing centre in 2012. High importance is also attached to sustainable procurement. The Bank-wide "Sustainable Procurement Standard" has meant that travel management is also run with stricter reference to sustainability criteria. Green electricity already accounted for more than 90% of Commerzbank's electricity requirements in 2012 and will fully cover its needs from January 2013.

The Group Environmental Committee is currently working on a new climate target and various measures to implement it. With savings of 52%, the previous climate target – a 30% reduction in group-wide CO_2 emissions by 2011 from the 2007 base – was easily surpassed.

Society

Commerzbank met its social responsibility in 2012 through an extensive programme of foundation and charity activities, as well as other commitments and initiatives. Its first-time participation in the "Malteser Social Day" in 2012 was a conscious initiative to encourage greater social involvement of staff: Commerzbank gave more than 400 colleagues the day off, enabling them to lend practical support to some 30 different charitable projects in 17 cities. In another initiative, almost 800 employees responded to the request to donate mobile phones they no longer needed. The €2,500 earned from recycling the phones was donated to the Plant for the Planet schoolchildren initiative. Commerzbank's donation enabled 2,500 trees to be planted, which will absorb around 25 tonnes of CO_2 every year. The range of corporate volunteering opportunities is to be expanded in 2013.

The "Environmental Internship" programme was quick to accept the invitation extended by President Joachim Gauck to make a presentation at Bellevue Palace as part of the "Environment Week". Through this project, which has been recognised by UNESCO under the latter's Decade of Education for Sustainable Development, Commerzbank has been supporting national parks, country parks and biosphere reserves in Germany for more than 20 years.

Our employees

Capable, motivated staff are vital to the success of our Bank. Their commitment, qualifications and loyalty to Commerzbank give us a strong competitive edge. We want to reinforce our leading position in the core markets of Germany and Poland over the long term. That is why we combine modern banking and innovative strategies with traditional values such as fairness, trust and professionalism. Our staff are a key element in achieving this aspiration, so we continuously develop and expand the skills and knowledge of our employees.

The number of employees at Commerzbank Aktiengesellschaft decreased by 1,499 (3.5%) year-on-year to 41,378 as at 31 December 2012.

Commerzbank Academy: one training concept for all

We are keen advocates of training and strive continuously and systematically to develop the skills and attainments of our staff, since they are the backbone of our corporate success. In the year under review, we enhanced our integrated and cross-divisional training and development programme at Commerzbank Academy. Since April 2012, around 1,500 courses have been available in an online training catalogue. This makes the range of professional training available more transparent and easier to access. We also introduced a basic banking qualification throughout the Bank. In the first nine months after its launch, the course was completed more than 4,000 times in person or online.

Tomorrow's employees: Commerzbank markets itself to school pupils

We are constantly seeking to attract talented young people to our Bank, provide school pupils with careers advice and enhance our visibility as an attractive employer. This is why we are active on social networks, offer insights into working life through our interactive website www.probier-dich-aus.de, and present our multifaceted world of work at fairs and candidate training seminars. In 2012 we expanded our commitment to "Business@school", an initiative of Boston Consulting Group: we help pupils in their final years of school to gain practical experience of economic topics. Helping school pupils familiarise themselves with the economy is a goal that we are also pursuing through our new "Commerzbank meets school" target school programme. Over 50 branch managers known as "target school captains" visit local schools and build links with them. To help many young people enjoy successful careers, we support the "Start" grants programme, which offers talented youngsters from immigrant backgrounds the chance to go on to higher education. As a partner in the "Joblinge" scheme, we give people wishing to obtain training the opportunity to prove themselves during an internship at our company – irrespective of school grades and traditional interviews.

Diversity at the Bank: women in focus

The diversity of our staff is a value we embrace. It has a positive effect on motivation, innovation, performance and the working atmosphere. We welcome different personalities and ensure that they can prosper. In the year under review, through our "Global Diversity Management" programme, we created a platform to ensure that our activities are also embedded in the Bank's international locations. Six Regional Diversity Councils were set up to implement the projects locally and introduce their own topics. Led by the Board Member for Human Resources, executives from all segments met to promote our "Women in management positions" project. Commerzbank Mentoring, under which members of the Board of Managing Directors and the first and second management levels mentor one or two mentees for a year, is an important element of the project. Half the mentees are women. The first year of the programme, during which 353 mentors supported 573 mentees, ended in September 2012.

Since March 2012, all employees on parental leave have been offered the chance to participate in our “Keep in Touch” and “Management Experience” schemes. “Keep in Touch” gives them the option of a 10% or 20% part-time contract allowing them to attend training courses and remain in contact with the Bank. “Management Experience” lets potential candidates deputise for managers for three to twelve months and gain management experience in the process. Our “Guaranteed Return after Parental Leave” programme gives managers, project managers and specialists the certainty that they can return to a post at the same level.

Combining career and family: childcare provision expanded

To help staff combine family and career more easily, we have significantly expanded the number of crèche and kindergarten places available in Frankfurt. In the regions we have offered kindergarten and crèche places at 13 sites since mid-2012, and have also expanded the holiday care available. The second primary school year group also started receiving after-school care in 2012.

We introduced family caregiver leave in the year under review. Employees with family members in need of care can reduce their working hours by up to 15 hours a week for up to 24 months. During this period, we top up their salary by 50% of the amount lost. For example, if an employee reduces their working hours from 100% to 50%, they receive 75% of their previous salary. Since September 2012, the works council agreement on combining career and family has also stated that the Bank will pay the premiums for legally required insurance on behalf of employees on family caregiver leave.

Commerzbank networks celebrated an anniversary in 2012 with the tenth birthday of the gay-lesbian network “Arco”. The women’s network “Courage” also expanded its international presence, staging its second Global Conference in London. In Frankfurt and Hamburg, fathers at Commerzbank were offered lectures, workshops and opportunities to share experiences . Having won the Max Spohr award in 2010 for its commitment to gay and lesbian employees, Commerzbank hosted the award ceremony in 2012 – and was delighted to receive the TOTAL E-QUALITY award for “equality of opportunity in human resources policy” for the sixth time.

Capable and motivated: good health is the key

With a broad range of services and innovative health management, we help our employees to stay capable and motivated and to feel comfortable at their place of work. Our health management team constantly adapts its activities to reflect the changing requirements of the world of work. In the process, we live up to our duty of care and make health promotion a vital element in our corporate culture. The staff sickness rate at Commerzbank Aktiengesellschaft (Germany) stood at 4% in 2012, and the average length of sick leave was just under 10 days.

Because this topic is of great importance to us, we have added special seminar modules to our management training. Since 2012, we have also expanded our health and safety and prevention measures through the addition of the works council agreement on performing risk assessments. This aims to identify and reduce or prevent physical and emotional stress in the workplace.

Our health management team has been working even more closely and intensively with their regional counterparts since 2012. The regional teams, which comprise management advisors, the works council, representatives for employees with disabilities, the company doctor and health and safety experts, implement health promotion measures locally. Since 2012, health management has supported them with relevant schemes and training courses, such as stress management, and provides them with their own budget.

Innovation, management and remuneration: new paths needed

We combine our ideas. “WikIdee” is an internal online platform created to collect, discuss and thereby “refine” suggestions for improvement. At the end of the first year, our staff had submitted over 3,000 ideas on WikIdee, discussed another 2,000 by way of some 9,000 comments, and made almost 60,000 assessments. The “ComIdee” suggestions portal, which was also available online, has since been integrated into WikIdee. Suggestions for improvements can now be submitted directly to the department concerned or refined in discussion with colleagues. The platform has also been available to staff in London since 2012.

We are also treading new paths in how we develop our managers, and have optimised our Commerzbank Management Programme (CMP) for this purpose. A standardised preparatory workshop before the selection process ensures transparency and equal opportunities for participants. The management training programme has been enhanced so that participants can exchange practical experience within the setting of fixed groups. All training components have been improved in terms of content and methodology, and new management topics and modules introduced.

Variable remuneration in the form of shares was another innovation which attracted considerable attention. The cash components were paid in Commerzbank shares on a voluntary basis. Almost 90% of those entitled to do so selected this option, thereby strengthening the Bank's equity capital by more than €200m. The separate Remuneration Report for employees is available online at www.commerzbank.de.

We have given proof of our innovative capacity in another way, too: in 2012 we presented the work that has been carried out on trends by our HR division at conferences and in publications. We have introduced “trend scouts” to evaluate the significance of trends and megatrends for our HR work. This has produced recommendations for action – for the divisions and the Bank as a whole – designed to keep the Bank at the side of our customers.

Remuneration Report

This report follows the recommendations of the German Corporate Governance Code and complies with the requirements of the German Commercial Code (HGB).

Board of Managing Directors

Main features of the remuneration system

The new remuneration system, in place since 1 January 2010, includes a fixed basic annual salary plus a Short Term Incentive (STI) and a Long Term Incentive (LTI) as variable remuneration components. The Annual General Meeting in 2010 approved the main features of variable remuneration and the fixed basic annual salary of members of the Board of Managing Directors pursuant to Art. 120 (4) of the German Companies Act (AktG).

On 9 August 2011, the Supervisory Board resolved to amend this system to meet the requirements of the Banking Remuneration Regulation (Instituts-Vergütungsverordnung). The amendment was subsequently implemented at a contractual level.

In addition, at the end of 2011/beginning of 2012, the Supervisory Board decided to amend the pension arrangements for the members of the Board of Managing Directors In particular, the new provisions contain a contribution-based defined benefit scheme. Pension entitlement also now normally begins on the employee reaching the age of 65 instead of 62. The new pension contracts have been signed by all members of the Board of Managing Directors.

The agreement originally reached with SoFFin for 2008 and 2009, which limits monetary remuneration for members of the Board of Managing Directors to €500,000 gross per member per year for their work for the Group (the SoFFin cap), remains in place for 2010 and 2011. Once the German Restructuring Act (Restrukturierungsgesetz) had come into effect in 2011, the legal duty to continue this cap ceased to exist, as the Bank had repaid more than half the recapitalisation amount. No SoFFin cap applied to 2012.

Fixed remuneration components (fixed basic annual salary)
The fixed remuneration components include the basic annual salary and non-monetary elements.

The fixed basic annual salary, which is paid in equal monthly amounts, is €750,000[1]. The appropriateness of the fixed basic annual salary is checked at regular two-year intervals.

The non-monetary elements mainly consist of the use of a company car with driver, security measures and insurance contributions (accident insurance), as well as tax and social security contributions thereon.

Performance-related remuneration (variable remuneration)
The remuneration system includes performance-related variable remuneration components in the form of a Short Term Incentive worth €400,000 in total per member and a Long Term Incentive worth €600,000 in total per member. The target value of the variable salary components for a member of the Board of Managing Directors therefore totals €1m. The maximum goal achievement is 200%, which totals €800,000 for the Short Term Incentive and €1,200,000 for the Long Term Incentive[2]. The minimum total value is €0 in each case.

Short Term Incentive (STI) The STI runs for one year. It consists of two equally weighted components: one linked to the STI performance component and one based on the economic value added (EVA)[3]. Entitlement to receive a payment for the STI is suspended pending the approval of the annual financial statements for the year in question and confirmation of the achievement of the STI goals for the member of the Board of Managing Directors by the Supervisory Board. Thereafter, 50% of the STI payments fall due and are payable in cash, with the remaining 50% payable in Commerzbank shares (or a cash sum based on the value of the shares) at the end of a further 12-month waiting period. The overall STI target is €400,000, and the targets for the individual components are €200,000 each. Goal achievement can in principle vary 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 goal achievement of 100%. It also stipulates the EVA values which correspond to goal achievement of 0% and 200%. As a rule, investors' capital is incorporated into the basis for calculating EVA.

[1] The fixed basic annual salary for the Chairman of the Board of Managing Directors is €1,312,500.
[2] The target values for the Chairman of the Board of Managing Directors are 1.75 times the amounts specified.
[3] EVA is the consolidated surplus after tax and non-controlling interests less the Bank's capital costs (product of investors' capital excluding minority interests and capital cost rate after tax).

› **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.

Long Term Incentive (LTI) The LTI runs for four years. It consists of two equally weighted components: one linked to economic value added (EVA) (the LTI EVA component) and the other based on stock performance (the LTI equity component). Entitlement to receive a payment for the LTI is suspended pending the approval of the annual financial statements for the final year of the four-year term of the LTI in question and confirmation of the achievement of the LTI goals by the Supervisory Board. Thereafter, 50% of the LTI payments fall due and are payable in cash, with the remaining 50% payable in Commerzbank shares (or a cash sum based on the value of the shares) at the end of a further 12-month waiting period. The overall LTI target is €600,000, and the targets for the individual components are €300,000 each. Goal achievement can range between 0% and 200%; each of the two components can therefore range between €0 and €600,000. The provisional LTI payout sum of both LTI components will be increased or reduced by half the percentage by which the goals for the STI performance component are over- or underachieved in the first year of the four-year LTI term (goal achievement = 100%). This adjustment cannot exceed +/-20% of the original target for 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. Up 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 firstly on the relative total shareholder return (TSR) performance of Commerzbank (compared with the TSR performance of other banks in the Dow Jones EURO STOXX Banks Index) and secondly on the absolute price performance of Commerzbank shares. Prior to the commencement of the LTI term, the Supervisory Board specifies the number of Commerzbank shares that the member of the Board of Managing Directors will receive upon 100% goal achievement following the end of the four-year LTI term. The Board also defines which TSR-related ranking of Commerzbank (compared with the other relevant banks) corresponds to which goal achievements. 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, which can be paid out in cash in place of a transfer of shares.

› **LTI EVA component** The target figures 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 determines which EVA amounts correspond to which goal achievements. The goal achievement is set each year during the four-year LTI term; as a rule, the goal achievement for the individual years can lie between -100% and +200% from 2012 onwards. After the end of the four-year LTI term, the Supervisory Board determines average goal achievement, which can range between 0% and 200%, and the resulting provisional payout sum.

In the event of exceptional developments that may have a considerable impact on the achievability of the STI or LTI target figures, the Supervisory Board can neutralise any positive or negative impact by adjusting the targets.

Long-Term Performance Plans Members of the Board of Managing Directors and other executives and selected staff of the Group used to be able to participate in long-term performance plans (LTPs). The last time an LTP was offered was 2008, although the members of the Board of Directors had already deregistered all their shares acquired under the 2008 LTP in February 2009. Therefore, the only plan still running in 2012 was the 2007 LTP, which expired in 2012 without a payout.

Remuneration of the Chairman of the Board of Managing Directors
The fixed basic annual salary and the target figures for the variable remuneration components for the Chairman of the Board of Managing Directors are set at 1.75 times the amounts specified for members of the Board.

Remuneration for serving on the boards of affiliated companies
The remuneration accruing to an individual member of the Board of Managing Directors from serving on the boards of affiliated companies counts towards the total remuneration paid to that member of the Board of Managing Directors. Any offsetting takes place on the designated payment date following the Annual General Meeting that approves the financial statements for the financial year in which the member of the Board of Managing Directors received payments arising from Group mandates.

In the past, remuneration for serving on the boards of affiliated companies paid in any given financial year counted in full against the SoFFin cap of the previous year. For this reason, this remuneration is allocated to the previous year in the table under “Summary”. If the remuneration for serving on the boards of consolidated companies resulted in a member of the Board of Managing Directors receiving total monetary remuneration in excess of €500,000, it was transferred to Commerzbank.

Pensions
In 2011, the Supervisory Board decided to adopt a new occupational pension scheme for members of the Board of Managing Directors. The new provisions now contain a contribution-based defined benefit scheme.

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 1 January 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 the Bank’s Board of Managing Directors, a pension module is credited to the pension account each year. The pension module for a calendar year is calculated by converting the relevant annual contribution into an entitlement to a retirement, disability and surviving dependants’ pension using a conversion table. When the new compensation system was introduced in 2010, the level of pension benefits was not adjusted. When the new pension scheme was introduced in 2011, the initial module and the pension modules were set so as to achieve equivalence to the commitments previously made to the members of the Board of Managing Directors.

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 the Board member reaches the age of 65, or
- an early retirement pension if employment ends on or after the Board member reaches the age of 62, or after the Board member has served at least 10 years on the Board of Managing Directors and has reached the age of 58, or has served at least 15 years on the Board of Managing Directors, or
- a disability pension if the Board member is permanently unable to 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.

When calculating the early retirement pension, the pension will be reduced to reflect the fact that the payments are starting earlier.

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, members of the Board of Managing Directors can elect to receive a lump-sum payment or nine annual instalments if they retire after reaching the age of 62. In this case, the amount paid out is calculated using a capitalisation rate based on the age of the Board member.

Instead of their pension, members of the Board of Managing Directors will continue to receive their pro-rata basic salary for six months as a form of transitional pay if they leave the Board on or after celebrating their 62nd birthday or they are permanently unable to work. If a member of the Board receives an early retirement pension before reaching the age of 62, half of any income received from other activities will be set off against the pension entitlements.

As under the previous scheme, the widow's pension amounts to 66 2/3% of the pension entitlement 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% each of the pension entitlement of the member of the Board of Managing Directors, subject to a maximum overall limit of the widow's pension.

The pension agreement for newly appointed members of the Board of Managing Directors was defined according to the Commerzbank capital plan and was approved by the Supervisory Board on 2 December 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 their 65th birthday (retirement capital),
- on or after their 62nd birthday (early retirement capital) or
- before their 62nd birthday 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 an annual module equating to 40% of the fixed basic annual salary (annual contribution), multiplied by an age-dependent conversion factor. Until the member of the Board of Managing Directors leaves the Bank, the annual modules are managed in a pension account. Upon reaching their 61st birthday, an additional 2.5% of the amount in the pension account at 31 December of the previous year is credited to the member of the Board of Managing Directors on an annual basis 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 a virtual custody account for the Board member.

The retirement capital or the early retirement capital will correspond to the amount in the virtual custody account or the amount in the pension account when the pension benefits start to be paid out, whichever is higher.

For the first two months after the pension benefits become due, the member of the Board of Managing Directors will receive transitional pay of one twelfth of their fixed basic annual salary per month.

If a member of the Board of Managing Directors dies before the pension benefits become due, their dependants are entitled to receive the dependants' capital, which corresponds to the amount in the virtual custody account on the value date or the sum of the amount in the pension account and any additional amount, whichever is higher. An additional amount is payable if, at the time when pension benefits became due through inability to work or at the time of death, the Board member had served at least five consecutive years on the Bank's Board of Managing Directors and had not yet reached their 55th birthday.

The following table shows for active members of the Board of Directors the annual pension entitlements at pensionable age of 62 on 31 December 2012, the actuarial net present values on 31 December 2012 and the interest rate-adjusted changes in the settlement amounts for 2012:

€1,000	Old-age pension entitlement accrued by 62nd birthday As at 31.12.2012	Net present value of accrued pension entitlements As at 31.12.2012[1]	Interest rate-adjusted change in the settlement amount 2012
Martin Blessing	240	3,265	269
Frank Annuscheit	107	1,403	300
Markus Beumer	99	1,231	301
Stephan Engels	18[1]	242	242[2]
Jochen Klösges	83	989	317
Michael Reuther	140	2,098	297
Dr. Stefan Schmittmann	135	2,076	549
Ulrich Sieber	79	927	306
Martin Zielke	67	798	400
Total		**13,029**	**2,981**

[1] Annuitised.
[2] Pro-rate for nine months.

The assets backing these pension obligations have been transferred under a contractual trust arrangement to Commerzbank Pension-Trust e. V. These pension assets covered the majority of Commerzbank Aktiengesellschaft's pension obligations to the members of its Board of Managing directors as at 31 December 2012, so that in numerical terms only an insignificant portion of the provisions formed for pension obligations relates to current members of the Board.

As at 31 December 2012, pension obligations for current members of the Commerzbank Aktiengesellschaft Board of Managing Directors on the reporting date amounted to a total of €13m (see table detailing individual entitlements) before offsetting pension assets.

Change of control

The remuneration system for the Board of Managing Directors introduced in 2010 contains no change of control clauses. Only one member of the Board of Managing Directors still has an employment contract that contains a change of control clause. This will expire at the end of the current term of office of the Board member concerned on 31 March 2012.

Other regulations

If appointment to the Board of Managing Directors ends prematurely, the employment contract usually expires six months after the Board member's appointment ends (linking clause). In this case, the Board member continues to receive the fixed basic annual salary, STIs and LTIs – subject to Art. 615 (2) of the German Civil Code – until the end of the original term of office, but the maximum total amount is capped at two years' annual remuneration.

If the contract of employment is not extended upon expiry of the current term of office, without there being good cause in accordance with Art. 626 of the German Civil Code, or if the contract of employment ends as a result of a linking clause as described above, the Board member will also continue to receive his or her fixed basic salary for a period of six months after the end of the original term of office (transitional pay). This continuation of salary ceases as soon as the Board member starts to receive pension payments.

If the contract of employment is terminated for reasons other than the linking clause described above, the fixed basic annual salary will continue to be paid – on a pro-rata basis where applicable – until the end of the contract of employment. The STIs and LTIs awarded for financial years prior to the termination of the contract of employment remain unaffected. The STI and LTI payments for the final year in office, to be determined at the end of the term, are reduced on a pro-rata basis.

If the Bank terminates the term in office prematurely or does not extend the appointment at the end of the term in office due to circumstances that fulfil the requirements of Art. 626 of the German Civil Code, there is no longer any entitlement to STIs and LTIs awarded for the financial year in which the term of office was terminated.

Any amounts paid for the time after the effective termination of the term of office may not exceed two years' annual remuneration (cap). Payments relating to STIs and LTIs awarded for the financial year in which the term of office was terminated also count towards the cap on a pro-rata basis.

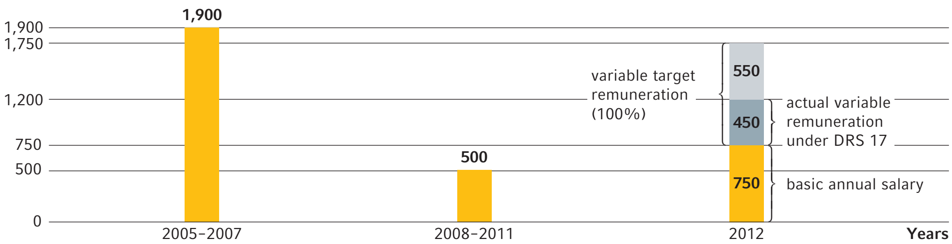
No members of the Board of Managing Directors received payments or promises of payment from third parties in the past financial year in respect of their work as a member of the Board of Managing Directors; the same applies to payments or promises of payment from companies with which the Commerzbank Group has a significant business relationship.

Summary

The agreement originally reached with SoFFin for 2008 and 2009, which limits monetary remuneration for members of the Board of Managing Directors to €500,000 gross per member per year for their work for the Group, remained in place for 2010 and 2011. Once the German Restructuring Act (Restrukturierungsgesetz) had come into effect in 2011, the legal duty to continue this cap ceased to exist, as the Bank had repaid more than half the recapitalisation amount. No SoFFin cap applied to 2012.

For a better overall understanding of the Board of Directors' remuneration, the following table shows the average total monetary remuneration of a member of the Board of Managing Directors (excluding the Chairman) in 2012 (short-term and actually expected long-term remuneration excluding non-monetary elements and in particular compensation payments) as well as the corresponding average amounts for 2005 to 2007 (excluding SoFFin cap) and for 2008 to 2011 (cap for monetary remuneration of €500,000 p.a.). The table shows that the annual remuneration of members of the Board of Managing Directors in 2012 at 100% goal achievement would be about €150,000 below the average remuneration in 2005 to 2007. The actual average total remuneration of a member of the Board of Managing Directors in 2012 pursuant to GAS 17 was approximately €1,200,000 and therefore 31% below the target of €1,750,000.

Average annual remuneration of a member of the Board of Managing Directors (excluding the Chairman)
€1,000



Compared with the reduced remuneration under the SoFFin cap in 2008 to 2011, the amount in 2012 was an increase, but compared with average remuneration in 2005 to 2007, it represented a substantial decrease of around €700,000 or more than 35% per member of the Board of Managing Directors.

Remuneration of the individual members of the Board of Managing Directors for 2012 is shown below, along with the comparative figures from 2011.

The table shows the amounts under DRS 17, which specifies the requirements with regard to reporting the remuneration of the Board of Managing Directors. Under DRS 17, the share-based “performance-based STI component”, where paid in shares, and the “share-based LTI component”, where paid in cash and in shares, must be shown at their original value at the time they were granted at the beginning of 2012, regardless of their actual change in value. They therefore reflect remuneration at 100% goal achievement. As part of his special responsibility as Chairman of the Board of Managing Directors, Martin Blessing informed the Supervisory Board that he would forego his entitlement to performance-related variable remuneration for 2012. Furthermore, all members of the Board of Managing Directors formally waived the STI and LTI components related to Economic Value Added (EVA) so that the amounts shown in the following table for these components, which would have created no STI claims and probably only small LTI claims, would be realistic and not just theoretical (this waiver was also taken into account in the above-mentioned average total remuneration in 2012 under DRS 17):

Remuneration of the individual members of the Board of Managing Directors for 2012 and in comparison with 2011

		Fixed components				Performance-related components short-term incentive (STI)			
€1,000		Basic salary	Remuneration for serving as a director[2]	Offsetting of payments arising from Group mandates in the following year[2]	Other[3]	Variable remuneration in cash[4] dependent on EVA target achievement	Variable remuneration in cash[4] dependent on achievement of individual targets	Variable remuneration with settlement in shares[5] dependent on EVA target achievement	Variable remuneration with settlement in shares[5] dependent on achievement 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	–	–	–	–	–	–	–	–
Dr. Achim Kassow	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	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**
	2011	**4,792**	**–**	**–**	**551**	**–**	**–**	**–**	**–**

[1] Pro rata temporis from the date of appointment or up to the date of departure from the Board.
[2] Payments arising from Group mandates are offset against the total remuneration paid to that member of the Board of Managing Directors in the following year. Offsetting in 2013 is therefore already shown in 2012. Owing to the SoFFin cap, these payments were allocated to the previous year in each year up to and including 2011.
[3] The heading "Other" includes non-monetary benefits granted in 2012, tax due on non-monetary benefits and employer contributions to the BVV occupational retirement fund. Also shown here is the compensation paid to Mr Engels for the loss of his Daimler-Phantom shares following his move to Commerzbank Aktiengesellschaft (€1,266,000).
[4] Payable in each case in the following year after approval of the annual financial statements for the financial year just ended. "EVA target achievement" means achievement of the 2012 economic value added (EVA) target set for the Commerzbank Group in 2011.
[5] Share-based payments are initially calculated on a provisional basis. Except in the case of cash settlement, the number of shares to be granted is subsequently calculated by dividing by a future average share price. Under DRS 17, remuneration components are shown in part at the originally expected target achievement of 100%, irrespective of their actual performance.

		Performance-related components long-term incentive (LTI)				
€1,000		Variable remuneration in cash[6]	Variable remuneration[5]			Total remuneration under DRS 17[7]
			Cash-settled share-based remuneration	With settlement in shares		
		dependent on EVA target achievement in the four-year period	dependent on share price and TSR performance in the four-year period	dependent on EVA target achievement in the four-year period	dependent on share price and TSR performance in the four-year period	
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	–	–	–	–	**–**
Dr. Achim Kassow	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	2012[1]	–	37	–	37	**314**
	2011	–	–	–	–	**533**
Martin Zielke	2012	–	150	–	150	**1,257**
	2011	–	–	–	–	**574**
Total	**2012**	**–**	**1,200**	**–**	**1,200**	**12,882**
	2011	**–**	**–**	**–**	**–**	**5,343**

[6] Payments are dependent in particular on the development of economic value added (EVA) over a four-year period and are made in the following year subject to approval of the annual financial statements for the last year of this four-year period, and therefore for the first time in 2016 for financial years 2012 to 2015. Possible payments for 2012 range from €0 to €300,000 for a 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 Bank in financial year 2012. No payments will in fact be made for financial years 2012 to 2015.

[7] Total remuneration under DRS 17 contains the share-based remuneration components, partly with an expected target achievement of 100% at the grant date. Total remuneration under DRS 17 does not however include the possible long-term variable remuneration, but only payments actually received (see footnote 6).

In addition to the total payments shown in the table, Dr. Strutz, after termination of his activities at the end of March, received the contractually agreed compensation of €250,000 for complying with the non-competition clause and the contractually agreed transitional pay totalling €375,000.

Loans to members of the Board of Managing Directors

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 2.1% and 7.6%, for amounts overdrawn in certain cases up to 13.2%. Loans are secured on a normal market basis, if necessary through land charges and rights of lien.

As at the reporting date, the aggregate amount of loans granted to members of the Board of Managing Directors was €4,008,000 compared with €1,773,000 in the previous year. With the exception of rental guarantees, Commerzbank Aktiengesellschaft did not have any contingent liabilities relating to members of the Board of Managing Directors in the year under review.

Supervisory Board

Principles of the remuneration system and remuneration for financial year 2012

The remuneration of the Supervisory Board is regulated in Art. 15 of the Articles of Association; the current version was approved by the AGM on 16 May 2007. This grants members of the Supervisory Board basic remuneration for each financial year, in addition to compensation for out-of-pocket expenses, comprising:

- fixed remuneration of €40,000 per year and
- a variable bonus of €3,000 per year for each €0.05 of dividend in excess of a dividend of €0.10 per share distributed to shareholders for the financial year just ended.

The Chairman receives triple and the Deputy Chairman double the aforementioned basic remuneration. For membership of a committee of the Supervisory Board, which meets at least twice in any calendar year, the committee chairman receives additional remuneration in the amount of the basic remuneration and each committee member in the amount of half the basic remuneration; this additional remuneration is paid for a maximum of three committee appointments. In addition, each member of the Supervisory Board receives an attendance fee of €1,500 for every meeting of the Supervisory Board or one of its committees. The fixed remuneration and attendance fees are payable at the end of each financial year and the variable remuneration after the Annual General Meeting that passes a resolution approving the actions of the Supervisory Board for the financial year concerned. The value-added tax payable on the remuneration is reimbursed by the Bank.

As Commerzbank will not pay a dividend in 2012, variable remuneration is not payable for the financial year 2012. The members of the Supervisory Board therefore received total net remuneration of €1,640,000 for the financial year 2012 (previous year: €1,619,000). Of this figure, the basic remuneration and remuneration for serving on committees amounted to €1,251,000 (previous year: €1,199,000) and attendance fees to €389,000 (previous year: €420,000). The value added tax (currently 19%) payable on the remuneration of the members of the Supervisory Board resident in Germany was reimbursed by Commerzbank Aktiengesellschaft.

The remuneration is divided between the individual members of the Supervisory Board as follows:

2012 €1,000	Fixed remuneration	Variable remuneration	Attendance fee	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 (until 23 May 2012)[1]	–	–	–	–
Dr.-Ing. Burckhard Bergmann	40	–	13.5	53.5
Dr. Nikolaus von Bomhard	40	–	12.0	52.0
Karin van Brummelen	60	–	25.5	85.5
Astrid Evers	40	–	13.5	53.5
Uwe Foullong	40	–	12.0	52.0
Daniel Hampel	40	–	13.5	53.5
Dr.-Ing. Otto Happel	60	–	13.5	73.5
Beate Hoffmann	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	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 (since 1 June 2012)	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. Balbinot renounced his remuneration in the 2011 and 2012 financial years.

Members of the Supervisory Board once again provided no advisory, intermediary or other personal services in 2012. Accordingly, no additional remuneration was paid.

Loans to members of the Supervisory Board

Members of the Supervisory Board have been granted loans with terms ranging from on demand up to a due date of 2038 and at interest rates ranging between 2.5% and 6.3%, and on amounts overdrawn in certain cases up to 10.1%. Collateral security is provided on normal market terms, if necessary through land charges or rights of lien.

As at the reporting date, the aggregate amount of loans granted to members of the Supervisory Board was €605,000; last year, the figure was €322,000. Commerzbank Aktiengesellschaft did not have any contingent liabilities relating to members of the Supervisory Board in the year under review.

Other details

D&O liability insurance

There is a Directors and Officers (D&O) liability insurance policy for members of the Board of Managing Directors and the Supervisory Board. The excess for members of the Supervisory Board and the Board of Managing Directors is set at 10% of the claim up to a maximum of 150% of the fixed annual remuneration for all insurance claims made within a single year.

Purchase and sale of the Company's shares

Under Art. 15 a of the German Securities Trading Act, transactions by executives of listed companies and their families must be disclosed and published. Accordingly, purchases and disposals of shares and financial instruments relating to Commerzbank to the value of €5,000 per annum and upwards must be reported immediately and for the duration of one month. The Bank applies this reporting requirement to the Board of Managing Directors and the Supervisory Board in line with BaFin's recommendations in the Guide for Issuers.

In 2012, members of Commerzbank's Board of Managing Directors (BMD) and Supervisory Board (SB) reported directors' dealings in Commerzbank shares or derivatives thereon:[1]

Date	Disclosing party	Relation	Participant	Purchase/ sale	Amount	Price €	Transaction volume I €
2.7.2012	Hans-Hermann Altenschmidt		Member of SB	Purchase	6,370	1.21104	7,714.32
2.7.2012	Daniel Hampel		Member of SB	Purchase	1,744	1.21104	2,112.05
2.7.2012	Beate Hoffmann		Member of SB	Purchase	2,180	1.21104	2,640.07
2.7.2012	Karin van Brummelen		Member of SB	Purchase	4,955	1.21104	6,000.70
2.7.2012	Uwe Tschäge		Member of SB	Purchase	13,328	1.21104	16,140.74
2.7.2012	Uwe Tschäge		Member of SB	Sale	13,328	1.26048	16,799.68
2.7.2012	Silke Tschäge (for Uwe Tschäge)	x	Member of SB	Purchase	4,469	1.21104	5,412.14
2.7.2012	Silke Tschäge (for Uwe Tschäge)	x	Member of SB	Sale	4,469	1.26048	5,633.09
2.7.2012	Astrid Evers		Member of SB	Purchase	5,568	1.21104	6,743.07
2.7.2012	Astrid Evers		Member of SB	Sale	5,568	1.26048	7,018.35
28.8.2012	Daniel Hampel		Member of SB	Purchase	5,256	1.26900	6,669.86
21.11.2012	Daniel Hampel		Member of SB	Purchase	3,000	1.28900	3,867.00

Overall, the Board of Managing Directors and Supervisory Board together held no more than 1% of the issued shares and option rights of Commerzbank Aktiengesellschaft on 31 December 2012.

[1] The directors' dealings were published on Commerzbank's website under "Directors' Dealings" in 2012.

Details pursuant to Art. 289 of the German Commercial Code (HGB)

Information under takeover law required pursuant to Art. 289 (4) of the German Commercial Code and Explanatory Report

Share capital structure

Commerzbank has issued only ordinary shares, the rights and duties attached to which arise from statutory provisions, in particular Arts. 12, 53 a et seq., 118 et seq. and 186 of the German Stock Corporation Act. The share capital of the company totalled €5,829,513,857.00 at the end of the financial year. It is divided into 5,829,513,857 no-par-value shares. The shares are issued in bearer form.

Appointment and replacement of the members of the Board of Managing Directors and amendments to the Articles of Association

The members of the Board of Managing Directors are appointed and replaced by the Supervisory Board pursuant to Art. 84 of the German Stock Corporation Act and Art. 6 (2) of the Articles of Association. Pursuant to Art. 6 (1) of the Articles of Association, the Board of Managing Directors comprises a minimum of two people; in all other respects the Supervisory Board defines the number of members on the Board of Managing Directors in accordance with Art. 6 (2) of the Articles of Association. If there is a vacancy on the Board of Managing Directors for a required member and the Supervisory Board has not appointed a replacement, in urgent cases one will be appointed by a court pursuant to Art. 85 of the German Stock Corporation Act. Any amendment to the Articles of Association requires a resolution of the Annual General Meeting under Art. 179 (1) sentence 1 of the German Stock Corporation Act. Unless the law mandates a majority, a simple majority of the share capital represented is adequate to pass resolutions (Art. 19 (3) sentence 2 of the Articles of Association). The authority to amend the Articles of Association, provided such amendments affect merely the wording of an article with no change in substance, has been transferred to the Supervisory Board under Art. 10 (3) of the Articles of Association in compliance with Art. 179 (1) sentence 2 of the German Stock Corporation Act.

Powers of the Board of Managing Directors

The Board of Managing Directors, with the approval of the Supervisory Board, is authorised to increase the share capital by a total of €1,462,936,397.00 by issuing new shares under Art. 4 (3) (Authorised Capital 2011) and by a total of €1,150,000,000.00 by issuing new shares under Art. 4 (6) (Authorised Capital 2012/I) of the Articles of Association applicable on 31 December 2012. The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to exclude subscription rights in certain cases, in particular to increase the share capital for non-cash contributions. The Board of Managing Directors is also authorised, with the approval of the Supervisory Board, to increase the share capital by a total of €2,455,000,000.00 through the issue of new no-par-value shares for cash contributions and/or the full or partial contribution of the silent participations from silent partnerships entered into by AZ-Arges Vermögensverwaltungsgesellschaft mbH and the Financial Market Stabilisation Fund in accordance with Art 4 (7) ((Authorised Capital 2012/II) of the Articles of Association. The Board of Managing Directors may only use the authorisation to issue shares for cash contributions in order to apply the funds received by the Company to repay the silent participations.

Moreover, the Annual General Meeting on 23 May 2012 gave the Board of Managing Directors the authority to issue convertible bonds or bonds with warrants and/or profit-sharing certificates (both with and without conversion or option rights) against a cash or non-cash contribution for a total nominal value of €8,400,000,000.00. Conditional capital of up to €2,750,000,000.00 is available for this purpose according to Art. 4 (4) of the Articles of Association (Conditional Capital 2012/I). The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to exclude subscription rights in certain cases, in particular where the financial instruments are issued for non-cash contributions. Furthermore, the capital was conditionally increased, as resolved by the Annual General Meeting of 6 May 2011, by up to €709,312,132.00 under Art. 4 (5) of the Articles of Association (Conditional Capital 2011/III) and, as resolved by the Annual General Meeting of 23 May 2011, by up to €935,000,000.000 under Art. 4 (8) of the Articles of Association (Conditional Capital 2012/II). The Conditional Capital 2011/III and Conditional Capital 2012/II exist to enable the issuance of shares in the event of the exercise of conversion rights by the Financial Market Stabilisation Fund.

For details of the authorised capital increase and conditional capital increase, particularly regarding maturities and terms and conditions of exercise, please refer to the explanations in Notes 29 and 30.

The authority of the Board of Managing Directors to increase share capital from authorised and conditional capital and to issue convertible bonds or bonds with warrants or profit-sharing certificates allows the Bank to respond appropriately and promptly to changed capital needs.

On 19 May 2010, the Annual General Meeting authorised Commerzbank Aktiengesellschaft to purchase and sell its own shares for the purpose of securities trading, pursuant to Art. 71 (1) No. 7 of the German Companies Act (AktG) until 18 May 2015. The aggregate amount of shares to be acquired for this purpose may not exceed 5% of the share capital of Commerzbank Aktiengesellschaft at the end of any given day. The price at which own shares are purchased may not be more than 10% lower or higher than the average share price (closing auction prices or similar successor prices for Commerzbank shares in Xetra trading or a similar successor system to the Xetra system on the Frankfurt Stock Exchange) on the three trading days preceding the purchase.

Material agreements in the event of a change of control following a takeover bid

In the event of a change of control at Commerzbank, an extraordinary right of termination in favour of certain contract parties has been negotiated by Commerzbank under ISDA master agreements. In general, the right of termination is also conditional upon a material deterioration in Commerzbank's credit standing. In the event of this type of termination, the individual agreements signed under these master agreements would have to be settled at market, which can be determined on any stock exchange trading day. The possibility cannot however be excluded that, if an individual customer with an especially large volume of business terminates a contract, Commerzbank's net assets, financial position and operating results could nevertheless be heavily impacted due to the Bank's potential payment obligations.

Change of control clauses

The remuneration system for the Board of Managing Directors introduced in 2010 contains no change of control clauses. Only one member of the Board of Managing Directors still had an employment contract containing a change of control clause, and this expired at the end of the current term of office of the Board member concerned on 31 March 2012.

Equity holdings that exceed 10% of the voting rights

The Financial Market Stabilisation Fund holds a stake of 25% plus one share in the voting capital of Commerzbank Aktiengesellschaft.

There are no further facts that need to be declared under Art. 289 (4) HGB.

Details pursuant to Art. 289 (5) HGB

The aim of the internal control and risk management system in respect of financial reporting is to ensure that the annual financial statements of Commerzbank Aktiengesellschaft and the Commerzbank Group provide a true and fair view of the net assets, financial position and results of operations in accordance with the applicable accounting standards under the German Commercial Code and IFRS. The internal control system and the risk management system at Commerzbank are integrated as regards their methodology and implementation, both with a view to financial reporting. In the following, we shall therefore use the term ICS (internal control system). Details of the risk management system can be found in the risk report on pages 48 to 88.

The objective of proper financial reporting is endangered by the risks to which it is exposed. Risks are deemed to be the possibility that the objective stated above might not be attained and material information in the financial reporting might be inaccurate. The Bank regards information as material when its absence or misstatement could influence economic decisions taken by those to whom it is addressed, regardless of whether this arises from a single matter or a combination of several.

Risks to financial reporting may arise from errors in business processes. Fraudulent behaviour can also result in the inaccurate reporting of information. The Bank therefore has to ensure it minimizes the risks of incorrect statement, measurement or presentation of financial reporting information.

The Commerzbank ICS seeks to provide sufficient certainty that it complies with the relevant legal requirements, that business is conducted in a proper and cost-effective manner and that financial reporting is complete and accurate. It is important to note that despite all measures the Bank may take, the ICS methods and procedures used may offer sufficient certainty but never absolute certainty.

No material changes have been made to the financial reporting ICS since the balance sheet date.

Legal basis and guidelines

Art. 289 (5) of the German Commercial Code requires companies to describe the material features of their ICS in the management report. Commerzbank follows the principles for bank-specific organisation of the internal control system set out in the Minimum Requirements for Risk Management (MaRisk).

The Bank's internal control system is structured in line with the internationally recognised framework developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). Commerzbank derives the following objectives from this:

- That business processes be effective and efficient;
- That applicable laws and regulations be observed;
- That financial reporting be reliable.

As regards the risk assessment of the reporting process required by COSO in respect of the reliability of financial reporting (for example, ensuring that all transactions are fully and correctly recognised in the financial statements), the Bank follows the recommendations of the International Standards of Auditing and Quality Control, No. 315, 2009 Edition (hereinafter referred to as ISA number 315).

Organisation

A detailed governance framework forms a sound basis for good corporate governance that provides strategic direction for the Group as a whole while taking account of risk elements.

The governance framework sets uniform and binding minimum standards for all units with regard to their organisational structure in respect of maintaining documentation and keeping it updated. The primary feature is the principle of clear allocation of responsibility, starting with the schedule of business responsibilities for the Board of Managing Directors and ending with the individual approval authorities of each employee. The scope and structure of the governance framework follows both the legal and regulatory requirements and also the "Commerzbank corporate constitution" approved by the full Board of Managing Directors. The governance framework translates the main guiding principles of the corporate constitution into practical rules and contains the following elements:

- Plan for allocating the business responsibilities for the Board of Managing Directors'
- Rules of procedure
- Organisation charts
- Business remits of the units
- Job descriptions
- Schedule of approval authorities

Where tasks in the Bank by their nature cannot be combined, they are organised into different areas applying the principle of separation of functions. Strict checks are also carried out using the dual-control principle to minimise risks in financial reporting.

Responsibility for implementing, executing and applying the Bank's ICS lies primarily with the Board of Managing Directors; as regards the reporting process, this lies with the CFO. The Board of Managing Directors is responsible for structuring the ICS throughout the Bank and demonstrating that it is appropriate, while the CFO is responsible for structuring the controls through appropriate and effective controlling measures, embedding these in processes and ensuring that the ICS is effective for financial reporting. The CFO is responsible for ensuring that the annual and consolidated financial statements are properly prepared.

The Supervisory Board oversees financial reporting, mainly through the Audit Committee set up for this purpose. The responsibilities of the Audit Committee also include ensuring that the auditor is independent, appointing the auditor, setting the focus of the audit and agreeing the fee. During the year Group Audit reports to the Supervisory Board and its appointed committees about the work it has carried out and its material findings.

Group Management Finance (GM-F) and Group Management Finance Operations (GM-FO), which report directly to the CFO, are responsible for ensuring that the financial statements are drawn up in compliance with the relevant laws and internal and external guidelines. GM-FO is responsible for preparing the financial statements of Commerzbank Aktiengesellschaft Germany. GM-F is responsible for the individual company accounts of Commerzbank Aktiengesellschaft and consolidates the individual company accounts of Group companies into the consolidated financial statements.

Within GM-F, Accounting Policies & Guidelines is the department responsible for drawing up and communicating Group-wide accounting guidelines. It supports consistent and correct accounting treatment across the Group by drawing up and co-ordinating accounting guidelines. Published guidelines are updated on an ongoing basis. Regular staff training sessions are also held on relevant issues. This is complemented by more detailed working instructions on the Bank's intranet.

GM-F and GM-FO are supported in producing financial statements by other corporate divisions. Of particular importance here is Group Information Technology, which is responsible for providing and upgrading the accounting IT systems used.

Controls to minimise risk

Controls at the Bank are integrated directly into operating processes, either technically or manually (i.e., by means of organisation). Technical controls are used in the IT systems employed and consist, for example, of check sums and verification digits. Technical controls are often complemented by manual controls such as screen approvals carried out by the responsible employees. Data quality on initial entry into systems is ensured by organisational measures such as the dual-control principle, delegation of powers of approval and the separation of functions, and by technical measures such as issuing IT approval authorities. Additional controls during further processing guarantee that the data entered and used is complete and accurate.

Monitoring by Group Audit

Group Audit (GM-A) provides auditing and advisory services for the Board of Managing Directors independently, objectively and in a risk-oriented manner so as to optimise Commerzbank's business processes in terms of their compliance, security and cost-effectiveness. GM-A supports the Board of Managing Directors by evaluating the effectiveness and appropriateness of the internal control system and risk management, provides support on key projects in an internal auditing capacity and issues recommendations. In doing so, it contributes to the security of business processes and assets. GM-A's activities complement the work of the subsidiaries' auditing activities within the framework of Group risk management.

GM-A is directly accountable to the Board of Managing Directors and reports to that body. With regard to reporting and the assessment of audit results, it is not subject to any directives. Based on MaRisk, Group Audit's auditing activities, underpinned by the principle of risk-oriented auditing, extend to all of the Group's activities and processes, regardless of whether these take place within the Group or are outsourced. The task of auditing the effectiveness and appropriateness of the ICS covers the risk management and controlling systems, reporting, information systems and financial reporting. In performing its duties, GM-A has an unrestricted right to information.

GM-A promptly prepares a written report on each audit; the responsible members of the Board of Managing Directors are among the recipients of the report. On the basis of these audit reports, GM-A oversees and documents the steps taken to remedy the deficiencies identified within the specified time. If such deficiencies are ignored, an escalation process comes into effect. In addition, GM-A prepares an annual report on the audits that it has carried out during the course of the financial year, the material deficiencies identified and the measures taken, and presents this report to the Board of Managing Directors.

The financial reporting process

The financial reporting procedures at Commerzbank are supported by IT systems integrated into each process. As part of the input process for financial reporting, all information relevant for drawing up the financial statements of Commerzbank Group under IFRS and Commerzbank Aktiengesellschaft under the German Commercial Code is submitted to GM-F by the reporting units (Commerzbank Aktiengesellschaft Germany, subsidiaries and foreign branches). Data is transmitted via a separate online system directly into SAP EC-CS consolidation software, which has been adapted to meet the Bank's requirements. Subsidiaries generally submit IFRS data, German and foreign branches also submit data under the German Commercial Code. Data is automatically checked for consistency before transmission to GM-F. Once the plausibility checks have been successfully completed, individual reports can be finalised. Further plausibility checks are carried out using this data in GM-F. After these controls have been successfully completed, all the necessary steps are taken to produce the consolidated Commerzbank Group financial statements and Commerzbank Aktiengesellschaft single-company financial statements. Drawing up the Group financial statements involves various individual steps (e.g. consolidating equity, liabilities, income and expenses), currency translation and the elimination of intra-Group profits.

Segment reporting is done on a separate IT system. This involves reconciliation with the data from accounting.

Measures to further enhance the ICS as regards financial reporting

The ICS has been adapted to meet the needs of the Commerzbank Group as regards financial reporting, and it is further enhanced on an ongoing basis. To this end, the internal Control Environment Initiative (CEI) has been permanently implemented at GM-F/GM-FO. The aim of CEI is to manage all risk-related processes by applying a uniform method to report and assess risk. In addition, it seeks to strengthen the ICS in the area of financial reporting by a regular assessment of the effectiveness and efficiency of controls and by regularly checking how controls are implemented.

The CEI is based on a refined version of the GM-F/GM-FO "process map", which is a top-down representation of all key processes with descriptions of procedures. For this, risks affecting the reliability of financial reporting are identified using the COSO framework. The Bank also follows the recommendations of ISA 315. This involves checking whether a risk can be assigned to one of the following three categories and their various aspects:

- Statements on types of business transaction: their occurrence, completeness, accuracy, allocation to the correct period and the correct account;
- Statements on account balances at the reporting date: availability, rights and obligations, completeness, measurement and allocation;
- Statements on presentation in the financial statements and on the information contained in the financial statements: occurrence, rights and duties, completeness, reporting and comprehensibility, accuracy and measurement.

Suitable controls are implemented to minimise the risks identified. For the effectiveness of the ICS, it is the way the controls are structured into appropriate steps and embedded into each process, and the way they are performed at the operating level, that is the decisive factor in minimising risk.

This procedure ensures that risks are identified, minimised and any faulty developments on the operational side avoided.

Art. 289 a HGB

Information pursuant to Art. 289 a of the German Commercial Code, "Declaration on corporate governance", is publicly accessible on the website of Commerzbank Aktiengesellschaft at www.commerzbank.de.

Business and overall conditions

Economic environment

The global economy grew by around 3% in 2012, which was significantly less than in recent years. Few regions escaped this trend. One exception was the USA, where economic growth of 2.2 % was actually half a percentage point stronger than in the previous year. It is probable that the excesses of the past in terms of consumer debt and in the real estate sector have largely been corrected in the USA, so the very expansive monetary policy is increasingly having an effect.

Although growth in emerging markets was significantly higher than in industrialised countries, at just under 5% the average growth rate was more than one percentage point lower than in the previous year. This was primarily due to the significant tightening of monetary policy during the year, as well as lower demand from abroad.

The eurozone economy weakened the most, shrinking by around 0.5% last year compared with growth of 1.5% in 2011. The sovereign debt crisis clearly hit the economy even harder, although this was less attributable to financial policy, which was just as restrictive as in the previous year. However, the uncertainty created by the crisis has increasingly deterred companies from investing.

With slight growth of 0.7%, the German economy is still markedly outperforming the eurozone average. However, the crisis has had a significant impact here too. In the fourth quarter, for example, German gross domestic product declined compared with the previous quarter. The weaker economy was not primarily due to exports, since lower demand from European periphery countries was more than offset by demand from outside the eurozone, which continued to increase significantly. The critical factor was that companies were very reluctant to invest due to considerable uncertainty in their planning; investment fell markedly in 2012, despite very low financing costs and foreign demand remaining buoyant.

It was a different situation on the financial markets. Although the news from the real economy tended to be fairly poor, particularly in the eurozone and Germany, the mood on the financial markets improved noticeably in the second half of the year. This was triggered by the European Central Bank's statement at the beginning of the second quarter that it was "ready to do whatever it takes to preserve the euro". After this clear statement from the ECB president, the bond markets in Spain and Italy eased and the prices of financial securities stabilised. Additional declarations the next day from Berlin and Paris that they would "do everything possible to protect the eurozone" marked a turning point in the price trend for financial securities. Moreover, in the summer the ECB signalled that under certain conditions it would, if necessary, buy unlimited amounts of government bonds of crisis countries, in order to guarantee the cohesion of the eurozone. Share prices rose sharply on this, and yield risk premiums on government bonds issued by periphery countries fell significantly compared with German Bunds. The euro also started appreciating again. Even though a fresh crisis cannot be ruled out, there is a good chance that the sovereign debt crisis will continue to wane because, unlike in previous similar phases, capital flows have switched direction. From summer onwards, the periphery countries saw a net inflow of capital, so the capital flight from these countries, which had lasted over a year, is at an end for the time being.

Sector environment

The European sovereign debt crisis spread in the first half of 2012 and for a while intensified. Cyprus and Spain were the first to join the group of countries affected, and the crisis reached a new peak in the summer as tensions on the Spanish and Italian bond markets worsened. Market participants and customers from the real economy watched tensely as political events unfolded with crisis summits, haircuts and last-minute bailouts. Given that previous deterioration in the sovereign debt crisis had always hurt the German financial system too, earnings at Germany's major internationally active banks declined noticeably in the first half, particularly as the world economy continued to slow. Falling interest rates and margins, together with the cautious stance adopted by private and corporate investors, were key causes of this earnings trend, which remained largely constant during the second half of the year.

At the same time, the unusually far-reaching monetary measures implemented during the second half were perceived by the markets to significantly reduce the risk of the crisis escalating. The "European stability mechanism" bailout fund, the ECB's outright monetary transactions programme and the Eurosystem's special liquidity management measures were cornerstones created to prevent extreme scenarios such as the collapse of the eurozone. They resulted in a perceptible fall in risk premiums on affected government bonds and a slowdown in the flight of capital and deposits from these countries. However, this easing of the crisis came too late for earnings performance in the banking sector in 2012, especially since earnings in this sector are also being negatively affected by structural developments relating to regulatory requirements and levels of competition. Nevertheless, the German banking system became more resilient last year thanks to significantly lower lending to the crisis-hit countries, a noticeable increase in core capital ratios and lower levels of debt. Against this backdrop, the funding costs of banks in the eurozone have fallen since last summer and access to funding resources has improved slightly.

Important business policy events

2012 was another eventful year for Commerzbank. At the beginning of the financial year, the Bank presented a package of measures which allowed it to meet the capital requirements of the European Banking Authority (EBA) out of its own resources. These included using the favourable capital market environment to execute a capital increase for non-cash contributions. In tandem with meeting the individual compensation entitlements of its non-pay-scale employees through issuing shares, this enabled Commerzbank to strengthen its capital structure further. In the middle of the year under review, given the persistently uncertain situation on the financial markets, Commerzbank also decided to accelerate its plans to focus on the core business and to improve its positioning. As well as adjustments to the segment structure, there were changes to the responsibilities of individual members of the Board of Managing Directors. In November, an Investors' Day was held to explain how the Bank intended to increase the earnings power of the core business.

Measures to meet the EBA's requirements

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 that Commerzbank strengthen its Core Tier I capital by €5.3bn.

Commerzbank had already introduced comprehensive measures at the end of 2011 to meet the Core Tier I ratio of 9% stipulated by the EBA (in a simulated scenario of a partial default on European government bonds). In the first quarter of 2012, the EBA's capital requirement was already exceeded, achieved in particular through rigorous continuation of our 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 optimisation measure carried out in February 2012.

Further optimisation of the capital structure

In February 2012, Commerzbank's Board of Managing Directors, with the consent of the Supervisory Board, approved a capital increase of around 7% of ordinary share capital (360,509,967 shares) against a non-cash contribution of selected securities. The non-cash contribution of selected securities comprised hybrid capital instruments, subordinated debt securities and other capital instruments issued by Commerzbank and other companies with a nominal volume of €965m. Goldman Sachs International ("Goldman Sachs") acquired the securities as intermediary from qualified investors outside the United States of America for the purpose of exchanging them for new Commerzbank shares.

Against the contribution of the financial instruments thus acquired to Commerzbank's capital, Goldman Sachs underwrote the entire volume of 360,509,967 new Commerzbank shares to be issued for the exchange and, upon completion and entry of the deal in the commercial register on 7 March 2012, transferred them to the appropriate qualified investors. On the basis of the average daily volume-weighted Xetra average price of Commerzbank shares from 24 February to 2 March 2012 at 3 p.m. (CET), the exchange took place at a theoretical price of €1.9128 per new Commerzbank share.

The transaction enabled Commerzbank to use a favourable market environment to strengthen its capital structure, without resorting to the EBA's package of measures.

The Financial Market Stabilisation Fund (SoFFin) converted part of its silent participations of over €230.8m into 120,169,989 shares in order to maintain its stake in Commerzbank at 25% plus one share. After this transaction, SoFFin's silent participation in Commerzbank was reduced to around €1.71bn.

Commerzbank's Core Tier I capital strengthened through payment of variable compensation in shares

As already announced at the beginning of 2012, Commerzbank paid €213.8m of the individual variable compensation entitlements of its non-pay-scale employees in Commerzbank shares. At the end of June 2012, the Board of Managing Directors of Commerzbank, with the approval of the Supervisory Board, determined that the definitive number of shares to be issued for the purpose of increasing capital against non-cash contributions would be 176,553,636, with shareholders' pre-emptive rights excluded.

A total of just under 90% of entitled non-pay-scale employees decided to receive their variable remuneration in the form of shares. Claims from Commerzbank Group employees with regard to variable remuneration in 2011 were thus transferred as a non-cash contribution for a total nominal value of €213.8m, which immediately strengthened Core Tier I capital. As part of a coordinated sale transaction, 128,335,357 of the newly issued shares were placed by Commerzbank Aktiengesellschaft and Deutsche Bank AG as joint bookrunners.

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 a portion of the silent participations with a nominal value of around €80.1m was converted into 58,851,212 shares from the conditional capital approved by the Annual General Meeting (AGM) in 2011. This reduced SoFFin's remaining silent participation in Commerzbank to around €1.63bn.

The completion of these two capital transactions increased the number of shares of Commerzbank to a total of 5,829,513,857. The new shares began trading on the stock exchange on 2 July 2012.

Commerzbank steps up focus on core business

In view of the uncertainty on financial markets, the worsening government debt crisis and increasing regulatory requirements, Commerzbank has picked up the pace of focusing on client-driven and profitable core business, minimising risks and reducing complexity. The Board of Managing Directors therefore decided at the end of June 2012 to fully wind down over time all activities in commercial real estate and ship financing, in addition to public finance. In addition, the majority of Commerz Real and the residential mortgage loans portfolio of the former Eurohypo AG were integrated into the Core Bank segment Private Customers.

Commercial real estate financing and ship finance were transferred in their entirety to the new "Non-Core Assets" (NCA) run-off segment. The main reasons for this were the high regulatory capital requirements and enhanced liquidity requirements of Basel III, in particular with respect to long-term financing, as well as the strong cyclical fluctuations in results which are also to be expected in future. Commerzbank will continue to offer real estate funding in its private and corporate customer business.

The public finance business of Hypothekenbank Frankfurt AG was also transferred at an organisational level to the NCA segment for the purpose of winding down. In legal terms, Hypothekenbank Frankfurt AG will retain the commercial real estate financing and public finance portfolios, as planned.

Adjustments to the segment structure

Commerzbank's segment structure changed on 1 July 2012. On that date, the measures decided by the Board of Managing Directors to restructure Eurohypo AG, which has been trading as “Hypothekenbank Frankfurt AG” since 31 August, came into force and the Non-Core Assets (NCA) run-off segment was implemented, to replace the former Asset Based Finance segment. The majority of Commerz Real and the residential mortgage loans portfolio of the former Eurohypo AG were integrated into Private Customers.

At the same time, the Portfolio Restructuring Unit (PRU) was dissolved as an independent segment after significant progress had been made in reducing the portfolio; the remaining portfolio – with the exception of the sub-portfolio of public infrastructure financing which was moved to NCA – was transferred to the Corporates & Markets (CM) core segment.

On 1 January 2012, our branches in the Czech Republic and Slovakia – Commerzbank Eurasija in Russia and Commerzbank Zrt. in Hungary – were transferred from the Central & Eastern Europe segment to the Mittelstandsbank segment. The prior-year figures were restated accordingly.

New division of responsibilities within the Board of Managing Directors

Responsibilities within the Commerzbank Board of Managing Directors were reallocated following the adjustments to the segment structure. Ulrich Sieber assumed overall responsibility for the expanded NCA segment jointly with Jochen Klösges, in addition to Group Human Resources. In order to concentrate on winding down the portfolios in the new NCA segment while minimising the impact on earnings, Ulrich Sieber handed over responsibility for Central & Eastern Europe to Martin Blessing. In turn, Martin Blessing relinquished the Treasury segment to Michael Reuther, who has now taken over this area in addition to Corporates & Markets. The new division of duties within the Board of Managing Directors took effect on 9 August 2012.

Eurohypo AG renamed “Hypothekenbank Frankfurt AG”

Eurohypo AG was officially renamed “Hypothekenbank Frankfurt AG” when the new name was entered in the commercial register on 31 August. By giving up the brand, Commerzbank has fulfilled the requirement stipulated by the European Commission to wind down Eurohypo AG. The new name also affects the subsidiaries of Hypothekenbank Frankfurt: Eurohypo Europäische Hypothekenbank S.A., which is based in Luxembourg, is now trading as “Hypothekenbank Frankfurt International S.A.”, and EH Estate Management GmbH is now trading as “HF Estate Management GmbH”. The change of name has no impact on existing contracts with customers or business partners. Account and reference numbers, sort codes and general terms and conditions remain valid and unchanged, as do the addresses and contact data.

Commerzbank concludes sale of its minority interest in Russian bank Promsvyazbank

Commerzbank completed the sale of its indirect minority interest of approximately 14.4% in the Russian Promsvyazbank in mid-June. It was sold to Promsvyaz Capital B.V., which is the majority shareholder of Promsvyazbank. In view of its intention to sell, Commerzbank activated a put option that had already been contractually agreed with Promsvyaz Capital B.V.

Commerzbank's Russian business activities remain unaffected by the transaction. In corporate customer business, the Bank will continue to support and be a reliable partner to Russian clients with business relationships in Germany and German companies doing business in Russia. As before, Commerzbank will be represented in Russia by its subsidiary Commerzbank (Eurasija) SAO and the representative offices in Moscow and Novosibirsk.

Commerzbank sells Bank Forum to the Ukrainian Smart Group

At the end of October, Commerzbank concluded the sale of its indirect holding of approximately 96% in the Ukrainian Bank Forum to the Ukrainian Smart Group. The parties have agreed to maintain confidentiality about the contractual details. Commerzbank acquired its majority stake in Bank Forum in the spring of 2008. In the past few years, the development in the Ukraine has been far less dynamic than expected. We do not expect a sustainable improvement in the near future either. In the course of its ongoing review of Group strategy, Commerzbank has therefore also decided to sell its stake in Bank Forum. Commerzbank will continue to be represented in the Ukraine through its representative office in Kiev, and in corporate customer business the Bank will continue to support and be a reliable partner to Ukrainian clients with business relationships in Germany and German companies doing business in the Ukraine.

Commerzbank concludes integration of Deutsche Schiffsbank

In May 2012, Commerzbank Aktiengesellschaft completed the integration of Deutsche Schiffsbank AG by registering the merger in the German Commercial Register. Upon this act, the merger became retrospectively effective as at 1 January 2012, with Commerzbank becoming the universal successor to Deutsche Schiffsbank AG. Upon the merger becoming effective, Commerzbank also received permission from the Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority) to issue public-sector Pfandbriefe and ship Pfandbriefe . The permission was a prerequisite to Commerzbank continuing the issuance activity of Deutsche Schiffsbank AG.

Commerzbank presents its strategic agenda

At an Investors' Day held in early November, Commerzbank introduced its strategic agenda for the period to 2016. In the next few years Commerzbank will adapt its business model to the changing framework conditions in the financial industry and pursue focused growth. In the period to 2016, the Bank will invest over €2.0bn in the earnings power of the core business, implement additional efficiency measures to keep costs stable and continue to optimise its capital base. In 2016, the Bank aims to achieve a return on equity after taxes of over 10%. The cost/income ratio of the Core Bank, with the operating segments Private Customers, Mittelstandsbank, Corporates & Markets and Central & Eastern Europe, is expected to fall to around 60%. Even under Basel III, taking into consideration the phase-in regulations, the Group's Core Tier I ratio should remain at all times significantly above 9% until the end of 2016. The Bank also plans to reduce the portfolios in the Non-Core Assets (NCA) segment by around 40% by 2016.

Regaining the trust of customers will be the most important task for all banks in the coming years. For us this means: We want to create a new bank that unites modern technologies and traditional values. We are rigorously orienting our business model towards the needs of the real economy, and adapting our advisory process, products and services.

The strategic realignment of the Private Customer business is a key element in the plan to boost earnings. Our goal is the development of a multi-channel bank which unites modern technologies with traditional values such as fairness, trust and competence. In total, Commerzbank will invest around €1.0bn by 2016 in its platforms, its product and service offering, the advisory process and training employees in the Private Customer business. This is expected to boost revenues per customer and increase the number of customers from 11 million at present to 12 million, generating an operating profit of over €500m in 2016. This should take the return on equity before taxes above 12%.

The Mittelstandsbank will continue expanding its successful business model and leading market position. In this respect, growth will focus on the acquisition of new customers, particularly in the small and medium-sized corporate customers segment, as well as on the expansion of business with existing customers in Germany. The "Cash Management & International Business" platform is also to be developed further. The aim is to improve customer coverage of small and medium-sized enterprises from the current figure of over 30% and secure our position as market leader among major companies – where customer coverage is over 90% – in the long term. Business at the existing sites abroad will be developed, and we will invest in the expansion of our position as Europe's leading trade service bank. Overall in 2016, and even assuming a normalisation of loan loss provisions, we still expect to achieve a return on equity of pre-tax profit of over 20%. Despite the investments, the cost/income ratio is expected to remain at less than 45%, which is low level compared with its peers.

Corporates & Markets will strengthen its positioning as a leading international niche player, leveraging the distribution channels of Commerzbank's private and corporate customers business while rigorously maintaining the risk-controlled business model introduced in 2004. Corporates & Markets will continue to build on its traditional strengths in debt capital markets and risk management solutions in the bonds and lending business. It will consolidate its leading market position in investment products in the equity and commodities business by selectively adding asset management products. Business with institutional clients will also be stepped up. In 2016, Commerzbank aims to achieve a return on equity before taxes of over 15% in investment banking and lower its cost/income ratio to less than 65%.

In the Central & Eastern Europe segment, Commerzbank will continue its successful organic growth at Poland's BRE Bank, expanding its proven universal bank model and developing the direct bank offering of mBank. The mobile banking offering of mBank and its position as one of the leading internet banks in Europe are to be expanded. In addition, through closer interaction between corporate customer business and investment banking, BRE Bank will broaden its product offering and systematically gear it to the Mittelstand. The brand image of the BRE Bank Group is to be standardised under the name mBank by 2016. The target for Central & Eastern Europe is to achieve stable growth in its value contribution to the Group, with a return on equity of pre-tax profit of more than 15% and a cost/income ratio of less than 55% in 2016.

The Public Finance, Commercial Real Estate and Deutsche Schiffsbank group divisions, which are bundled in Non-Core Assets (NCA), will be reduced as planned, essentially without any sales and while preserving their value. The goal is to reduce the NCA portfolio, which totals some €151bn at present, by around 40% by the end of 2016. As a result of the reduction process, capital is to be released from the NCA segment and reallocated to the Core Bank segments. The job cuts planned at NCA will be implemented in line with the portfolio reduction.

Despite focused growth in the core business, the loan loss provisions in the Group are to be further reduced to some €1.4bn by 2016. Risk-weighted assets are expected to rise in numerical terms to around €240bn by 2016. This is essentially due to the implementation of the new equity capital regulations under Basel III. Given the new equity capital regulations under Basel III and against the background of a changing market environment, the focus on strengthening equity capital will continue.

In the period to the end of 2016, operating expenses will be around €7.1bn to €7.3bn, despite the investments in the core business, higher wage settlements and rising operating costs. To achieve this, the Bank will continue its strict cost management and save costs in the coming years through, for example, more efficiently designed processes, the launch of the new branch structure, and the adjustment of personnel capacities. Restructuring expenses will therefore be incurred.

By continuing to develop its strategic direction, Commerzbank is reacting to the challenges posed by the financial market and sovereign debt crisis and to the resulting “new normality” in the financial sector – namely tougher requirements for banks’ capital base, ongoing low interest rates and a loss of trust on the part of customers.

Earnings performance, assets and financial position

Income statement

Commerzbank Aktiengesellschaft made a net profit of €102m in 2012 following a net loss of €–3,619m in the previous year. The net profit already contains the planned payments to service the silent participations of SoFFin and Allianz and all profit-sharing certificates issued by Commerzbank Aktiengesellschaft, including accumulated coupons and the Class B Preferred Securities of Commerzbank Capital Funding LLCs I–III for the financial year 2012.

The changes in the individual earnings components are set out below.

Net interest income, which is the balance of interest income less interest expense – including current income from equities, investments in associates and holdings in affiliated companies and as well as subsidiaries with profit and loss transfer agreements – was €5,463m, up 6.4% year-on-year. The balance of interest income less interest expense reduced by just under €1bn, with the very low interest rate environment playing a significant role through lower deposit spreads. Expenses were boosted by the resumption of servicing of silent participations and hybrid instruments. By contrast, income from profit-pooling and full or partial profit-transfer agreements rose by €1,321m to €1,612m, mainly due to intragroup adjustments to the holding structure.

Net commission income decreased by 7.9% year-on-year to €2,592m. The main cause was a fall in commission income, due primarily to our customers' reluctance to buy securities.

Net trading income amounted to €1,460m in 2012, compared with €869m in 2011.

The balance of other operating income and expenses for 2012 was €553m, compared with €–711m in 2011. Commerzbank Aktiengesellschaft received net income of €685m from the capital structure optimisation measures carried out in 2011 and 2012. The negative figure in 2011 was largely the result of the €1,030m compensation payment to SoFFin as part of the early repayment of a large portion of the silent participations received. There was also a rise in allocations to provisions in the reporting year, in particular for litigation and recourse risks, whereas reversals of provisions declined, particularly those relating to restructuring measures.

Operating expenses contracted significantly by 14.7% to €5,617m. This was mainly due to other operating expenses, which decreased by 28.4% to €2,249m, due in particular to significantly lower IT costs following the completed integration of the former Dresdner Bank. Strict cost management allowed the majority of other types of operating costs to be significantly reduced. Personnel costs fell by 2.1% to €3,368m, mainly under the impact of lower expenses for performance-related elements of remuneration; the smaller number of employees had a counterbalancing effect on pay increases.

Depreciation, amortisation and impairments of intangible and fixed assets decreased by 6.7% to €–208m in the year under review, in particular due to lower scheduled depreciation and amortisation of office furniture and equipment.

Write-downs and value adjustments on receivables and certain securities and allocations to provisions in the credit business amounted to €-1,567m, against income of €319m from reversals of write-downs on receivables and certain securities and from write-backs of provisions in the credit business. There were two reasons for this development: firstly, there was a rise in loan loss provisions, and secondly, net income from our securities liquidity portfolio was much lower, largely due to income from restructured loans in the previous year.

Income from write-ups on investments in associates, holdings in associated companies and securities accounted for as fixed assets amounted to €181m in the reporting year due to gains on disposals. Valuation adjustments were taken in the previous year on associated companies, causing write-downs and valuation allowances on investments in associates, holdings in affiliated companies and securities accounted for as fixed assets totalling €-187m.

The cost of assuming subsidiaries' losses under profit and loss transfer agreements decreased from €5,607m to €29m. A major factor in the large figure in 2011 was the loss compensation at Commerzbank Inlandsbanken Holding GmbH, caused primarily by the assumption of the 2011 loss at our subsidiary Eurohypo AG (now Hypothekenbank Frankfurt AG) and a write-down on its shares.

As a result of the income statement items described above, Commerzbank Aktiengesellschaft posted a profit on ordinary business activities of €2,769m in 2012, up from €-4,171m in the previous year. The extraordinary loss of €-148m contained a loss of €100m arising from the merger with Deutsche Schiffsbank Aktiengesellschaft and an allocation of €–46m to pension provisions under the Accounting Law Modernisation Act, as in the previous year.

Taxes on income and earnings were €–2,516m, of which €–2,094m was caused by the fact that we are no longer exercising the option under Art. 274 (2) sentence 1 HGB. This caused the amount blocked from distribution to fall significantly, to €825m. The prior-year result contained tax income of €597m.

Commerzbank Aktiengesellschaft made a net profit of €102m in 2012 following a net loss of €–3,619m in the previous year. Net profit for the reporting year was allocated to Other retained earnings and in particular to replenish a silent participation, producing retained earnings of €0.00. No dividend will be paid out for 2012.

Balance sheet

Total assets of Commerzbank Aktiengesellschaft fell slightly year on year, by €0.5bn to €527.5bn.

On the assets side, the cash reserve rose significantly, by €8.8bn to €13.4bn. This was because of an increase in credit balances with central banks contingent on the balance sheet date. Claims on banks decreased by 9.9% year on year to €120.5bn. This was due in particular to a fall in claims from money market transactions and loan receivables, which was more than offset by a rise in collateralised money market transactions in the form of reverse repos, . In contrast, claims on customers rose 9.1% year on year to €181.3bn, due essentially to a sharp rise in reverse repos and property and mortgage loans. The rise in claims on customers was entirely attributable to foreign customers. Bonds, notes and other fixed income securities rose by €2.1bn to €34.1bn. This 6.7% increase was mostly the result of a €1.3bn rise in holdings of bonds and notes and a €1.0bn rise in own bonds as a result of the merger with Deutsche Schiffsbank. The trading portfolio posted a volume of €159.4bn. This 5.8% fall was attributable in particular to a reduction in derivative financial instruments – mainly interest rate and currency derivatives – and lower bonds and notes, notably foreign ones. Investments in affiliated companies fell by 11.0% compared with 31 December 2011 to €10.3bn, as a result of the net impact of several opposing effects.

On the liabilities side, there was a large increase of 15.5% to €108.5bn in liabilities to banks, particularly those abroad. Almost half of this was attributable to a larger amount of collateralised money market transactions, such as repos and cash collaterals. Liabilities to customers also expanded strongly. The 12.3% increase to €218.6bn was attributable to higher short-term deposits and higher collateralised money market transactions, such as repos. Securitised liabilities fell 22.6% year on year to €34.2bn. New issuance in 2012 was more than offset by a maturity-related reduction in bonds, notes and money market instruments issued. Trading portfolio liabilities recorded a volume of €118.5bn, compared to €140.5bn in 2011. This volume decrease mainly resulted from a decline in negative fair values attributable to derivative interest rate and currency instruments. Subordinated liabilities totalled €10.6bn, which was €1.6bn lower than in 2011. Profit-sharing certificates rose €0.1bn to €0.8bn. Equity, at €17.4bn, was 3.4% higher year on year.

Off balance sheet liabilities were also lower compared with the previous year, with contingent liabilities down slightly, by €1.1bn to €34.9bn, and irrevocable lending commitments €5.7bn lower at €47.8bn.

Capital and reserves

Commerzbank Aktiengesellschaft's reported equity as at 31 December 2012 was €0.6bn higher compared with year-end 2011, at €17.4bn.

Subscribed capital edged up, by €0.1bn to €8.7bn. The increase was due mainly to the capital measures implemented in first-half 2012. The capital structure optimisation measure implemented in the first quarter of 2012 involved the non-cash contribution of hybrid capital instruments, subordinated bonds and other financial instruments to Commerzbank capital against the issuance of shares from authorised capital. In addition, the capital increase for non-cash capital contributions which was carried out in the second quarter to pay the individual variable compensation entitlements of non-pay-scale employees for the 2011 financial year in shares of Commerzbank Aktiengesellschaft also served to strengthen the Bank's equity base. In conjunction with both these measures, the Financial Market Stabilisation Fund (SoFFin) converted a portion of its silent participations into shares in order to maintain its stake in Commerzbank of 25% plus 1 share. SoFFin's remaining silent participation in Commerzbank reduced accordingly by €0.3bn to around €1.6bn. Allianz's silent participation was unchanged at €750m. The participation of HT1 Funding GmbH, which is also part of subscribed capital, halved to €0.4bn as a result of the capital measures.

The capital reserve increased by €0.5bn to €8.7bn, notably due to the capital measures carried out in the first half of the year.

Since 2007, the Bank has made use of the waiver rule of section 2 a KWG, which means it only reports risk-weighted assets and capital ratios for the financial institution group to the supervisory authority. As at 31 December 2012, risk-weighted assets of the financial institution group fell by €28.5bn from year-end 2011 to €208.1bn, mainly due to planned reduction measures, securitisations and collateral management, as well as the certification of our newly developed and integrated operational risk model by the regulatory authorities. Regulatory Tier I capital increased by €1.1bn compared with the end of 2011 to €27.2bn. In conjunction with the lower level of risk-weighted assets, the Tier I ratio rose to 13.1%. Core Tier I capital, which is a key variable in the context of Basel III, came to €25.0bn, or a ratio of 12.0%. The total capital ratio was 17.8% on the reporting date.

Summary of 2012 business position

Commerzbank made further progress operationally in 2012. We have been able to strengthen our capital base and significantly reduce our costs. Furthermore, the reduction of the non-strategic portfolio is proceeding according to plan. In 2012, Commerzbank Aktiengesellschaft's performance was affected by the persistently difficult market environment and a growing crisis of customer confidence in the banking sector – these two factors had an immediate impact. In this environment – after a significant annual net loss in the previous year – we posted a net profit in the reporting year, which already takes account of payments for servicing the silent participations of SoFFin and Allianz AG and hybrid instruments. Given the fact that we are no longer exercising the option under Art. 274 (2) sentence 1 HGB and the impact of this on deferred taxes, the amount blocked from distribution has fallen sharply. The Bank has therefore taken a big step towards regaining the ability to pay a dividend.

Report on events after the reporting period

Cost reduction measures hit result in first quarter of 2013

In connection with the strategic agenda for the period to 2016 announced by the Board of Managing Directors of Commerzbank on 8 November 2012, discussions with the employee representative committees on cost reduction measures in Commerzbank AG Germany commenced in mid-January. As part of the cost savings in operating costs and personnel expenses announced in November 2012, the Bank is currently working on the assumption of Group job cuts in the order of 4,000 to 6,000 full-time staff by 2016. This should result in a restructuring cost in the order of €500m in the first quarter of 2013.

Commerzbank's Board of Managing Directors issues policy statement on the planned staff reduction programme

According to a policy statement published on 22 February 2013, there are plans to cut 1,800 jobs in the branch network of the Private Customer business by no later than 31 December 2015. At the end of 2014, the Bank will conduct negotiations with the employee representatives regarding any further measures that may be necessary, on the basis of the strategic growth targets which have been met by that date.

There have been no other events of material significance.

Outlook and opportunities report

Future economic situation

The outlook for the global economy – and particularly for the economy in Germany and the other eurozone countries – is heavily dependent on how the sovereign debt crisis in the eurozone develops. The crisis has eased perceptibly since last summer. If this proves lasting – as indicated by the increasing return of capital to the eurozone periphery in recent months – we expect the global economy to grow strongly once again.

Since central banks throughout the world relaxed their monetary policies even further last year and most of them are pursuing a very expansionary course, growth is likely to accelerate again in 2013 and 2014, particularly in the emerging markets.

The recovery in the USA should also gain momentum, since the excesses of the past in terms of consumer debt and the real estate market should largely have been corrected and will probably have less and less impact on the economy. Although financial policy is likely to act as a brake on the economy at the beginning of the year, growth rates are set to pick up later in 2013 and in 2014.

Real gross domestic product Change from previous year	**2012**	**2013**[1]	**2014**[1]
USA	2.2 %	2.0 %	2.8 %
Eurozone	–0.5 %	0.3 %	1.5 %
Germany	0.7 %	1.0 %	2.5 %
Central and Eastern Europe	1.8 %	2.9 %	3.4 %
Poland	2.0 %	0.5 %	2.8 %

[1] The figures for 2013 and 2014 are all Commerzbank forecasts.

The eurozone economy should also improve gradually and emerge from recession in the first half of 2013, because if the easing in the sovereign debt crisis is sustained, companies would be able to plan with more confidence, thus releasing the biggest brake on the economy, especially in the core countries. Financing costs in the periphery countries would probably fall significantly. However, there will still be very large differences between the individual eurozone countries. While Germany and its smaller neighbours are expected to experience a strong upturn during 2013 due to the very expansive monetary policy of the ECB and the improved global economic environment – an upturn which is expected to continue in 2014 – the periphery countries will be able to come out of recession only gradually. The economies of these countries will continue to be held back by highly restrictive fiscal policies for some time yet. In addition – unlike in the USA – the correction of earlier excesses is far from completed.

The countries of Central and Eastern Europe also stand to benefit from the slightly more favourable economic conditions in the eurozone. This applies to Poland as well, where growth is expected to accelerate markedly in 2013 after a period of very weak economic development.

An end to the sovereign debt crisis and stronger growth in the world economy would give risky assets a considerable boost on the capital markets. The equity markets should continue on the upward trend that began in the second half of 2012 and risk premiums on bonds from the eurozone periphery countries should fall further, although they are likely to remain considerably higher than they were before the sovereign debt crisis began. Conversely, yields will rise on government bonds of countries with the best credit ratings. This increase will be fairly modest, however, since the central banks in the major currency areas are unlikely to raise interest rates by very much in the next two years. Nevertheless, we think that the Federal Reserve will at least cut back on its bond purchases in the current year, with the probable result that the US dollar gains ground on the euro.

Exchange rates	31.12.2012	31.12.2013[1]	31.12.2014[1]
Euro/US-dollar	1.32	1.28	1.20
Euro/Sterling	0.82	0.84	0.81
Euro/Zloty	4.07	4.05	3.85

[1] The figures for 2013 and 2014 are all Commerzbank forecasts.

Future situation in the banking sector

The European Central Bank's longer-term refinancing operations, together with the announcement of possible bond purchases on the secondary markets and the Eurosystem's special liquidity management measures, have succeeded in improving banks' refinancing conditions, preventing a disorderly unwinding of bank assets and reducing the yields on bonds from the eurozone periphery countries. The funding costs of eurozone banks therefore fell and access to funding resources improved in the second half of last year. The financial markets soared unexpectedly, bringing sometimes significant gains to nearly all investment classes during the year under review.

However, it is still too early to sound the all-clear for the banking environment. Although the interventions by the ECB and European politicians are having a stabilising effect, they are nevertheless impairing the role of market prices as a reliable risk measure. The economic situation remains precarious, especially since it will be some time before we can assess the full impact on the real economy of the extraordinary monetary measures taken by the central banks. Given the uncertain outcome of the unconventional monetary policy, an end to the uncertainty about the mid to long-term stability of the currency union cannot be expected very soon. All in all, 2013 will be another year of transition. If politicians succeed in laying a course for further integration in Europe, confidence will be reinforced, with a corresponding positive impact on banking in 2014. The likelihood that the high price fluctuations seen on the financial markets in recent years will ease off in 2013 and 2014 will also bring some relief to the banking sector.

Against this backdrop, with continuing differences between the positions of individual countries, there is likely to be only a gradual improvement in the earnings situation of European banks in the near future. This is because the regulatory processes that are already under way and the persistently fierce competition are restricting earnings potential and counteracting the easing of the sovereign debt crisis. Restrictive fiscal policy and high unemployment overall in the eurozone are negative factors. The deleveraging process initiated in many countries and households is reducing the demand for credit at the moment and will increase pressure on the deposit business. Corporate investments and therefore demand for credit will probably remain low this year. Net interest income will once again be hit by flat interest rate differentials and the ensuing lack of scope for generating a structural contribution. Opportunities to use the ample supply of liquidity from central bank funds on the assets side of the Bank's balance sheet are restricted because of the requirement to reduce risks. The evident trend towards renationalising the European banking market is also taking business and earnings opportunities away from banks. Stricter capital adequacy and liquidity requirements will continue to be the main dampers for the sector as regulation increases, despite the easing of liquidity requirements recently approved by the Basel Committee on Banking Supervision. This year and next, a number of new regulations will be implemented affecting the whole financial market, which will elicit some substantial interactions. Continuing concerns about further regulatory changes, together with the risk that rules which have already been agreed may be changed again, present huge challenges to strategic planning in the banking industry.

In the future, banking in Europe will probably be less profitable than it was in the years leading up to 2007. Given the growing pressure for change resulting from regulation, structural transformation and competition, European banks continue to face the challenge of strengthening their capital bases while downsizing their balance sheets. At the same time, high volumes of bank bonds are also due to mature in the coming years, thus clashing with the ongoing heavy borrowing requirements of governments. The major profit drivers of the past – such as high lending growth and falling credit default rates – will also have a much smaller impact on profits than before. Given the persistent weakness of the economy, loan loss provisions will initially have an adverse impact – partly because of the decline in releases of provisions – and will thus act as a constraint on earnings growth in the corporate customer business. In Germany, too, losses on bad debts will normalise in the corporate sector. Furthermore, demand for new lending with domestic corporate customers will have a dampening effect. Corporate investment activity is not expected to pick up until 2014 as the world economy revives and the eurozone economy also starts to recover; this should give a boost to demand for credit. In Private Customer business, commission income will remain under pressure due to the still pronounced preference for low-commission, highly liquid forms of investment. Aggressive price competition (particularly for deposits), together with increasing price sensitivity on the part of customers and tougher competition from online banks, are also hampering the expansion of earnings potential. We see a persistently difficult time ahead in investment banking given the still subdued levels of activity in IPOs, mergers and takeovers, and globally we expect market adjustments as banks focus on core competencies and their own home region. Uncertainty is also being generated by the renewed discussion on introducing a segregated banking system, which would mean that capital market business would be separated from classical deposit and lending business in a different legal organisation. Commerzbank is following the current debate on dual banking and is constantly analysing the potential impact of the proposals of the Liikanen expert group and of draft legislation.

Even if it is possible to convince market participants long-term that a viable solution to the European sovereign debt crisis has been reached, there are two key potent developments that will shape the banking environment: firstly, the banking sector must adjust to the lack of secure assets that originated in both the government and private spheres. Investment of excess liquidity in government bonds has been and will remain a cornerstone of the business conducted by banks and insurance companies. Secondly, the banking industry must realise that the deleveraging process required of countries and households will be patchy rather than smooth. This will reduce the overall growth trend and continue to cause temporary periods of uncertainty in the financial markets.

This will further intensify competition for deposits, which are the main way of refinancing independently of the interbank market, and for the comparatively crisis-proof business of German SMEs, who are seen as increasingly attractive customers and whose contributions to earnings have not been hit by value adjustments in recent years. For the time being there will be no change in the fragmented market structure, which in some cases is also characterised by overcapacities. This will not make the competitive situation any easier, and will limit the potential for generating capital from retained profit. In addition, earnings potential is also likely to be restricted over the medium term because of the trend towards shifting activities over to low-risk, low-margin business areas. Overall, the outlook – especially in the core business areas – will be largely dependent on the extent to which the customer confidence that has been lost can be regained.

Managing opportunities at Commerzbank

Commerzbank reacts strategically to changing conditions, such as tighter regulation, low interest rates and altered customer behaviour; it does so by optimising its capital base and continuing with its policy of strict cost management while at the same time investing in the profitability of its core activities. By consistently orienting its business model to the needs of its customers and the real economy, the Bank should be able to utilise the expected easing of the sovereign debt crisis this year and the cyclical recovery in the world economy next year to increase its profitability. This should enable Commerzbank to reinforce its position as a leading bank for private and corporate customers in Germany and Poland, even in a challenging environment.

Because the Bank is freeing up capital, winding down portfolios while preserving value, and keeping costs steady, it can invest in new products and services and should be able to increase its earnings power. In doing so, it focuses on the needs of its customers and on its traditional values. It is reacting to the more challenging conditions described above in a variety of ways: in the Private Customers business by building a modern multi-channel bank with the emphasis on customer satisfaction; in the Mittelstand business by continuing with its successful business model; in the Corporates & Markets division by expanding its position as an international leader among niche providers; and in the Central & Eastern Europe business area by continuing with its successful organic growth and developing the tried-and-tested universal bank model. At the same time, the Bank expects the planned liquidation of assets that do not belong in the core business to bring capital relief in due course.

Expected developments at Commerzbank Aktiengesellschaft

As part of its strategic realignment, Commerzbank has put in place growth initiatives and cost-cutting programmes which we shall implement rigorously in 2013 and subsequent years. We shall be developing our business model against the backdrop of a persistently challenging economic and capital market environment, which makes it difficult to formulate a reliable earnings forecast this year, 2013, and next year, 2014. As the Bank is managed via its segments, the information in the following sections of the outlook and opportunities report is geared towards the performance of the Commerzbank Group as a whole. We expect to see the following developments in 2013 in this regard:

In terms of net interest income, we have assumed another slight decline since the negative factors experienced over the past year, such as low market interest rates and restrained demand for credit, seem likely to persist for the time being. Commerzbank is expecting to make further progress in winding down non-strategic items this year, thus further reducing interest-bearing assets and interest income in the Non-Core Assets segment. We do not yet regard the current easing of funding costs on the capital market as sustainable. If the trend continues, however, it could boost net interest income in the future. Irrespective of this, Commerzbank expects the proportion of cheaper secured funding instruments to increase.

We are cautiously confident as regards net commission income. We expect to see the first positive results of our more customer-focused advisory approach in the Private Customers business and our improved service offering for SME customers – especially in foreign business and cash management. However, the extent of the improvement will be largely determined by developments in the capital market. The high level of price volatility since the financial crisis set in has been reflected in significantly reduced customer activity in the securities business in recent years, and this has had a negative impact on net commission income.

It is difficult to forecast the trading result because of the unpredictability of developments on the global financial markets. However, Commerzbank is maintaining its risk-oriented approach and refraining from proprietary trading.

Loan loss provisions are likely to be slightly higher in 2013 than in the previous year. In the Core Bank, we have assumed less favourable framework conditions, especially in the corporate customer business. In 2013, reversals of valuation allowances are not likely to be as high as those seen in the previous year as a result of the active reduction in the volume of non-performing loans. Furthermore, the persistently uncertain economic situation in our core markets – despite the likelihood of a slight improvement during the year – could increase the volume of problem loans. We are still expecting a very difficult environment In the Non-Core Assets run-off segment, particularly for ship finance, and the level of loan loss provisions required will remain high.

Expenses of an investment nature to increase future profitability are likely to have the effect of slightly raising overall operating expenses in 2013 compared with the year under review. Commerzbank will continue with its strict cost management policy in order to keep the potential increase within narrow limits. The efficiency improvement measures which are set to be implemented in this and subsequent years will result in a restructuring cost of around €500m in the first quarter of 2013.

In the current financial year, Commerzbank is focusing on developing and optimising its business model. Strategic growth initiatives in the core business in the two core markets of Germany and Poland, cost-cutting measures and the repositioning of the Commerzbank brand, especially in the private customers business, are laying the foundations for a sustainable increase in earnings potential. In the medium term, some of the capital needed for future growth will be generated through the ongoing value-preserving run-off of the non-core portfolio in the Non-Core Assets segment.

In the Private Customers business, we are countering customers' loss of confidence in the financial sector by reorienting the advisory approach to achieve a stronger focus on customers, even if this may mean foregoing some transaction-driven income in the short term. As well as expanding our customer base, we aim to achieve higher levels of customer satisfaction and greater penetration of the existing base through new products and stronger growth in the lending business, such as real estate financing. These strategic measures are aimed at boosting earnings and are unlikely to have an impact for some time, owing to the persistent negative effects of the low interest rate environment and subdued customer activity. In the Private Customers business, we predict no better than a balanced result in the current financial year, although we expect our profitability initiatives to have an increasingly noticeable impact from 2014 onwards.

Mittelstandsbank enjoys a strong market position even in times of crisis, thanks to our clear commitment to German SMEs, and we aim to build on this in the next few years to increase revenues in both the lending and the deposit business, especially with smaller companies. We also believe there is more potential in our foreign business, where we are striving to achieve market leadership in trade finance in Europe. In Mittelstandsbank, our focus remains on preserving the high quality of the loan portfolio and expanding our market share. However, we expect lower reversals of valuation allowances and muted demand for credit from the corporate sector in 2013. We are expecting the Mittelstandsbank segment's operating profit for 2013 to be below last year's. In 2014, if the economic climate is more favourable, the segment's earnings prospects should be given a further fillip by an increase in demand for credit.

In the Central & Eastern Europe segment, our subsidiary BRE Bank, which is one of the leading Polish universal banks, has a strongly positioned online banking business. In future, we intend to exploit this and increase profitability through a unified market presence under the “mBank” brand, shared with the direct banking arm, while also offering innovative new services. However, we think a temporary interruption to the growth trend is a realistic possibility in 2013, since the Polish economy cannot disconnect itself from the current weak economic climate in Western Europe. We therefore expect the results for the CEE segment in 2013 to be a little below the level achieved in 2012. When the Polish economy returns to above-average growth compared with Western Europe, our activities in Central and Eastern Europe in 2014 could also join in with the positive earnings trend of recent years.

For the Corporates & Markets segment, the focus will be on stabilising income, optimising capital requirements and applying consistent cost management in the face of a generally challenging capital market environment and increasing regulatory requirements. We expect to strengthen our position as a competitive investment bank partner through our strengthened customer base and product expertise which is recognised by the market. Assuming that the markets stabilise further and customer activity on the primary and secondary markets increases, and if, at the same time, costs fall and loan loss provisions remain stable, we expect further improvement in the operating result given the moderate rise in income anticipated this year and next. But there is uncertainty regarding current regulatory initiatives, such as the planned financial transaction tax and the current dual bank discussion.

In 2013, we shall continue to reduce volumes and risks in the Public Finance, Ship Finance and Commercial Real Estate long-term loan portfolios now held in the Non-Core Assets segment, with the aim of supporting the strategic realignment of the Commerzbank Group. The capital thus released will be utilised in the Core Bank to support growth in divisions with a more favourable risk/return ratio. Measured in terms of exposure at default (including problem loans), in the Non-Core Assets segment we are aiming for a further reduction in volume of around 40%, from €151bn at year-end 2012 to €93bn by year-end 2016. As well as directly reducing this exposure, e.g. by selling loan portfolios, we intend to improve the profitability and risk content of the remaining holdings through increased margins and additional collateral, unless the loan commitment can be terminated early or repaid on a rollover date.

Based on our current estimates, we anticipate a net profit in Commerzbank Aktiengesellschaft's parent company financial statements in 2013. A divided is unlikely to be paid for 2013.

Given the refinement of our business model and the recent progress in optimising our capital structure, we expect to report a Basel III Core Tier I capital ratio of well over 9% throughout 2013 (under the phase-in arrangements).

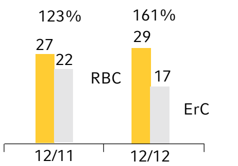
This aspiration for our capital position will also apply in the 2014 financial year, when we are likely to see earnings opportunities increase as a result of the expected improvement in economic conditions. Together with the increasing success of the measures to refine our business model, in terms of business performance in 2014 we expect to take a big step forward on the path to higher long-term profitability.

Risk report

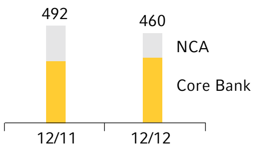
Risk reporting takes place according to the internal risk management of Commerzbank at the Group and segment level. The basis for this is formed by the financial figures according to IFRS as well as the key risk parameters according to the regulatory requirements. The financial data and key risk parameters of the Private Customers, Mittelstandsbank and Corporates & Markets segments as well as of the sub-segment Deutsche Schiffsbank (part of Non-Core Assets segment – NCA) relate mainly to Commerzbank Aktiengesellschaft. The key figures of the segment Central & Eastern Europe relate mainly to BRE Bank SA in Warsaw, while the key figures of the sub-segments Commercial Real Estate and Public Finance of the NCA segment relate mostly to Hypothekenbank Frankfurt AG.

Executive summary 2012

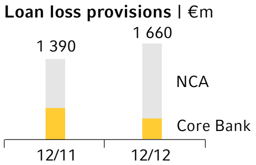
Risk-bearing capacity | €bn



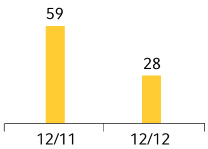
EaD | €bn



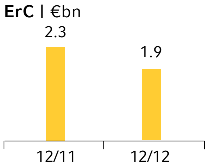
Loan loss provisions | €m



VaR | €m



ErC | €bn



- **Solid capital adequacy and significantly improved risk-bearing capability**
  - European Banking Authority's capital requirements more than met; Core Tier I ratio at year-end 12.0%.
  - Economic risk-bearing capacity significantly improved with a risk-bearing capacity ratio of 161% compared with prior year (123%).

- **Exposure significantly reduced, especially in Non-Core Assets**
  - The focus of portfolio reduction in 2012 was on Commercial Real Estate (–22%), Public Finance (–13%) and ship financing (–21%).
  - Exposure in the Core Bank increased to €321bn. Portfolio quality was improved further with a risk density of 27 basis points (2011: 31 basis points).

- **Loan loss provisions for the Group as expected at €1.7bn**
  - Core Bank very low at €0.3bn due to reversals.
  - In NCA, Deutsche Schiffsbank's portfolios were the main charge at €0.7bn. Loan loss provisions for CRE were still relatively high at €0.6bn, but down year on year.

- **Market risk in the trading book significantly reduced again in 2012**
  - VaR in the trading book significantly reduced by two-thirds since the beginning of 2009.
  - VaR in the trading book was €28m at year-end compared with €59m at the end of 2011.

- **Operational risk in line with expectations**
  - The total €310m charge from OpRisk events in 2012 was dominated mainly by product-related losses from liability for advice given.
  - Economically required capital for OpRisk reduced by €0.4bn to €1.9bn.

The Risk Report is also part of the Management Report. Due to rounding, numbers and percentages may not add up precisely to the totals provided.

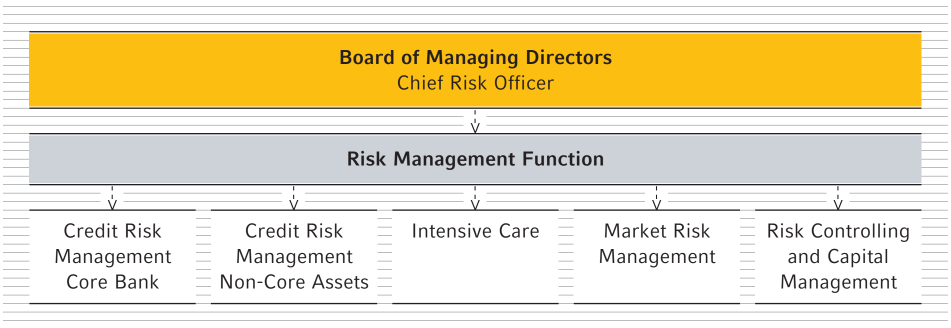
Risk-oriented overall bank management

Risk management organisation

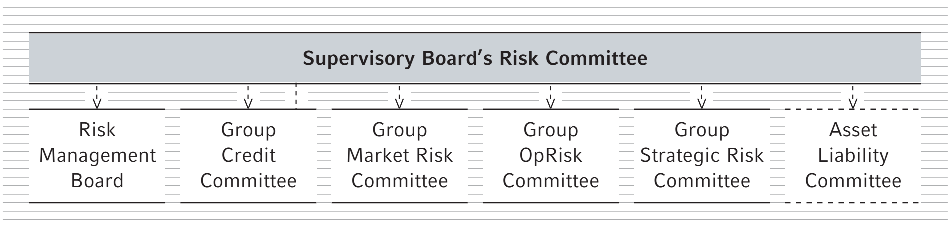
Commerzbank defines risk as the danger of possible losses or profits foregone due to internal or external factors. In risk management, we normally distinguish between quantifiable risks – those to which a value can normally be attached in financial statements or in regulatory capital requirements – and 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 used to be split between Credit Risk Management, Intensive Care, Market Risk Management as well as Risk Controlling and Capital Management, but Commerzbank's Board of Managing Directors approved changes to the organisational structure of risk management in October 2012 to meet the requirements of the Non-Core Assets (NCA) run-off segment. These involved the risk function separating the NCA portfolio's back office from that of the Core Bank. This means that in organisational terms, credit risk management for the NCA segment is merged across all rating levels into one unit. All areas have a structure which spans the Group and report directly to the CRO. The heads of these five risk management divisions together with the CRO make up the Risk Management Board within Group Management.



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 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 these committees and has the right of veto. In addition the CRO is 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 charged with monitoring the risk management system and dealing with all risks, particularly with regard to market, credit, operational and reputational risk.

The **Risk Management Board** deals with important current risk topics as a discussion and decision-making committee within the risk function. In particular, it makes decisions on strategic and organisational developments for 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, comprising two representatives each from the back office and front office. The Chairman of the Group Credit Committee is the most senior member representing the back office; the Group Credit Committee cannot approve loans without his vote. The Group Credit Committee acts on the basis of the credit risk strategy and makes decisions in line with the competencies 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 limit requirements in line with risk-bearing capacity. To do this, all market risks from the trading and banking book are analysed to identify risks early and for active risk management purposes. In addition to minimising risk and avoiding losses, the focus here is on optimising the risk/return profile at an aggregated level.

The **Group OpRisk Committee** is responsible for managing operational risk in the Group and for defining relevant measures and/or recommended action as necessary. The standards on governance and assessing the functioning of the Internal Control System (ICS) in Commerzbank are closely linked to OpRisk management. Against this background, 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** acts as the discussion and decision-making committee for all types of risk, and its main objective is to monitor and manage risks at portfolio level. This covers risk measurement, risk transparency and risk management.

The central **Asset Liability Committee** is responsible for monitoring risk-bearing capacity in the Group. It has responsibility for the group-wide management of portfolio composition, capital allocation and trends in RWAs, and is the key starting point for our internal capital adequacy assessment process (ICAAP).

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.

Risk strategy and risk management

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 following its business objectives. The main aim is to ensure that the Group holds sufficient liquidity and capital. Based on these requirements, suitable limits for the capital and liquidity reserve available to the Group are defined.

Banks' core functions as transformers of liquidity and risk result in inevitable threats that can in extreme cases endanger the continued existence of the institution. For Commerzbank, the existential threats inherent in its business model include, for instance, the default of Germany, Poland, one of the other EU countries (France, Italy, Spain or the United Kingdom) or the USA, a deep recession that lasts for several years with serious repercussions for the German economy or the collapse in the basic repo functionality of the ECB. When pursuing our business targets those risks are taken deliberately and lie outside the scope of the management defined within our Group risk strategy.

The overall risk strategy covers all material risks to which Commerzbank is exposed. It is detailed further in the form of sub-risk strategies for the risk types which are material. These are then specified and made operational through policies, regulations and instructions/guidelines. The annual risk inventory process ensures that all noticeable 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 Bank's risk-bearing capacity.

As part of the planning process, the Board of Managing Directors decides the extent to which the risk coverage potential of the Group should be utilised. On that basis, individual types of risk are limited in a second stage. A capital framework is allocated to the management-relevant units through the planning process. Compliance with 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 can arise both from the synchronous movement of risk positions within a risk type ("intra-risk concentrations"), and through the synchronous movement of risk positions across differing risk types (through common risk drivers or interactions between different risk drivers of various risk types – "inter-risk concentrations").

The establishment of adequate risk management and controlling processes enabling the identification, assessment, management, monitoring and communication of substantial risks and related risk concentrations serves to ensure that all Commerzbank-specific risk concentrations are adequately taken into account. A major objective is to ensure early transparency regarding risk concentrations, and thus to reduce the potential risk of losses. Commerzbank uses a combination of portfolio and scenario analyses to manage and deal with 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 about the results of the analyses.

Under the three lines of defence principle, protecting against adverse risks is an activity not limited to the risk function. The front office represents the first line of defence and has to take risk aspects into account in business decisions. The second line of defence is the risk function whose most basic task is to manage, limit and monitor risk. The third line of defence is made up of internal and external control bodies (internal auditors, the Supervisory Board, external auditors, supervisory authorities).

Employees who have a major impact on Commerzbank's overall risk profile (risk takers) are also identified under the remuneration process regulations. Due to their particular importance for the Bank's overall results, special regulations apply to these employees for measuring their performance and determining their variable remuneration. These notably include compliance with the Code of Conduct, the sustainability of the underlying performance and the risk taker's risk behaviour. But collective criteria in terms of Group profit and liquidity risk can also result in the entitlement to salary components paid out over the long term being fully or partially clawed back.

In addition Commerzbank has established special guidelines for the risk function, the so-called risk values: as a strategic global partner, the risk function – together with the front office – makes a value-creating and sustainable contribution to the whole bank from a risk/return perspective through robust, forward-looking and holistic risk management. Methods and models are closely interlinked with portfolio expertise so that all sub-portfolios and quantifiable types of risk can be analysed and managed. This includes focusing on concentration risk, responsiveness of the portfolio and a generally risk-optimised capital allocation. Recovery successes contribute to reducing our risk costs. Together with consistent risk strategies, policies and processes, these are the cornerstone for results-oriented risk management and ensure a sustainable business policy.

Risk ratios

Commerzbank uses a comprehensive system of ratios and procedures for measuring, managing and limiting various types of risk. The most important of these are listed below:

Economically required capital (ErC) is the amount that corresponding to a high confidence level (currently 99.91% at Commerzbank) will cover unexpected losses arising from risk positions.

The **risk-bearing capacity ratio (RBC ratio)** indicates the excess coverage of the economically required capital by the risk coverage potential. Risk-bearing capacity is deemed to be assured as long as the RBC ratio is higher than 100%.

Exposure at default (EaD) is the expected exposure amount taking into account a potential (partial) drawing of open lines and contingent liabilities that will adversely affect risk-bearing capacity in the event of default. For Public Finance securities, the nominal is reported as EaD.

Expected loss (EL) measures the potential loss on a loan portfolio that can be expected 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 risk content of an exposure or a portfolio.

Value at risk (VaR) is a methodology for quantifying risk. It involves setting a holding period (such as 1 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 in line with 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 on credit risk measurement. Credit VaR is an estimate of the amount by which the losses from credit risks could potentially exceed expected loss within a single year; therefore also: unexpected loss. The idea behind this approach is that expected loss simply represents the long-term average of lending losses, but this may vary (positive or negative) from actual credit losses for the current business year.

In relation to bulk risk, the **"all-in" concept** comprises all customer credit lines by the Bank in their full amount – irrespective of the loan utilisation to date. It is independent of statistically modelled parameters and comprises internal as well as external credit lines.

Risk-bearing capacity and stress testing

The risk-bearing capacity analysis is a key part of overall bank management and Commerzbank's Internal Capital Adequacy Assessment Process (ICAAP). The purpose is to ensure that sufficient capital is held for the risk profile of Commerzbank Group at all times.

Commerzbank monitors risk-bearing capacity using a gone concern approach which seeks primarily to protect unsubordinated lenders. This objective should be achieved even in the event of extraordinarily high losses from an unlikely extreme event.

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. When setting the economic capital required, allowance is made for all the types of risk at Commerzbank Group that are classified as material in the annual risk inventory. The economic risk approach therefore also includes risk types that are not included in the regulatory requirements for banks' capital adequacy and reflects the effect of portfolio-specific interrelationships. The confidence level of 99.91% in the economic capital model is in line with the underlying gone concern assumptions and ensures 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 the introduction of an enhanced model for measuring and representing business risk[1] under the risk-bearing capacity analysis. Methodological adjustments to distinguish and increase the stability of the risk measure were carried out. The 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. Since the beginning of 2012, the results of the risk-bearing capacity analysis are shown using the risk-bearing capacity ratio (RBC ratio), indicating the excess of the risk coverage potential in relation to the economically required capital.

[1] Business risk is deemed to be a potential loss that results from discrepancies between actual income (negative deviation) and expense (positive deviation) and the respective budgeted figures.

The risk-bearing capacity is monitored and managed monthly at Commerzank Group level. Risk-bearing capacity is deemed to be assured as long as the RBC ratio is higher than 100%. The RBC ratio was always over 100% in 2012 and stood at 161% as at 31 December 2012. The increased RBC ratio towards the end of the year reflects the easing of the European sovereign debt crisis in the second half of 2012 which also significantly reduced the economically required capital for market risk.

Risk-bearing capacity Group | €bn	31.12.2012[1]	31.12.2011
Economic risk coverage potential	**29**	**27**
Economically required capital	**17**	**22**
thereof for credit risk	13	13
thereof for market risk	4	8
thereof for OpRisk	2	2
thereof for business risk[2]	-	2
thereof diversification between risk types	−2	−4
RBC-ratio[3]	**161%**	**123%**

[1] Based on current methodology; only partially comparable to values for 2011.
[2] Since 2012 business risk is considered in the risk coverage potential.
[3] RBC ratio = economic risk coverage potential/economically required capital.

Macroeconomic stress tests are used to check risk-bearing capacity in the face of assumed adverse changes in the economic environment. The underlying scenarios, which are updated every quarter and approved by the Asset and Liability Committee, show exceptional, but plausible, negative developments in the economy and are applied across all risk types. In the scenario calculations, the input parameters for the calculation of economic capital required for all material risk types are consequently simulated to reflect the forecast macroeconomic situation. In addition to the amount of capital required, the income statement is also stressed using the macroeconomic scenarios and then, based on this, changes in the risk coverage potential are simulated. To ensure risk-bearing capacity, compliance with the limit for the stressed RBF ratio that is fixed in the overall risk strategy is constantly monitored and is a key part of internal reporting.

In addition to the regular stress tests, reverse stress tests were implemented at Group level. Unlike regular stress testing, the result of the simulation is determined in advance: a sustained threat to the Bank. The aim of this analysis process in the reverse stress test is to improve the transparency of Bank-specific risk potential and interactions of risk by identifying and assessing extreme scenarios and events.

The table below gives an overview of the distribution of risk-weighted assets resulting from Commerzbank's business activities, broken down by segment and risk type:

Risk-weighted assets Group as at 31.12.2012 | €bn	Default risk	Market risk	Operational risk	Total
Core Bank	**108**	**11**	**22**	**140**
Private Customers	20	0	9	29
Mittelstandbank	49	0	4	54
Central & Eastern Europe	14	0	1	15
Corporates & Markets	20	6	4	30
Others and 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 €5.3bn.

Commerzbank had already introduced comprehensive measures at the end of 2011 to meet the Core Tier I ratio of 9% stipulated by the EBA (in a simulated scenario of a partial default on European government bonds). In the first quarter of 2012, the EBA's capital requirement was already exceeded, achieved in particular through rigorous continuation of our 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 optimisation measure carried out in February 2012.

As at 14 December 2012 the German Federal Financial Supervisory Authority has published the fourth amendment to the Minimum Requirements for Risk Management (MaRisk). They came into effect as at 1 January 2013. New requirements are basically to be implemented by 31 December 2013. Already at the time of publication of the first draft of the amendment of MaRisk Commerzbank has started to analyse any potential need for adjustments in the areas involved and it intends to implement new requirements within the timeframe given.

Default risk

Default risk refers to the risk of losses due to defaults by counterparties as well as to changes in this risk. In addition to credit default risk and risk from third-party debtors, Commerzbank also includes under default risk issuer and counterparty risk as well as country and transfer risk.

Strategy and organisation

The credit risk strategy is the partial risk strategy for default risks and is derived from the overall risk strategy. It is embedded in the ICAAP process of the Commerzbank Group and therefore 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 operationalisation 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.

Quantitative management takes place via clearly defined (economic and regulatory) key figures at Group and segment and accordingly sub-segment level 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 the target business of the Bank and at the level of individual transactions they regulate the transaction type with which the risk resources provided are to be used. These credit policies are firmly embedded in the credit process: transactions which do not meet the requirements are escalated through a fixed competence regulation.

The credit risk strategy describes the strategic areas of action and gives an overview of the important management concepts in credit risk management – particularly for the management of the most important risk concentrations (groups, countries, sectors).

In organisational terms, credit risk management in the Core Bank differs from risk management in the NCA segment. In the Core Bank, based on the separation of responsibility by the performing loan area on the one hand and Intensive Care on the other, discrete back-office areas are responsible for operational credit risk management on a portfolio and an individual case basis.

All credit decisions in the performing loan area are risk/return decisions. The front and back office take joint responsibility for risk and return from an exposure, with the back office having primary responsibility for the risk, and the front office for the return. Accordingly, neither office can be overruled in its primary responsibility in the lending process.

Higher-risk customers are handled by specialist Intensive Care areas. The customers are moved to these areas as soon as they meet defined transfer criteria. In addition to event-related criteria such as rating, insolvency, third-party enforcement measures or credit fraud, criteria relating to number of days overdrawn are the most important reasons for transfer to Intensive Care. This ensures that customers who are not servicing their loans can continue to be managed promptly by specialists in defined standardised processes.

Various strategies for restructuring and reorganisation are used for 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 amortisation). This is aimed at securing the customer's recovery and return to the performing loan area. Measures on deferments and restructurings/reorganisations for customers may include:

- Tolerance of temporary overdrafts; provided that the reason for the overdraft as well as the nature and date of settlement are transparent and foreseeable.
- Repayment agreements: unpaid loan instalments that result in an overdrawn current account are set aside as a separate amount and repaid monthly under a repayment agreement.
- Restructuring of existing credits/loans: customer loans/borrowings are refinanced in order to reduce the ongoing burden for the customer. This may also be accompanied by, for example, a change in amortisation methods and/or the loan structure/term.
- Restructuring/granting of new loans: financial support in the restructuring process of a company in crisis aimed at sustainable recovery. This normally means fundamental intervention in funding structures and contingent liabilities, and may also result in a capital repayment waiver being granted, collateral positions changed or a restructuring interest rate applied that is below standard market conditions.

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.

Risk management

Commerzbank manages default risk using a comprehensive risk management system comprising an organisational structure, methods and models, a risk strategy with quantitative and qualitative management tools and regulations and processes. The risk management system ensures that the entire portfolio and the sub-portfolios, right down to individual exposure level, are managed consistently and thoroughly on a top-down basis.

The ratios, measures and input required for the operational process of risk management are based on overarching Group objectives and are enhanced at downstream levels by sub-portfolio and product specifics. Risk-based credit approval regulations 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 includes both exposure-related credit risk concentrations (bulk risks) as well as country, sector and collateral concentrations.

Operational credit risk management still aims to preserve appropriate portfolio quality. In addition to further de-risking measures to reduce concentration risks, management of the effects of the euro and sovereign debt crisis and the reduction of risks in non-investment grade, the focus was also on supporting attractive new business in our growth segments. We also carry out continual checks of our credit processes to identify possible improvement measures.

Commerzbank's 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 calculation of loss ratios are based on an analysis of historical data from the Commerzbank portfolio. The experience of the current year forms the basis for the annual recalibration of the methods.

Country risk management is based on the definition of risk limits as well as country-specific strategies for achieving a desired target portfolio.

Back-office activities in domestic corporate customer business are organised by industry sector and focus on managing exposures to weaker ratings. This allows us to directly identify issues at total and sub-portfolio level, track them down to the individual loan level and initiate appropriate measures. This also results in major progress in terms of speed, the efficiency of preventive measures and the quality of risk trend forecasting.

Critical events and the substantially reduced period of validity of regulatory requirements are increasing the need for flexible credit portfolio management. One of the key strategic action fields in credit risk management has been and remains ensuring that the portfolio is highly responsive.

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 authorities 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 customers/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

Management of economic capital commitment

All risk types in the overall risk strategy for economically required capital (ErC) are given limits on a group-wide basis to ensure proper capital adequacy levels for Commerzbank Group; a CVaR limit is specified in particular. Due to the systematically restricted options for reducing default risk on a short-term basis, it is important to take account of expected trends in credit risk (medium-term and long-term) in order to remain within limits. For this reason, plan/forecast values of capital ratios and comparison with actual trends observed plays a key role in ongoing management. It has to be assured that limits are met as a result of keeping to plan/forecast. There is no cascaded limit concept for credit risk below Group level, i.e. no allocation of the Group credit limit to segments/business areas.

Expected loss (EL) plays a key role in operationalising capital management for default risk, as it consolidates key input factors of the CVaR to a meaningful ratio which has long been in established use in risk management.

Rating classification

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.

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 external ratings of different portfolios show fluctuating default rates from year to year.

The credit approval authorities of 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 loss (EL) as derived from the ratings. The credit risk strategy sets target values for individual sub-portfolios. This ensures that the expected level of provisioning 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.

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	100	>90 days past due	C, D-I, D-II		Default
6.2		Imminent insolvency			
6.3		Restructuring with recapitalisation			
6.4		Termination without insolvency			
6.5		Insolvency			

Management of risk concentrations

The financial market crisis has shown that defaults of individual market participants may present considerable risks for the stability of the financial system. In order to detect and limit these risks at an early stage, risk concentrations of individual corporate customers (bulk risks) as well as those within countries or customer groups are actively managed amongst others under consideration of segment-specific features.

A uniform definition based on "all-in" is used to manage bulk risk. The all-in concept comprises all customer credit lines approved by the Bank in their full amount – irrespective of the loan utilisation to date.

Bulks above a defined maximum exclusion threshold are not wanted on a permanent basis and are systematically reduced. The management of risk concentrations within default risk includes both exposure-related credit risk concentrations (bulk risks) as well as country and sector concentrations.

Management and the Supervisory Board's Risk Committee are regularly informed about the results of the analyses.

Risk mitigation
The collateral, which is taken into account in risk management, is mostly held by Commerzbank Aktiengesellschaft and Hypothekenbank Frankfurt AG and totals around €113bn for the exposures in the performing book as well as roughly €9bn in the default portfolio. In the Private Customers' segment, the collateral predominantly consists of mortgages on owner-occupied and buy-to-let residential property. In Mittelstandsbank, collateral is spread over various types of security. These mainly relate to mortgages on commercial properties and various forms of guarantees. The portfolio in the Central & Eastern Europe segment is mainly secured by mortgages, in both the retail and commercial sectors. The collateral in the Corporates & Markets portfolio principally comprises assignments and pledging of assets. In the segment Non-Core Assets, collateral in the sub-segment Commercial Real Estate mainly relates to commercial land charges and also to charges on owner-occupied and buy-to-let properties, the ship finance portfolio is mostly backed by ship mortgages.

Commerzbank Group

In view of the continuing uncertain situation on the financial markets and the increasing regulatory burdens, Commerzbank resolved in June 2012 to accelerate the path it had already taken, with its focus on customer-centric and profitable core business, the minimisation of risks and a reduction in complexity. On that basis, it decided to wind up the business areas Commercial Real Estate, Deutsche Schiffsbank and Public Finance in the course of time. As a result, these areas were transferred in their entirety to the new Non-Core Assets (NCA) run-off segment. The Private Customers, Mittelstandsbank, Corporates & Markets and Central & Eastern Europe segments remain in the Core Bank.

To describe Commerzbank Group, we will go into more detail on credit risk ratios, the breakdown of the portfolio by region, loan loss provisions in the credit business, the default portfolio and on overdrafts in the performing book.

Credit risk parameters The credit risk parameters in Commerzbank Group are distributed in the rating levels 1.0 – 5.8 as follows over the Core Bank and Non-Core Assets:

Credit risk parameters as at 31.12.2012	Exposure at default €bn	Expected loss €m	Risk density bp	CVaR €m
Core Bank	321	869	27	7,571
Non-Core Assets	139	912	66	5,626
Group	**460**	**1,781**	**39**	**13,198**

The following table shows the breakdown of the Group portfolio by internal rating classifications, based on the PD ratings:

Rating breakdown as at 31.12.2012 EaD in %	1.0–1.8	2.0–2.8	3.0–3.8	4.0–4.8	5.0–5.8
Core Bank	32	47	16	3	2
Non-Core Assets	31	36	20	8	6
Group	**31**	**44**	**17**	**5**	**3**

The Group's country risk calculation records both transfer risks and region-specific event risks defined by political and economic events which impact on the individual economic entities of a country. Country risk management comprises decisions, measures and processes which aim to influence the country portfolio structure in order to achieve business, risk and return targets. Country risks have been managed and limited since 2012 based on loss at default at country level. Country exposures which are significant for Commerzbank due to their size and exposures in countries in which Commerzbank holds significant investments in comparison to the GDP of those countries are handled by the Strategic Risk Committee on a separate basis.

The regional breakdown of the exposure is in line with the Bank's strategic direction and reflects the main areas of its global business activities. Around half of the Bank's exposure relates to Germany, another third to other countries in Europe and 7% to North America. The rest is broadly diversified and is split between a large number of countries where we serve German exporters in particular or where Commerzbank has a local presence.

Group portfolio by region as at 31.12.2012	Exposure at default €bn	Expected loss €m	Risk density bp
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
Group	**460**	**1,781**	**39**

The table below shows the exposure to Greece, Ireland, Italy, Portugal and Spain based on the member state where the head office or the asset is located:

EaD[1] as at 31.12.2012 €bn	Sovereign[2]	Banks	CRE	Corporates/ Other	Total 2012	Total 2011
Greece	0.0	0.0	0.2	0.1	0.2	1.1
Ireland	0.0	0.6	0.1	0.9	1.6	2.0
Italy	8.8	0.9	2.2	2.3	14.2	14.0
Portugal	0.9	0.3	1.6	0.3	3.0	3.4
Spain	2.6	3.7	3.6	2.9	12.8	14.6

[1] Excluding exposure from ship finance.
[2] Including sub-sovereigns.

Loan loss provisions Loan loss provisions for Group lending 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 following table illustrates the development of Group loan loss provisions:

	2012					2011				
Loan loss provisions €m	**Total**	**Q4**	**Q3**	**Q2**	**Q1**	**Total**	**Q4**	**Q3**	**Q2**	**Q1**
Core Bank	**283**	102	47	116	18	**482**	174	175	50	83
Non-Core Assets	**1,374**	512	383	301	178	**903**	181	255	231	236
Group[1]	**1,660**	**614**	**430**	**404**	**212**	**1,390**	**381**	**413**	**278**	**318**

[1] Including loan loss provisions of PRU amounting to €3m in 2012 and €5m in 2011.

Loan loss provisions are expected to increase slightly in the Group in 2013. Although they were low in the Core Bank in 2012, we expect that they will return to a normal and higher level again in 2013, as the high releases that accounted for the excellent provision result for 2012 will not continue. High loan loss provisions will continue to have a negative impact on NCA due to the ongoing crisis on the shipping market.

The risks related to the macroeconomic framework are still high. Should there be a massive economic downturn or defaults at financial institutions due to the continuing sovereign debt crisis' impact on the real economy, significantly higher loan loss provisions may become necessary under certain circumstances.

Default portfolio The table below illustrates the development of the default portfolio in the Group:

	2012			2011		
Default portfolio | €m	**Group**	**Core Bank**	**NCA**	**Group[1]**	**Core Bank**	**NCA**
Default volume	18,926	6,799	12,128	19,703	8,516	10,536
Loan loss provisions	7,148	3,264	3,884	7,657	3,963	3,362
GLLP	887	470	417	948	612	332
Collaterals	9,296	1,451	7,845	9,278	2,335	6,773
Coverage ratio excl. GLLP (%)	87	69	97	86	74	96
Coverage ratio incl. GLLP (%)	92	76	100	91	81	99
NPL ratio (%)[2]	4.0	2.1	8.1	3.8	2.7	5.8

[1] Including default volume of PRU amounting to €652m.
[2] NPL ratio: default volume (non-performing loans – NPL) in proportion to total exposure (EaD including NPL).

Despite a rise in NCA and due to the successful run-off measures in the Core Bank the Group's default portfolio fell by €0.8bn at the end of 2012 compared to the previous year. The volume is equivalent to claims that are in default in the category LaR. The default portfolio is divided into five classes based on the nature of the default:

- Rating level 6.1: imminent insolvency (over 90 days past due).
- Rating level 6.2/6.3: the Bank is assisting in financial rescue/restructuring measures at the customer with or without restructuring contributions.
- Rating level 6.4/6.5: the Bank recalls the loan and the customer has become insolvent respectively.

The following table shows the breakdown of the default portfolio based on the five default classes:

Rating classification as at 31.12.2012 | €m	6.1	6.2/6.3	6.4/6.5	Group
Default volume	1,311	11,723	5,892	18,926
Loan loss provisions	98	3,711	3,339	7,148
Collaterals	1,043	6,142	2,111	9,296
Coverage ratio excl. GLLP (%)	87	84	92	87

Overdrafts in the performing loan book In order to avoid an increase in the default portfolio, overdrafts are closely monitored at Commerzbank. In addition to the 90 days-past-due trigger event, IT-based management of overdrafts starts on the first day the account is overdrawn. The following table shows overdrafts outside the default portfolio based on the exposure at default as at end of December 2012:

Overdrafts | €m	> 0 ≤ 30 days	> 30 ≤ 60 days	> 60 ≤ 90 days	> 90 days	Total
Core Bank	2,434	292	112	90	2,927
Non-Core Assets	609	164	165	53	991
Group	**3,043**	**456**	**277**	**143**	**3,918**

In 2012, total foreclosed assets decreased year-on-year by €54m to €116m (additions €104m, disposals €219m, cumulative change from valuation €61m). Of the year-end portfolio of properties, the major part of around €116m related to our mortgage subsidiary Hypothekenbank Frankfurt. The properties are serviced and managed in companies in which Hypothekenbank Frankfurt owns a majority stake through subsidiaries. This is normally EF Estate Management GmbH. The aim is to increase the value and performance of the commercially-focused real estate portfolio through HF Estate's property expertise so that the properties can be placed on the market again in the short to medium term.

Core Bank

The Core Bank comprises the segments Private Customers, Mittelstandsbank, Central & Eastern Europe, Corporates & Markets and Others and Consolidation.

Credit risk parameters The credit risk parameters are distributed in the rating levels 1.0 – 5.8 as follows over the Core Bank's segments:

Credit risk parameters as at 31.12.2012	Exposure at default €bn	Expected loss €m	Risk density bp	CVaR €m
Private Customers	76	206	27	815
Mittelstandsbank	111	313	28	2,986
Central & Eastern Europe	25	150	59	539
Corporates & Markets	68	139	20	2,094
Others and Consolidation	41	61	15	1,137
Core Bank	**321**	**869**	**27**	**7,571**

Exposure in the Core Bank increased to €321bn due to the integration of the Portfolio Restructuring Unit. The portfolio quality was improved further with a risk density of 27 basis points (2011: 31 basis points).

The following table shows the breakdown of the Core Bank portfolio by internal rating classifications based on PD ratings:

Rating breakdown as at 31.12.2012 EaD in %	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
Corporates & Markets	46	40	12	1	1
Core Bank[1]	**32**	**47**	**16**	**3**	**2**

[1] Including Others and Consolidation.

Loan loss provisions The following table shows the development of loan loss provisions in the Core Bank segments:

	2012					2011				
Loan loss provisions €m	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Private Customers	**95**	16	45	26	8	**61**	– 55	33	38	45
Mittelstandsbank	**30**	42	– 9	32	– 35	**190**	149	58	– 28	11
Central & Eastern Europe	**105**	24	28	35	18	**86**	24	26	9	27
Corporates & Markets	**52**	19	– 17	23	27	**146**	56	59	31	0
Others and Consolidation	**1**	1	0	0	0	**– 1**	0	– 1	0	0
Core Bank	**283**	**102**	**47**	**116**	**18**	**482**	**174**	**175**	**50**	**83**

Loan loss provisions in the Core Bank amounted to €283m in 2012. The charge was therefore much lower by €199m or 41% compared with the previous year. The Core Bank benefited in particular from releases due to successful restructurings and the still robust economic environment in Germany.

Default portfolio This positive provisioning situation was also reflected in the development of the default portfolio. The Core Bank's default portfolio benefited from high outflows through successful restructurings and repayments.

Default portfolio Core Bank | €m	31.12.2012	31.12.2011
Default volume	6,799	8,516
Loan loss provisions	3,264	3,963
GLLP	470	612
Collaterals	1,451	2,335
Coverage ratios excl. GLLP (%)	69	74
Coverage ratios incl. GLLP (%)	76	81
NPL ratio (%)	2.1	2.7

Overdrafts in the performing loan book The following table shows overdrafts outside the default portfolio by segment based on exposure at default as at end of December 2012:

Overdrafts | €m	> 0 ≤ 30 days	> 30 ≤ 60 days	> 60 ≤ 90 days	> 90 days	Total
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
Core Bank[1]	**2,434**	**292**	**112**	**90**	**2,927**

[1] Including Others and Consolidation.

Private Customers

The Private Customers segment covers the activities of the Private Customers division, which includes branch business in Germany for private and business customers as well as wealth management, direct banking and Commerz Real, which has been part of the Core Bank since the fourth quarter of 2012.

Risks that are subject to changes in the economic environment, unemployment levels and real estate market prices are managed and monitored through defined credit standards, active new business controlling, intensive tracking of the real estate market and an IT-supported overdraft management system. Furthermore, unusual loans are identified through selected triggers and processed in a special way in the early risk identification area.

Credit risk parameters as at 31.12.2012	Exposure at default €bn	Expected loss €m	Risk density bp
Residential mortgage loans	46	92	20
Investment properties	5	11	21
Individual loans	12	46	40
Consumer and instalment loans/credit cards	10	41	43
Domestic subsidiaries	3	7	28
Foreign subsidiaries and other	1	8	73
Private Customers	**76**	**206**	**27**

We meet the financing needs of our customers with a broad and modern product range. The focus of the portfolio is on traditional owner-occupied home financing and financing real estate capital investments (residential mortgage loans and investment properties with an EaD of €51bn). Another major activity is to ensure the supply of credit services for our business customers (individual loans €12bn). In addition, we meet our customers' day-to-day lending requirements with consumer loans (consumer and instalment loans, credit cards €10bn).

The portfolio increase by €11bn to €76bn is largely due to the integration of Commerz Real and parts of Hypothekenbank Frankfurt's building finance business into the Private Customers segment.

Risk management, which was optimised in 2012 in particular with the implementation of systematic management measures in lower rating classes, and the expansion of early risk identification, also helped to bring down the risk density to 27 basis points, as did the now higher proportion of lower-risk construction finance and the positive market development.

Loan loss provisions for private customer business were €34m higher year-on-year. Adjusted for parameter updating in the fourth quarter of 2011, operational loan loss provisions were stable overall and below the previous year's level.

In the private customers business, the reduction in the default portfolio was significant at over 21% or more than €309m. Collateral in the Private Customers segment consists predominantly of mortgages on owner-occupied and rented properties.

Default portfolio Private Customers | €m	31.12.2012	31.12.2011
Default volume	1,135	1,444
Loan loss provisions	392	493
GLLP	128	164
Collaterals	527	669
Coverage ratios excl. GLLP (%)	81	80
Coverage ratios incl. GLLP (%)	92	92
NPL ratio (%)	1.5	1.9

Mittelstandsbank

This segment comprises all the Group's activities with mainly mid-size corporate customers, the public sector and institutional customers (where they are not assigned to other segments). The segment is also responsible for the Group's relationships with domestic and foreign banks, financial institutions and central banks. As at 1 January 2012, Commerzbank Eurasija in Russia, our branches in the Czech Republic and Slovakia and Commerzbank Zrt. in Hungary were transferred from the Central & Eastern Europe segment to Mittelstandsbank.

In line with the Mittelstandsbank segment's focus on German corporate customers and international corporate customers connected to Germany through their core business, growth was the main focus in these areas. The risk appetite is geared towards the assessment of the relevant sector, but also towards the market conditions for the companies in the main countries in which they operate. However, regardless of these market conditions, every exposure is ultimately subject to an individual analysis of the creditworthiness and sustainability of the customer's business model.

Credit risk parameters as at 31.12.2012	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Financial Institutions	18	52	30
Corporates Domestic	78	214	27
Corporates International	15	46	31
Mittelstandsbank	**111**	**313**	**28**

The current positive economic situation in Germany is reflected in the Corporates Domestic sub-portfolio through an improvement in the risk ratios compared to the previous year. The risk density in this area was at a comparatively low 27 basis points as at 31 December 2012. In Corporates International, EaD totalled €15bn at 31 December 2012. Risk density here was 31 basis points.

› **Financial Institutions portfolio**
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Despite low demand for loans due to the excellent economic situation, EaD for the Mittelstandsbank for the whole of 2012 remained relatively constant at €111bn with a slightly improved risk density. See page 75 for details on changes in the Financial Institutions portfolio.

Loan loss provision costs for Mittelstandsbank in 2012 remained at an historically low level. Provisions fell by €160m compared to the previous year. The main drivers of this were successful restructurings and a fall in portfolio loan loss provisions as a result of very good portfolio quality.

Mittelstandsbank's default portfolio fell by €556m in line with loan loss provision trends.

Default portfolio Mittelstandsbank | €m	**31.12.2012**	**31.12.2011**
Default volume	2,632	3,188
Loan loss provisions	1,439	1,753
GLLP	232	302
Collaterals	482	653
Coverage ratios excl. GLLP (%)	73	75
Coverage ratios incl. GLLP (%)	82	85
NPL ratio (%)	2.3	2.6

Central & Eastern Europe

After the successful sale of Bank Forum of Ukraine in October 2012, activities in the CEE segment focused mainly on the BRE Bank operating unit in Poland. The BRE Group's main areas of business cover private customer business with complementary direct bank units in Poland, the Czech Republic and Slovakia as well as corporate business with a broad product range, such as corporate finance, corporate treasury sales, leasing and factoring. The segment's strategic focus in particular lies on the further expansion of Polish Mittelstand business and cross-border business.

Credit risk parameters as at 31.12.2012	Exposure at default €bn	Expected loss €m	Risk density bp
Central & Eastern Europe	**25**	**150**	**59**

After several years of above-average economic growth, the Polish economy lost momentum in 2012. However, we still expect positive economic growth next year.

Against this background, the risk density fell further in 2012. Taking account of the economic environment, we expect the portfolio quality to deteriorate slightly in 2013.

In 2012, loan loss provisions for the Central & Eastern Europe segment rose by €19m to €105m. However, it should be remembered that a reversal from a portfolio sale by BRE Bank and a one-off reversal due to parameter effects in loan loss provisions were recognised in the previous year.

In the Central & Eastern Europe segment, default volume fell by €697m compared with the previous year. This was essentially due to the sale of Commerzbank's stake in Bank Forum.

Default portfolio CEE | €m	31.12.2012	31.12.2011
Default volume	1,069	1,766
Loan loss provisions	579	934
GLLP	54	67
Collaterals	383	953
Coverage ratios excl. GLLP (%)	90	107
Coverage ratios incl. GLLP (%)	95	111
NPL ratio (%)	4.0	7.2

Corporates & Markets

This segment covers customer-oriented capital market activities (Markets), including commercial business with multinationals, institutional clients and selected large corporate customers (Corporates) of Commerzbank Group. The Portfolio Restructuring Unit (PRU) – a run-off unit that was not previously part of the Core Bank – was dissolved on 1 July 2012 and the remaining portfolio integrated into the Corporates & Markets segment's operating business. The Private Finance Initiatives/ Infrastructure Financings were not included in this and are now managed in the NCA segment. Compared to the previous year, the integration of the PRU portfolio was reflected at 31 December 2012 in higher EaD of €68bn (prior year €61bn) for Corporates & Markets.

The regional focus of the segment is on Germany and Western Europe, which account for just under three-quarters of exposure; North America accounted for around €9bn at the end of December 2012.

Credit risk parameters as at 31.12.2012	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	23	45	20
Western Europe	27	54	20
Central and Eastern Europe	2	4	25
North America	9	26	28
Other	7	10	15
Corporates & Markets	**68**	**139**	**20**

Corporates & Markets focuses among others on actively supporting its customers over the long term in all funding opportunities (such as equities, bonds, syndicated loans) with a range of services in underwriting and new issues. Underwriting risk for all product types is necessarily restricted through strict guidelines and defined limits. The positions that remain on the Bank's books through its activity as lead arranger or market maker are closely monitored from market and credit risk perspectives as well as at counterparty and portfolio level.

The Bank also focuses on systematically reducing bulk risks, especially with banks and insurance companies. There has been closer scrutiny of risk management in relation to stock exchanges and clearing houses due to the new regulatory requirements on derivatives.

Since the beginning of the year, the nominal volume of the structured credit sub-portfolio was almost halved by €8.5bn to €10.8bn, and risk values[1] by €4.5bn to €5.4bn (including the default portfolio in each case). The following table shows the composition and changes in the structured credit portfolio:

	31.12.2012			31.12.2011		
Structured credit portfolio	**Nominal values** €bn	**Risk values** €bn	**Markdown ratio**[1] %	**Nominal values** €bn	**Risk values** €bn	**Markdown ratio**[1] %
RMBS	1.6	1.1	30	3.2	1.9	40
CMBS	0.2	0.1	51	0.6	0.3	43
CDO	4.5	3.1	30	9.8	5.9	40
Other ABS	1.3	1.1	20	2.1	1.7	19
CIRC	0.0	0.0	-	0.0	0.0	-
Further structured credit exposure	3.2	0.0	-	3.6	0.1	-
Total	**10.8**	**5.4**	**50**	**19.3**	**9.9**	**49**

[1] Markdown ratio = 1–(risk value/nominal value).

In large part the portfolio consists of collateralised debt obligations (CDOs). These largely securitise US subprime RMBSs (CDOs of ABSs) and corporate loans in the USA and Europe (CLOs). Residential mortgage-backed securities (RMBSs) are instruments that securitise private, largely European, real estate loans.

We expect there to be more write-ups over the residual life of the portfolio. Possible future write-downs on assets such as US RMBSs and US CDOs of ABSs (which have already been substantially written down) will probably be offset by a positive performance from other assets. However, these are limited due to the sizeable reduction over the year. The long period that has now passed since the structures were launched enables a more and more reliable basis for the assessment of the future performance of the portfolio. The economies that are important to us are performing in line with our risk assessment.

[1] Risk value is the balance sheet value of cash instruments. For long CDS positions it comprises the nominal value of the reference instrument less the net present value of the credit derivative.

In Corporates & Markets which is dominated by the performance of individual exposures, the need for loan loss provisions fell significantly by €94m compared to the same period in 2011.

The default portfolio in the Corporates & Markets segment was reduced by €155m in 2012.

Default portfolio Corporates & Markets | €m	**31.12.2012**	**31.12.2011**
Default volume	1,961	2,116
Loan loss provisions	853	772
GLLP	54	78
Collaterals	59	60
Coverage ratios excl. GLLP (%)	47	39
Coverage ratios incl. GLLP (%)	49	43
NPL ratio (%)	2.8	3.3

Non-Core Assets

Commercial Real Estate, Deutsche Schiffsbank and Public Finance were bundled in the Non-Core Assets run-off segment in 2012. All portfolios in these areas are due to be wound up completely in the course of time.

Exposure at default for the segment totalled €139bn at the end of 2012, which is €31bn less than the comparative figure for the NCA portfolio at the end of 2011.

Credit risk parameters as at 31.12.2012	**Exposure at Default** €bn	**Expected loss** €m	**Risk density** bp	**CVaR** €m
Commercial Real Estate	47	272	58	
Deutsche Schiffsbank	14	435	302	
Public Finance	77	206	27	
Non-Core Assets	**139**	**912**	**66**	**5,626**

The table below illustrates the development of loan loss provisions in Non-Core Assets segment:

	2012					**2011**				
Loan loss provisions €m	**Total**	**Q4**	**Q3**	**Q2**	**Q1**	**Total**	**Q4**	**Q3**	**Q2**	**Q1**
Commercial Real Estate	**625**	224	213	131	57	**697**	72	189	246	190
Deutsche Schiffsbank	**741**	296	160	170	114	**232**	112	63	–15	71
Public Finance	**8**	–9	10	0	7	**–26**	–4	3	0	–25
Non-Core Assets	**1,374**	**512**	**383**	**301**	**178**	**903**	**181**	**255**	**231**	**236**

Non-Core Assets continued to incur substantial charges during 2012. Overall, loan loss provisions rose by €471m compared to the previous year. This was due mainly to a significant year-on-year rise in provisioning at Deutsche Schiffsbank, as conditions are still tough on the shipping market.

The default portfolio for Non-Core Assets rose by €1.6bn compared to 2011, due mainly to defaults in the shipping portfolio.

Default portfolio Non-Core Assets | €m	**31.12.2012**	**31.12.2011**
Default volume	12,128	10,536
Loan loss provisions	3,884	3,362
GLLP	417	332
Collaterals	7,845	6,773
Coverage ratio excl. GLLP (%)	97	96
Coverage ratio incl. GLLP (%)	100	99
NPL ratio (%)	8.1	5.8

Commercial Real Estate In 2012, holdings were reduced in line with strategy, primarily at Hypothekenbank Frankfurt AG. Total EaD in the performing loan book decreased by €13bn to €47bn during the course of the year. The relative portfolio composition by type of uses remains unchanged. The main components of exposure are the sub-portfolios office (€17bn), retail (€15bn) and residential real estate (€8bn). The decrease in exposure in the fourth quarter of 2012 was the result of loan repayments, exchange rate fluctuations and transfers to the default portfolio.

Although the uncertainties surrounding the sovereign debt crisis subsided to a large extent, the sustained recession in the eurozone continued unabated on real estate markets, primarily in the southern peripheral countries. The development of CRE market values there remains clearly negative, with rental markets in particular trending further downwards. Solid demand for high-value real estate is supporting price levels, from which the liquid investment markets such as London, Germany and the USA are still profiting. However, less valuable properties are much harder to place on the market.

CRE portfolio by region as at 31.12.2012 | €bn	**Exposure at default**
Germany	22
Western Europe	18
Central and Eastern Europe	4
North America	2
Other	1

Compared to 2011, loan loss provisions in 2012 for Commercial Real Estate fell slightly by €72m, but they still remained high at €625m.

The default portfolio for Commercial Real Estate rose slightly against the previous year. New inflows were offset by loan repayments and exchange rate fluctuations. There is still a noticeably positive trend on the German market.

	31.12.2012					31.12.2011
Default portfolio CRE by country | €m	**Total**	**Germany**	**Spain**	**UK**	**US**	**Total**
Default volume	**7,643**	2,286	1,949	1,337	603	7,577
Loan loss provisions	**2,672**	509	966	279	106	2,627
GLLP	**130**	37	14	9	7	189
Collaterals	**5,056**	1,646	1,051	1,088	514	4,888
Coverage ratio excl. GLLP (%)	**101**	94	103	102	103	99
Coverage ratio incl. GLLP (%)	**103**	96	104	103	104	102
NPL ratio (%)	**14.0**	9.3	34.7	20.0	26.8	11.2

Deutsche Schiffsbank Deutsche Schiffsbank AG was merged into Commerzbank Aktiengesellschaft in May 2012. Compared to 31 December 2011, exposure to ship finance in the performing loan book fell from €18bn to €14bn.

The exposure is divided into three standard types of ship, whose shares are largely unchanged, i.e. containers (€5bn), tankers (€4bn) and bulkers (€3bn). The remaining portfolio consists of various special tonnages which are well diversified across the various ship segments.

Market trends in 2012 were dominated by another fall – sometimes dramatic – in charter rates and therefore by rising insolvency figures.

The continued systematic reduction in risk in the existing portfolio is also the focus of our activities under the defined, value-preserving reduction strategy for 2013. We do not expect shipping markets to recover in 2013.

Loan loss provisions for Deutsche Schiffsbank business rose significantly by €509m compared to the previous year. This includes a one-off effect from adjusting the parameters for calculating loan loss provisions of €145m in the fourth quarter.

The default portfolio increased considerably compared to 2011 due to the uncertain economic situation on shipping markets.

	31.12.2012				31.12.2011
Default-Portfolio DSB by ship type | €m	**Total**	**Container**	**Tanker**	**Bulker**	**Total**
Default volume	**4,482**	2,157	1,104	579	2,945
Loan loss provisions	**1,211**	521	359	138	722
GLLP	**272**	158	61	36	135
Collaterals	**2,789**	1,334	635	424	1,885
Coverage ratio excl. GLLP (%)	**89**	86	90	97	89
Coverage ratio incl. GLLP (%)	**95**	93	96	103	93
NPL ratio (%)	**23.7**	30.9	23.7	16.0	12.1

Public Finance

Commerzbank's NCA segment holds a large part of the government financing positions as well as secured and unsecured bond issues/loans from banks, held available as substitute cover for Pfandbrief issues. The Public Finance portfolio comprises receivables and securities held in our subsidiaries Hypothekenbank Frankfurt AG and Erste Europäische Pfandbrief- und Kommunalkreditbank (EEPK).

The Private Finance Initiative (PFI) portfolio, with EaD of €3bn, was transferred to the NCA segment from the Portfolio Restructuring Unit in the third quarter. It comprises the long-term private financing and the operation of public sector facilities and services, such as hospitals and water utilities in the United Kingdom. Most of the PFI portfolio is secured and is set to be wound down over time in a value-preserving manner.

The borrowers in the Public Finance business in NCA (€50bn EaD) 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 (€24bn EaD), 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 grandfathering, guarantee/maintenance obligations or other public guarantees, or were issued in the form of covered bonds.

The Public Finance EaD, cut by €40bn to €89bn in 2010 and 2011 largely by using maturities but also through active portfolio reduction, fell further to €77bn in 2012. It is planned to reduce the portfolio to around €55bn by the end of 2016. All Greek bond holdings were sold in the second quarter of 2012 following the bond swap as part of the private sector involvement (PSI) in Greece.

Loan loss provisions in Public Finance rose from €–26m to €8m year on year. The release of loan loss provisions in 2011 – largely due to one specific case – was offset by charges from portfolio valuation allowances in 2012.

The Public Finance default portfolio fell by €11m to €2m year on year.

Other portfolio analyses

It is important to note that the following positions are already contained in full in the Group and segment presentations.

Corporates portfolio by sector

The table below shows the breakdown of the Bank's corporates exposure by sector, regardless of the existing segment allocation:

	31.12.2012			31.12.2011		
Sub-portfolio corporates by sector	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Basic materials/ Energy/Metals	25	130	51	25	96	38
Consumption	22	85	39	21	82	40
Chemicals/Plastics	11	48	43	11	33	29
Transport/Tourism	11	22	20	10	38	38
Technology/ Electrical industry	9	25	27	10	23	23
Automotive	9	21	23	11	26	25
Services/Media	8	29	35	9	50	53
Mechanical engineering	8	20	26	8	25	32
Construction	4	17	39	4	17	41
Other	15	34	23	17	58	34
Total	**122**	**430**	**35**	**126**	**447**	**36**

Financial Institutions portfolio

The focus of our risk strategy for the Financial Institutions sub-portfolio in 2012 continued to be both on proactive risk reduction, especially in the Public Finance business, and selective new business with clients with a good rating, either through trade finance activities performed on behalf of our corporate customers in Mittelstandsbank or through capital market activities in Corporates & Markets. Consideration of country risks played a major part in this. Bulk risk in the portfolio was cut back further. Despite the markets easing somewhat, the development of risk in the portfolio will continue to be influenced by the progress of the euro and sovereign debt crisis.

	31.12.2012			31.12.2011		
FI portfolio by region[1]	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Germany	14	8	6	17	10	6
Western Europe	28	49	18	28	81	29
Central/Eastern Europe	9	22	25	8	52	62
North America	1	<1	3	3	1	6
Other	13	41	31	16	41	26
Total	**65**	**121**	**19**	**72**	**185**	**26**

[1] Excluding exceptional debtors.

Non-Bank Financial Institutions portfolio

The Non-Bank Financial Institutions (NBFI) portfolio continued to focus on attractive new business with clients of good credit standing and further portfolio optimisation during the whole period under review. The creditworthiness of the insurance sub-sector benefited from a large fall in major claims from natural disasters compared with last year. Despite predominantly positive results in our clients' operating businesses, we regard the uncertainty arising from the continuing sovereign debt crisis in Europe as a significant adverse factor for the sector.

	31.12.2012			31.12.2011		
NBFI portfolio by region	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	11	24	22	10	22	22
Western Europe	18	41	23	13	22	18
Central/Eastern Europe	1	4	27	1	6	43
North America	8	22	29	5	42	92
Other	2	4	23	3	3	11
Total	**40**	**96**	**24**	**32**	**95**	**30**

Originator positions

Commerzbank and Hypothekenbank Frankfurt AG have in recent years securitised loan receivables due from the Bank's customers with a current volume of €7.5bn, primarily for capital management purposes. As at the reporting date on 31 December 2012, risk positions of €5.1bn were retained, with by far the largest portion of these positions (€4.9bn) consisting of senior tranches.

		Commerzbank volume[1]				
Securitisation pool €bn	Maturity	Senior	Mezzanine	First loss piece	Total volume[1] 31.12.2012	Total volume[1] 31.12.2011
Corporates	2020 – 2022	4.5	0.1	<0.1	5.0	4.5
MezzCap	2036	<0.1	<0.1	<0.1	0.1	0.2
RMBS	2048	<0.1	<0.1	<0.1	0.1	0.2
CMBS	2013 – 2084	0.4	<0.1	<0.1	2.3	4.0
Total		**4.9**	**0.1**	**0.1**	**7.5**	**8.9**

[1] Tranches/retentions (nominal): banking and trading book.

Conduit exposure and other asset-backed exposures

Conduit exposure from strategic customer business, which will continue to be allocated to the Core Bank in future, and other asset-backed exposures are described below.

	31.12.2012		31.12.2011	
Conduit and other asset-backed exposure | €bn	Nominal values	Risk values	Nominal values	Risk values
Conduit exposure	3.1	3.1	3.3	3.3
Other asset-backed exposures	5.5	5.4	6.1	5.8
Total	**8.6**	**8.5**	**9.4**	**9.1**

The conduit exposures reported here mainly comprise liquidity facilities/back-up lines in favour of the special purpose vehicle Silver Tower. These are mainly trading and leasing receivables. In this Commerzbank sponsored conduit, Commerzbank structures, arranges and securitises the receivables of Mittelstandsbank and Corporates & Markets customers. The conduit in turn is usually financed through the issue of asset-backed commercial papers (ABCPs). Other asset-backed exposures comprise mainly government guaranteed ABSs issued by Hypothekenbank Frankfurt in the Public Finance area and Commerz Europe (Ireland).

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 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 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.

Strategy and organisation

Given the experience of the financial market crisis, comprehensive guidelines relating to the management and monitoring of market price risks were implemented with the market risk strategy. The market risk strategy is derived from the overall risk strategy and the business strategies of individual segments and determines the market risk management objectives with regard to Commerzbank's key business activities. The core tasks of market risk management are the identification of all key market risks and drivers of market risk for the Group, the independent measurement and evaluation of these risks, and risk/return-oriented management for the Commerzbank Group based on these results and evaluations.

The Board of Managing Directors of Commerzbank is responsible for ensuring the effective management of market price 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.

Within the Bank, various market risk committees are established in which segment representatives discuss current risk positioning issues and management measures with the risk function and the finance function and decide on action. Chaired by the risk function, the Group Market Risk Committee, which meets monthly, deals with the Group's market risk position. Discussions centre on the monthly market risk report which is also presented to the Board of Managing Directors for their consideration. The report summarises the latest developments on financial markets, the Bank's positioning and subsequent risk ratios. The Segment Market Risk Committee, which focuses on trading-intensive segments (Corporates & Markets and Treasury), meets once a week. Furthermore, a separate Market Risk Committee, meeting once a month, was set up in November 2012 to manage market risks in Non-Core Assets.

The risk management process (risk identification, risk measurement, management, monitoring and reporting) is the responsibility in functional terms of market risk management, which is independent of trading activities. Central market risk management is complemented by decentralised market risk management units at segment level and by regional units and subsidiaries. As central and local risk management is closely integrated with the business units, the risk management process already starts in the trading areas. These trading units are responsible in particular for the active management of market risk positions, e.g. reduction measures or hedging.

Risk management

Commerzbank uses a wide range of quantitative and qualitative tools to manage and monitor market price risks. Quantitative targets for sensitivities, value at risk figures, stress tests, scenario analyses and data on economic capital limit the 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 the different factors are weighted individually for each segment by their relevance. Thereby 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, segment level and in the segment's reporting units. All market risk-relevant positions are covered and trading and banking book positions are jointly managed. A comprehensive internal limit system broken down to portfolio level is implemented and forms an important part of internal market risk management.

The quantitative and qualitative factors limiting market price risk are determined by the market risk committees. The utilisation of these limits, together with the relevant net income figures, is reported daily to the Board of Managing Directors and the responsible heads of the business segments. Based on qualitative analyses and quantitative ratios, the market risk function identifies potential future risks, anticipates, in collaboration with the finance function, potential financial losses, and draws up proposals for further action, which are discussed with the market units. Voting on the proposed measures or risk positions takes place in the market risk committees and is subsequently submitted to the Board of Managing Directors for approval.

Risk concentrations are restricted directly with specific limits or are indirectly avoided (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 risks. Furthermore risk drivers are analysed on a regular basis in order to identify concentrations. The risk management of existing concentrations is also reviewed using situation-driven analyses and, where necessary, supplemented by targeted measures, such as limits and specific processes.

Market risk in the trading book

A standardised value at risk model incorporating all positions is used for the internal management of market risk. VaR quantifies the potential loss from financial instruments as a result of changed market conditions during a pre-defined time horizon and with a fixed probability. For internal management purposes, a confidence level of 97.5% and a holding period of 1 day are assumed. The value at risk concept allows risks in various business areas to be compared and enables many positions to be aggregated, taking account of correlations between different assets. This ensures a consolidated view of the market risk at all times.

A 10-day holding period and confidence level of 99% are used for regulatory capital adequacy requirements. These assumptions meet the requirements of the Basel Committee and other international standards on the management of market risk. VaR is also calculated on a 1-day holding period for other evaluations, such as backtesting or disclosure. In order to provide for a consistent presentation of the risk parameters in this report all figures relating to VaR base on a confidence level of 99% and a holding period of 1 day.

VaR in the trading book declined significantly at the end of 2012 from €59m to €28m. This is due mainly to an additional reduction in non-strategic risk positions. Furthermore, markets were less volatile in 2012 than in 2011 which resulted in a lower VaR figure.

VaR of portfolios in the trading book[1] | €m	**2012**	**2011**
Minimum	21	38
Median	39	66
Maximum	70	102
Year-end figure	**28**	**59**

[1] 99% confidence level, holding period 1 day, equally-weighted market data, 254 days history.

The market risk profile is diversified across all asset classes. Despite both falling sharply, the dominant asset classes are still interest rate risk (€15m) and credit spread risk (€7m). Interest rate risk also contains basis and inflation risk. Basis risk arises if, for example, positions are closed through hedging transactions with a different type of price setting than the underlying transaction.

VaR contribution by risk type in the trading book[1] | €m	**31.12.2012**	**31.12.2011**
Credit spreads	7	18
Interest rates	15	31
Equities	2	4
FX	3	4
Commodities	1	3
Total	**28**	**59**

[1] 99% confidence level, holding period 1 day, equally-weighted market data, 254 days history.

Further risk ratios are being calculated for regulatory capital adequacy as part of Basel 2.5 reporting. This includes in particular the calculation of stressed VaR, which evaluates the risk arising from the current positioning in the trading book with market movements in a fixed crisis period. Stressed VaR fell back by €17m to €35m year on year. The crisis observation period used for this is checked regularly through model validation and approval processes and adjusted where necessary. An adjustment was made accordingly in the first half of 2012.

The reliability of the internal models is checked on a daily basis using backtesting methods. The calculated VaR data is compared with the profits and losses generated from actual price changes on the market. This provides the basis for the assessment of the internal risk models by the supervisory authorities. If the resulting loss exceeds the risk predicted using the value at risk model, this is referred to as a negative backtesting outlier. If, however, the resulting profit exceeds the predicted return, this is referred to as a positive backtesting outlier.

Analysing the results of backtesting provides important guidance for checking parameters and improving the market risk model. Furthermore, all negative outliers at Group level are classified under a traffic-light system laid down by the supervisory authorities and reported immediately to the supervisory authorities with details on the extent and cause of the failure. No negative outliers were measured during 2012.

As the VaR concept gives a prediction of potential losses on the assumption of normal market conditions, it is supplemented by the calculation of stress tests. These tests measure the risk which Commerzbank is exposed to, based on unlikely 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. Extensive Group-wide stress tests and scenario analyses are carried out as part of risk monitoring.

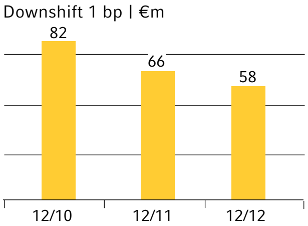
The VaR and stress test models were permanently validated in 2012. Model adjustments were implemented that improved further the accuracy of risk measurement.

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 was allocated to Non-Core Assets 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 adjoining diagram documents the development of credit spread sensitivities for all securities and derivative positions (excluding loans) at Commerzbank Group. The reduction in the Public Finance portfolio as part of the de-risking strategy and lower market values of the government bond portfolio led to a decline with an overall position of €58m at year-end. Close on 80% of credit spreads 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 which were created through larger investment positions. These were largely run down by year-end so that equity risk in the banking book was not a major factor at 31 December 2012.

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 has prescribed two uniform, sudden and unexpected changes in interest rates to be used by all banks, which have to report on the results of this stress test every quarter.

In line with supervisory authority requirements, the applicable changes in interest rates were set at +200 basis points and −200 basis points. On this basis, an interest rate shift of +200 basis points would give a potential loss of €1,621m, a shift of −200 basis points would give a potential gain of €118m. These figures include the exposures of Commerzbank Aktiengesellschaft and significant subsidiaries. The numbers represent a clear undershooting of the defined threshold value for a potential reduction in equity capital.

Pension fund risk is also part of market risk in the banking book. The pension fund portfolio comprises a well diversified investment section and the section of insurance technical liabilities. Due to the extremely long duration of the liabilities (cash outflows modelled over almost 90 years), the main portion of the overall portfolio's present value risk is in maturities of 15 and more years. Main risk drivers are long-term euro interest rates, credit spreads and expected euro inflation due to anticipated dynamics in pensions. Equity, volatility and currency risk also need to be taken into consideration. Diversification effects between individual risks reduce overall risk, interest rate and inflation rate risk in particular are offset to a certain extent. The extremely long maturities of these liabilities represent the greatest challenge, particularly for hedging credit spread risk. This is because there is insufficient liquidity in the market for corresponding hedging products.

Market liquidity risk

Market liquidity risk is the risk of the Bank not being able to liquidate or hedge risky positions in a timely manner, to the desired extent and 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 classify the portfolio in terms of its convertibility into cash using a market liquidity factor. The market risk based on a one-year view is weighted with the market liquidity factor to calculate the market liquidity risk.

At the end of 2012 Commerzbank earmarked €0.2bn in economic capital to cover market liquidity risk in the trading and banking book. Securities which are more susceptible to market liquidity risk include in particular asset-backed securities and other run-off portfolios.

Liquidity risk

Liquidity risk is defined in the narrower sense as the risk that Commerzbank 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 payments cannot be funded as and when they fall due, in full, in the correct currency or at standard market conditions.

Strategy and organisation

The global framework for liquidity risk management is the liquidity risk strategy which is derived from the Bank'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 the increasing regulatory requirements into account. As the ability to meet payment obligations at all times is an existential requirement, 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.

Group Treasury at Commerzbank is responsible for the operational management of liquidity risk. Liquidity risks occurring over the course of the year are 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. This includes, amongst others, the setting of liquidity risk limits and the definition of the liquidity reserve.

As part of contingency planning, the central Asset Liability Committee can decide upon different measures to secure liquidity. This contingency plan is based on an integrated process which consists of the liquidity risk contingency plan and the supplementary liquidity contingency measures of the Treasury. This concept enables a clear allocation of responsibility for the processes to be followed in emergency situations as well as the adequate definition of any action that may need to be taken.

Risk management

Commerzbank uses a wide range of quantitative and qualitative tools – based on an internal liquidity risk model - to manage and monitor liquidity risks. Key decisions on liquidity risk management and monitoring are taken by the central Asset Liability Committee. At an operating level, additional sub-committees are responsible for dealing with liquidity risk issues at a local level and with methodological issues regarding the quantification and limitation of liquidity risks that are of lesser significance for the Group.

A comprehensive limit concept ensures that any emerging liquidity bottlenecks can be identified at the earliest possible stage and that steps can be taken to overcome any problems. Under the limit concept, liquidity risk limits for the Commerzbank Group are specified using the risk tolerance defined in the liquidity risk strategy. These limits are then broken down into the individual Group entities, both for individual currencies and through all currencies. In addition to liquidity limits for the time horizon of up to one year, the Bank has defined a target corridor for structural long-term liquidity risk.

Quantification and stress testing

The internal bank liquidity risk model is the basis for liquidity management and reporting to the Board of Managing Directors. Referring to a reference date, this risk measurement approach calculates the available net liquidity (ANL) for the next twelve months based on 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, statistically expected economic cash flows for the relevant scenario, and the realisable assets in the relevant scenario.

The stress scenario relevant for management which underlies the modelling allows for the impact of both a bank-specific stress event and a broader market crisis when calculating liquidity and setting limits. The parameterisation of the stress scenario comes from the risk tolerance that was set in accordance with the overall risk strategy. This also includes defining scenarios that are not covered by risk tolerance.

Risk concentrations can lead to increased outflows of liquidity, particularly in a stress situation, and thus to increased liquidity risk. Risk concentrations occur in the liquidity risk management environment in various forms, for example, in terms of maturities, large individual creditors or currencies. Liquidity risk management is performed centrally through the existing liquidity risk limit structure and takes into account liquidity risk tolerance. With the support of ongoing monitoring and reporting, risk concentrations on the funding front are recognised in a timely manner and can largely be avoided.

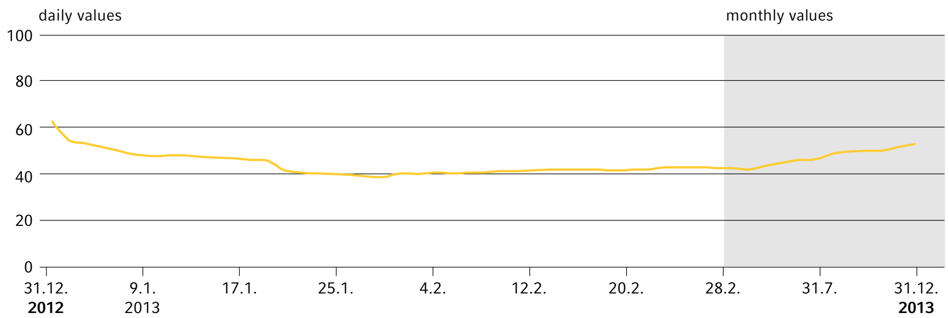
Additional components of liquidity risk management are a survival period calculation in terms of MaRisk plus the analysis of additional inverse stress scenarios.

The stress scenarios relevant for management in the ANL model are run daily and reported to management. The underlying assumptions and the limits set are checked regularly and adjusted to reflect changed market conditions as necessary.

In addition, the stress scenarios described form the basis of the above mentioned contingency plans, in the context of which the central Asset Liability Committee can approve various measures to secure liquidity.

The following ANL graph shows that under the stress scenario relevant for the risk management calculated as at 31 December 2012, a sufficient liquidity surplus existed throughout the period analysed.

Available net liquidity in the combined stress scenario of the internal liquidity risk model
€bn



In 2012, the growing liquidity surplus in the money market was also reflected in Commerzbank's internal liquidity ratios, which were always significantly above the limits set by the Board of Managing Directors. The same applies to compliance with the external regulatory German Liquidity Regulation and the survival period calculation set down by MaRisk. In this respect we continue to benefit from our core business activities in retail and corporate banking and 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 bottlenecks, the Bank has a liquidity buffer of assets eligible for discounting at the central bank and cash reserves. The composition, availability and amount of these assets are checked and reported on daily. The regular analyses focus in particular on the quality of the assets contained and on reasonable diversification. As at 31 December 2012, the volume of freely available assets eligible for discounting at the central bank after haircut, that was included in ANL modelling, plus central bank deposits was €83.4bn. The Bank has also taken measures to react to a possible breakup of the euro and mitigate the liquidity impact this would have.

The internal ANL model with a time horizon of up to one year is supplemented by the stable funding concept with a horizon of more than one year. The stable funding concept forms the basis for the internal offsetting of liquidity costs and is used to determine the volume of issues planned on the capital markets. The structural liquidity requirement for the Bank's core lending business is compared to the liabilities available long-term to the Bank, including core customer deposit bases.

The Bank is looking closely at the central issues arising from Basel III, the offsetting of liquidity costs and the management of liquidity risk within the internal liquidity risk model. It is continuing to systematically enhance the range of management tools as part of a strategic project. The Bank is increasing the analysis options available for liquidity risk reporting by continuously developing the infrastructure used for this purpose.

Operational risk

Commerzbank actively measures and manages operational risk (OpRisk) using a group-wide consistent framework aimed at systematically identifying OpRisk profile and risk concentrations as well as defining and prioritising measures to mitigate risk. Operational risk is defined according to 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; it does not cover reputational and strategic risks.

OpRisk and governance of the internal control system (ICS) are closely linked at Commerzbank both in terms of organisational 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 part in reducing or avoiding operational risk. Conversely, the systems for operational risk offer the possibility of gearing the ICS so that it is risk-oriented and consistent with OpRisk management.

Strategy and organisation

Commerzbank's OpRisk strategy is approved on an annual basis by the Board of Managing Directors after it has been discussed and voted upon in the Group OpRisk Committee. It describes risk profile, key elements of the desired risk culture (including risk limit), management framework and measures by Commerzbank in respect of operational risk. In implementing the OpRisk strategy, Commerzbank pursues the following objectives:

- To largely prevent high OpRisk losses (before they materialise) using proactive measures and therefore protect the Bank against serious negative effects.
- To highlight potential problem areas in the process organisation and hence providing a basis for optimisation.

Commerzbank's OpRisk organisation has a clear allocation of responsibilities and tasks and creates the basic organisational framework and structures for targeted and effective OpRisk management and controlling. As such, OpRisk management is based on three consecutive levels (three lines of defence) which, when taken together, are crucial for reaching the given strategic aims:

- As the first line of defence, the segments and the Group Services, Group Management and Group Risk Management units have direct responsibility for identifying and managing operational risk in their areas of responsibility and provide effective and prompt segment risk management.
- The OpRisk & ICS area as the second line of defence provides uniform and binding methods and systems to the Bank's units to help to identify, evaluate and monitor operational risk. These are used throughout the Group and supplemented by tools and regulations of other monitoring functions and used to mitigate operational risk.
- Internal and external control bodies, such as the internal auditors, are the third line of defence. They are charged with independently auditing OpRisk methodology and implementation in Commerzbank.

Chaired by the CRO, the Group OpRisk Committee meets four times a year and deals with the management of operational risks within Commerzbank Group. It also acts as the escalation and decision-making committee for key OpRisk topics that straddle all areas. The Segment OpRisk Committees deal with the management of operational risk in the relevant units, the structured analysis affecting the OpRisk topics for the unit in question (e.g. loss events) and the definition of subsequent measures or recommended action.

Risk management

The management and limitation of operational risks differs systematically from limiting credit and market risk, since the relevant management units are not made up of individual clients or positions but 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 risks and their specific aspects.

OpRisk ratios at Group level are managed through economic capital (ErC) and regulatory capital (RWA). Commerzbank uses various methods for OpRisk management. These include:

- Annual evaluation of the Bank's ICS and carrying out risk scenario assessments.
- Continuous analysis of OpRisk loss events.
- Carrying out lessons learned activities for loss events ≥ €1m.
- Systematic evaluation of external OpRisk events at competitors.

A structured, centralised and decentralised reporting system ensures that the management of the Bank and its segments, members of the OpRisk Committees and the supervisory bodies are informed regularly, promptly and fully about operational risk. OpRisk reports are prepared on a monthly and quarterly basis and form part of the risk reporting process to the Board of Managing Directors. They contain the latest risk assessments of the segments, their main loss events, current risk analyses, changes in the capital requirement and the status of measures implemented.

OpRisk developments

The total charge at the end of the fourth quarter of 2012 for OpRisk events was €310m (full year 2011: €250m)[1]. As in previous years, the events were dominated by product-related losses (liability for advice given).

OpRisk events | €m	**31.12.2012**	**31.12.2011**
Internal fraud	–1	3
External fraud	7	9
Material damage and system failures	–4	1
Product-related losses	214	231
Procedural errors	19	7
Events relating to employment conditions	75	1
Group	**310**	**250**

Risk-weighted assets (RWA) from operational risks based on the internal AMA-model amounted to €22.6bn as at the end of 2012 (31 December 2011: €26.3bn). 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 regulatory RWA and ErC for operational risk within one model approach.

Other risks

To meet the requirements of pillar 2 of the Basel framework, MaRisk insists on an integrated approach to risk that also includes unquantifiable risk categories. In Commerzbank these are subjected to a qualitative management and control process. The following risks are outside the responsibility of the CRO.

Human resources risk

Human resources risk falls within the definition of operational risk in Section 269 (1) SolvV. The internal management interpretation of this definition at Commerzbank includes the following elements in human resources risk:

- Adjustment risk: We offer selected internal and external training, continuing education and change programmes to ensure that the level of employee qualifications keeps pace with the current state of developments, structural changes are supported accordingly and our employees can fulfil their duties and responsibilities.
- Motivation risk: Employee surveys enable us to respond as quickly as possible to potential changes in our employees' level of corporate loyalty and to initiate adequate measures.

[1] Losses incurred and provisions, less OpRisk-based income and repayments.

- Departure risk: We take great care to ensure that the absence or departure of employees does not result in long-term disruptions to our operations. Quantitative and qualitative measures of staff turnover are monitored regularly.
- Supply risk: Our quantitative and qualitative staffing aims to ensure that the internal operating requirements, business activities, and Commerzbank's strategy can be implemented.

Employees are a key resource for Commerzbank. Our success is based on the specialist knowledge, skills, abilities and motivation of our employees. Human resources risk is systematically managed by Group Human Resources with the aim of identifying risks as early as possible and assessing and managing them by applying selected personnel tools, for instance. The Board of Managing Directors is regularly informed about human resources risks.

Business strategy risk

Business strategy risk is the medium to long-term risk of negative influences on the achievement of Commerzbank's strategic goals, for example, as a result of changes in market conditions, or inadequate implementation of 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 which describes the major business activities and the steps to reach these goals. To ensure proper implementation of Group strategy to achieve the business targets, strategic controls are carried out through regular monitoring of quantitative and qualitative targets in the Group and the segments.

Responsibility for strategic corporate management lies with the Board of Managing Directors. Specific business policy decisions (acquisition and sale of equity holdings representing >1% of equity capital) also require the authorisation 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

Reputational risk is the risk that stakeholder groups may lose confidence in Commerzbank or that its reputation may be damaged as a result of negative events in its business activities. Stakeholder groups include the public and the media, employees and customers, rating agencies, shareholders and business partners. Therefore reputational risk goes hand in hand with communication risk.

The operational divisions, branches and subsidiaries bear direct responsibility, within the scope of their business operations, for reputational risk arising from their particular activity. 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 Bank context. Its tasks include the timely monitoring, recognition and response to internal and external reputational risks (early warning function).

For this reason, relevant measures and activities relating to business policy are subjected to careful scrutiny. In particular, Commerzbank avoids business policy measures and transactions which entail significant tax or legal risks, and also ethical, ecological and social risks. All relevant credit decisions are voted on individually with regard to any reputational risk incurred. These votes may result in transactions being declined.

Compliance risk

The confidence of our customers, shareholders and business partners in Commerzbank's proper and legitimate actions forms the fundament of our business activities. This confidence is based in particular on compliance with applicable regulations and conformity with customary market standards and codes of conduct (compliance). The non-compliance with legal, regulatory and other provisions, Commerzbank' business activities are subject to, leads to compliance risks. They comprise in particular:

- Regulations to avoid money laundering and financing of terrorism.
- Compliance with imposed sanctions.
- Behavioural code for the delivery of investment services and non-core investment services.
- Combating against fraud and corruption.

As far as it is possible to quantify compliance risk it is measured as operational risk together with legal risk, human resources risk and IT risk.

To reinforce confidence in the Group's integrity, all risks arising in this regard are effectively managed. The ever-growing complexity of national and international laws, regulations and market standards is taken into account through constant improvements to our management of compliance risk and through adjustments to reflect current developments and challenges.

Disclaimer

Commerzbank's internal risk measurement methods and models which form the basis for the calculation of the figures shown in this report are state-of-the-art and based on banking sector practice. The results obtained with the risk models are suitable for the purposes of the management of the Bank. The measurement approaches are regularly reviewed by risk control and internal audit, external auditors and the German supervisory authorities. Despite the careful development of the models and regular controls, models cannot capture all the influencing factors that may arise in reality, nor the complex behaviour and interactions of these factors. These limits to risk modelling apply particularly 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; stress testing all imaginable scenarios however is unfeasible. The analyses cannot give a definitive indication of the maximum loss in the case of an extreme event.

Income statement of Commerzbank Aktiengesellschaft for the period from 1 January to 31 December 2012

€m				2012	2011
Interest income from					
a) Lending and money market transactions		9,020			10,688
b) Fixed-income securities and debt register claims		828			1,100
			9,848		11,788
Interest expenses			– 6,105		– 7,077
				3,743	**4,711**
Current income from					
a) Equities and other non-fixed-income securities			2		4
b) Equity holdings			15		22
c) Holdings in affiliated companies			91		108
				108	**134**
Income from profit-pooling and from partial or full profit-transfer agreements				**1,612**	**291**
Commission income			3,079		3,359
Commission expenses			– 487		– 544
				2,592	**2,815**
Net trading income				**1,460**	**869**
of which: allocation pursuant to Art. 340e (4) HGB	– 162				– 97
Other operating income				**2,300**	**716**
General operating expenses					
a) Personnel expense					
aa) Wages and salaries		– 2,742			– 2,842
ab) Compulsory social-security contributions, expenses for pensions and other employee benefits		– 626			– 600
of which: for pensions	– 214				– 194
			– 3,368		– 3,442
b) Other operating expenses			– 2,249		– 3,140
				– 5,617	**– 6,582**
Depreciation, amortisation and write-downs of intangible and fixed assets				**– 208**	**– 223**
Expense for the replenishment of profit-sharing certificates				**– 104**	–
Other operating expenses				**– 1,747**	**– 1,427**
Write-downs and valuation allowances on loans and certain securities and allocations to provisions in lending business				**– 1,567**	–
Income from write-ups on loans and certain securities and from the release of provisions in lending business				–	**319**
Write-downs and valuation allowances on equity holdings, holdings in affiliated companies and securities treated as fixed assets				–	**– 187**
Income from write-ups on equity holdings, holdings in affiliated companies and securities accounted for as fixed assets				**181**	–
Expenses from the transfer of losses				**– 29**	**– 5,607**
Income from release of fund for general banking risks				**45**	–
Profit or loss on ordinary activities				**2,769**	**– 4,171**
Extraordinary loss				**– 148**	**– 45**
Taxes on income			– 2,516		557
of which: changes in deferred taxes	– 2,546				485
Other taxes			– 3		40
				– 2,519	**597**
Net gain or loss				**102**	**– 3,619**
Withdrawals from capital reserve				–	3,159
Withdrawals from other retained earnings				–	460
Transfer to capital reserve				–	– 2,142
Transfer to other retained earnings				– 17	–
Income from capital reduction				–	**2,142**
Net loss from trading in treasury shares				– 19	–
Replenishment of silent participations				**– 66**	–
Net profit				–	–

Balance sheet of Commerzbank Aktiengesellschaft as at 31 December 2012

Assets | €m				**31.12.2012**	**31.12.2011**
Cash reserve					
a) Cash on hand			1,631		1,484
b) Balances with central banks			11,750		3,055
of which: with Deutsche Bundesbank		5,080			628
				13,381	**4,539**
Debt issued by public-sector borrowers, and bills of exchange rediscountable at central banks					
a) Treasury bills and discountable treasury notes, as well as similar debt issues by public-sector borrowers			390		370
				390	**370**
Claims on banks					
a) Payable on demand			24,412		25,811
b) Other claims			96,053		107,849
of which: mortgage loans		–			–
public-sector loans		188			–
				120,465	**133,660**
Claims on customers				**181,277**	**166,159**
of which: secured by mortgages on real estate (mortgage loans)		31,342			25,857
public-sector loans		5,054			4,868
Bonds and other fixed-income securities					
a) Money market instruments					
aa) Issued by public-sector borrowers		474			251
of which: rediscountable at Deutsche Bundesbank	474				251
ab) Issued by other borrowers		–	474		259
of which: rediscountable at Deutsche Bundesbank	–				–
					510
b) Bonds and notes					
ba) Issued by public-sector borrowers		8,255			6,602
of which: rediscountable at Deutsche Bundesbank	7,670				6,194
bb) Issued by other borrowers		24,306	32,561		24,816
of which: rediscountable at Deutsche Bundesbank	19,448				19,496
					31,418
c) Own bonds			1,036		7
Nominal amount €1,033m					
				34,071	**31,935**

Assets | €m			**31.12.2012**	**31.12.2011**
Equities and other non-fixed-income securities			**829**	**1,295**
Trading assets			**159,403**	**169,185**
Equity holdings			**435**	**616**
of which: investments in banks	302			308
investments in financial services companies	2			4
Holdings in affiliated companies			**10,267**	**11,530**
of which: investments in banks	2,806			565
investments in financial services companies	495			495
Fiduciary assets			**628**	**685**
of which: loans at third-party risk	570			626
Intangible assets				
a) Proprietary intellectual property rights and similar rights and assets		278		149
b) Purchased concessions, industrial property rights and similar rights and assets as well as licences relating to such rights and assets		64		82
			342	**231**
Fixed assets			**600**	**1,032**
Other assets			**4,196**	**3,220**
Accrued and deferred items				
a) From issuing and lending business		284		344
b) Other accrued and deferred items		282		344
			566	**688**
Deferred tax assets			**–**	**2,547**
Excess of plan assets over liabilities			**603**	**219**
Total assets			**527,453**	**527,911**

Balance sheet of Commerzbank Aktiengesellschaft as at 31 December 2012

Liabilities and Shareholders' Equity | €m			31.12.2012	31.12.2011
Liabilities to banks				
a) Payable on demand		45,749		37,100
b) With agreed term or period of notice		62,773		56,882
of which: issued registered ship Pfandbriefe		104		–
issued registered public Pfandbriefe		–		–
			108,522	**93,982**
Liabilities to customers				
a) Savings deposits				
aa) With agreed period of notice of three months	9,920			4,478
ab) With agreed period of notice of more than three months	128			173
		10,048		4,651
b) Other liabilities				
ba) Payable on demand	129,428			114,142
bb) With agreed term or period of notice	79,133			75,818
		208,561		189,960
of which: issued registered ship Pfandbriefe		1,744		–
issued registered public Pfandbriefe		886		–
			218,609	**194,611**
Securitised liabilities				
a) Bonds and notes issued		33,919		39,648
aa) Ship Pfandbriefe	1,539			–
ab) Public Pfandbriefe	167			–
ac) Other bonds	32,213			–
b) Other securitised liabilities		289		4,563
ba) Money market instruments	279			4,552
bb) Own acceptances and promissory notes outstanding	10			11
			34,208	**44,211**
Trading liabilities			**118,512**	**140,497**
Fiduciary liabilities			**628**	**685**
of which: loans at third-party risk	570			626
Other liabilities			**14,272**	**19,905**
Accrued and deferred items				
a) From issuing and lending business	48			47
b) Other accrued and deferred items	364			386
			412	**433**
Deferred tax liabilities			**–**	**–**

Liabilities and Shareholders' Equity | €m				**31.12.2012**	**31.12.2011**
Provisions					
a) Provisions for pensions and similar commitments			141		156
b) Provisions for taxes			208		362
c) Other provisions			2,612		3,013
				2,961	**3,531**
Subordinated liabilities				**10,568**	**12,161**
Profit-sharing certificates outstanding				**842**	**707**
of which: maturing in less than two years		–			–
Fund for general banking risks				**476**	**314**
Equity					
a) Subscribed capital					
aa) Share capital	5,829				5,114
Treasury shares	– 1				– 1
(conditional capital €4,394m)		5,828			5,113
ab) Silent participations		2,868			3,529
			8,696		8,642
b) Capital reserve			8,730		8,232
c) Retained earnings					
ca) Statutory reserve		–			–
cb) Other retained earnings		17			–
			17		–
d) Net profit			–		–
				17,443	**16,874**
Liabilities and Shareholders' Equity				**527,453**	**527,911**
1. Contingent liabilities					
a) Contingent liabilities from rediscounted bills of exchange credited to borrowers			5		1
b) Liabilities from guarantees and indemnity agreements			34,868		35,968
				34,873	**35,969**
2. Other commitments					
a) Repurchase commitments from sale with option to repurchase transactions			–		–
b) Irrevocable lending commitments			47,759		53,479
				47,759	**53,479**

Notes

General information

(1) Basis of preparation

The financial statements of Commerzbank Aktiengesellschaft as at 31 December 2012 have been prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch, HGB) and the Regulation on the Accounting of Credit Institutions and Financial Services Institutions (RechKredV) and in accordance with the provisions of the German Stock Corporation Act (Aktiengesetz, AktG). The merger of Deutsche Schiffsbank Aktiengesellschaft with Commerzbank Aktiengesellschaft was completed on 22 May 2012 with retrospective effect to 1 January 2012. As a result the disclosures required by the German Pfandbrief Act (Pfandbriefgesetz, PfandBG) are included for the first time in the financial statements as at 31 December 2012. Due to the merger with Deutsche Schiffsbank Aktiengesellschaft the Company's total assets rose by 2% during the financial year. This increase largely related to claims on customers and liabilities to banks and customers.

In addition to the financial statements – consisting of the income statement, the balance sheet and the notes – a management report has been prepared in accordance with Art. 289 HGB.

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

(2) Accounting and measurement policies

The cash reserve is stated at nominal value. Debt issued by public-sector borrowers is shown at net present value. Claims on banks and customers are reported at their nominal value, less any valuation allowances that have been recognised. Differences between the acquisition cost and the nominal amount with interest-like characteristics are reported in accrued and deferred items and recognised successively over their lifetime in net interest income.

Risks in the lending business are reflected by creating both specific loan loss provisions and general loan loss provisions for all on-balance-sheet claims and off-balance-sheet transactions using internal parameters and models. A distinction is made between significant and non-significant exposures. Provision is also made for country risks in these calculations. The level of the provision for each individual default risk is based on the difference between the carrying amount of the claim and the net present value of the expected future cash inflows on the claim, calculated using the discounted cash flow method and allowing for any collateral held. General loan loss provisions are estimated using models. The regular reversal of loan loss provisions as a result of an increase in net present value is shown under interest income in the income statement.

Ship mortgage loans also included construction loans where the registration of the ship mortgage is scheduled to take place at a later date.

Securities in the liquidity reserve are shown according to the rules for current assets at the lower of acquisition cost or fair value with the strict lower-of-cost-or-market principle applied, unless they are reported as a hedge relationship. Securities held as fixed assets are treated in accordance with the modified lower of cost or market value principle.

Equity holdings and holdings in affiliated companies are carried at amortised cost, in accordance with the rules for fixed assets. If the impairment of a holding is expected to be permanent, the carrying amount of the asset is written down. If the reasons for an impairment cease to exist, the asset is written up to a maximum of the amortised cost.

Write-downs and valuation allowances are shown net of write-ups. In the case of securities in the liquidity reserve, they are reported under write-downs and valuation allowances on loans and certain securities and allocations to provisions in lending business. In the case of securities held as long-term investments they are reported under write-downs and valuation allowances on equity holdings, holdings in affiliated companies and securities treated as fixed assets.

The trading portfolio is measured at fair value minus a risk charge in accordance with Art. 340e (3) HGB. The risk charge is calculated on the basis of the regulatory value at risk for market risk. Changes in the fair value of the trading portfolio are netted and shown in net trading income. Own issues which have been bought back in the trading portfolio and own bonds are shown net where there is no longer a debt outstanding.

Repurchase agreements are stated in accordance with the regulations of Art. 340b HGB. In the case of securities lending transactions, securities lent continue to be recognised on the balance sheet of Commerzbank Aktiengesellschaft as long as the title is retained.

Fixed assets are stated at acquisition or production cost, less depreciation if applicable. The depreciation rates are based on the useful economic lives of the asset. If an asset is permanently impaired, it is written down to the impaired value.

Capitalised in-house developed intangible assets are recognised at the value of development costs incurred. Low value assets are recognised in accordance with the relevant local tax simplification rules.

Liabilities are stated at their settlement amount. Differences between the amount to be repaid and the amount paid out are reported as accrued and deferred items and recognised through income over the lifetime of the liability. Non-current discounted liabilities (zero bonds) are recognised at net present value.

Pension provisions are calculated annually by independent actuaries using the projected unit credit method. The calculation parameters can be found in the note on provisions. Plan assets to cover pension and part-time working obligations for older employees are measured at fair value and netted against the provisions created for this purpose in accordance with Art. 246 (2) sentence 2 HGB. The same applies to the associated expenses and income. If an asset surplus arises from offsetting plan assets against the provisions for pensions and part-time working obligations for older employees, this is shown on the balance sheet under excess of plan assets over liabilities. The contribution required under Art. 67 (1) EGHGB will be provided no later than 31 December 2024.

Provisions for taxes and other provisions are recognised at the settlement amount estimated as necessary using reasonable commercial judgement; provisions with a residual term of more than one year are discounted to their present value.

Derivative financial instruments are used both to hedge balance sheet items and for trading purposes, and are measured individually as of the reporting date. Hedge relationships including derivative hedging transactions are recognised in accordance with the principles of Art. 254 HGB. The gross hedge presentation method is used for the hedge accounting of micro hedges in the liquidity reserve. The underlying and hedging transactions in micro hedges on the liabilities side are recognised in accordance with the fixed valuation method. Portfolio hedges are recognised using the net hedge presentation method.

The interest-rate-based financial instruments outside the trading book (i.e. in the banking book) were tested in their entirety for an excess liability using a net present value approach. As in previous years this valuation did not give rise to any need to establish a provision for impending losses. Variation margins payable and due are offset against other assets and other liabilities. Internal transactions are accounted for using the arm's length principle.

Deferred taxes are recognised for temporary differences between the accounting values of assets, debts and accrued and deferred items and their tax values, as well as for tax loss carryforwards. The underlying temporary differences are mainly due to different valuation methods for securities, trading assets and liabilities and provisions, and result in a deferred tax asset. From the financial year 2012 on we are no longer exercising the option to recognise deferred taxes pursuant to Art. 274 (1) sentence 2 HGB.

(3) Currency translation

Foreign currencies are translated into euro in accordance with the provisions of Art. 256a and 340h HGB. We translate items in the balance sheet and the income statement denominated in foreign currencies and pending spot market transactions at the spot mid rate on the balance sheet date. This also applies to the translation of the principal amounts in cross-currency swaps outside the trading book. Currency-related forward transactions in the trading book are measured at fair value. Due to the special cover in the same currency, profits and losses from the currency translation are taken to income. The financial statements of our branches abroad which are denominated in foreign currencies are translated into the reporting currency at the spot mid rate on the balance sheet date. Banknote and coin holdings are translated using the exchange rate effective on the balance sheet date.

(4) Changes in accounting policies

Unlike in the previous year, we did not exercise the option pursuant to Art. 274 (1) sentence 2 HGB and did not recognise deferred taxes in the balance sheet. This change in the exercise of the recognition option leads to a more accurate presentation of the Company's financial position and profitability.

Due to the merger of Deutsche Schiffsbank Aktiengesellschaft with Commerzbank Aktiengesellschaft the balance sheet as at 31 December 2012 for the first time contains additional information on claims, liabilities and deferred and accrued items relating to Deutsche Schiffsbank as well as disclosures in accordance with Art. 28 of the Pfandbrief Act (PfandBG).

Notes to the income statement

(5) Breakdown of revenues by geographic markets

€m	2012	2011
Europe including Germany	16,368	16,303
America	199	348
Asia	228	215
Africa	–	–
Total	**16,795**	**16,866**

The total amount includes the items interest income, current income from equities and other non-fixed-income securities, equity holdings, holdings in affiliated companies, commission income, net trading income and other operating income.

(6) Auditors' fee

We have exercised the option permitted by Art. 285 (17) HGB to report the auditors' fee in the consolidated financial statements.

(7) Other operating income

Other operating income of €2,300m (previous year: €716m) primarily contains income of €1,702m relating to the capital measures carried out in the first half of the year and €218m (previous year: €355m) from the release of provisions.

(8) Other operating expenses

Other operating expenses of €1,747m (previous year: €1,427m) includes expenses of €1,017m relating to the capital measures carried out in the first half of the year. In addition it contains allocations and other expenses relating to provisions for litigation and recourse risks of €345m (previous year: €225m).

(9) Extraordinary expense

The extraordinary expense of €148m (previous year: €45m) contains a loss of €100m arising from the merger with Deutsche Schiffsbank Aktiengesellschaft as well as the required allocation of €46m (previous year: €45m) to pension provisions.

(10) Administrative and agency services

The following material administrative and agency services were provided for third parties:

- Custody account administration
- Agency services for insurance and home loan savings plans
- Asset management
- Management of fiduciary assets
- Securities commission business
- Investment business
- Processing of payment transactions
- Agency services for mortgage loans

Notes to the balance sheet

(11) Maturity structure of claims and liabilities

€m	31.12.2012	31.12.2011
Other claims on banks	**96,053**	**107,849**
with a residual term of		
less than three months	51,116	54,942
more than three months, but less than one year	16,951	21,963
more than one year, but less than five years	23,016	23,646
more than five years	4,970	7,298
Claims on customers	**181,277**	**166,159**
with an indefinite term	21,125	17,059
with a residual term of		
less than three months	35,421	32,979
more than three months, but less than one year	25,197	18,658
more than one year, but less than five years	45,115	45,010
more than five years	54,419	52,453

€m	31.12.2012	31.12.2011
Liabilities to banks		
with an agreed term or period of notice	**62,773**	**56,882**
with a residual term of		
less than three months	21,445	22,125
more than three months, but less than one year	6,788	5,308
more than one year, but less than five years	21,481	15,157
more than five years	13,059	14,292
Savings deposits		
with an agreed period of notice of more than three months	**128**	**173**
with a residual term of		
less than three months	22	31
more than three months, but less than one year	46	49
more than one year, but less than five years	49	79
more than five years	11	14
Other liabilities to customers		
with an agreed term or period of notice	**79,133**	**75,818**
with a residual term of		
less than three months	48,327	50,402
more than three months, but less than one year	12,796	13,505
more than one year, but less than five years	8,831	4,580
more than five years	9,179	7,331
Other securitised liabilities	**289**	**4,563**
with a residual term of		
less than three months	191	3,735
more than three months, but less than one year	98	828
more than one year, but less than five years	–	–
more than five years	–	–

Of the €33,919m of bonds and notes issued (previous year: €39,648m), €5,916m will fall due in 2013.

(12) Cover assets for ship Pfandbriefe and public Pfandbriefe

€m	31.12.2012
Claims on banks	195
Claims on customers	4,694
Bonds and other fixed-income securities	616
Total	**5,505**

Due to the merger of Deutsche Schiffsbank Aktiengesellschaft with Commerzbank Aktiengesellschaft with effect from 1 January 2012 the prior-year figures are €0.

(13) Securities

At 31 December 2012 the breakdown of marketable securities was as follows:

	Listed on a stock exchange		Not listed	
€m	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Bonds and other fixed-income securities	23,147	18,486	10,924	13,449
Equities and other non-fixed-income securities	258	673	558	–
Equity holdings	3	4	29	–
Holdings in affiliated companies	2,377	–	–	–

Of the bonds, notes and other fixed-income securities amounting to €34,071m (previous year: €31,935m), €3,780m will fall due in 2013.

(14) Trading securities

At 31 December 2012 the breakdown of trading securities was as follows:

€m	31.12.2012	31.12.2011
Trading assets	**159,403**	**169,185**
Derivative financial instruments	111,214	126,864
Claims	2,718	3,128
Bonds and other fixed-income securities	25,072	26,450
Equities and other non-fixed-income securities	20,488	12,941
Risk charge value at risk	– 89	– 198

€m	31.12.2012	31.12.2011
Trading liabilities	**118,512**	**140,497**
Derivative financial instruments	108,523	128,622
Liabilities	9,989	11,875

Financial instruments held for trading purposes are measured at fair value. In accordance with Art. 255 (4) HGB the fair value corresponds to the market price. For listed products market prices are used; for unlisted products comparable prices and indicative prices from pricing service providers or other banks are used. Non-derivative financial instruments for which market prices are not available are measured applying normal market procedures based on market parameters for each specific instrument. The net present value method is the primary valuation method used. If it is not possible to measure the fair value in this way, the acquisition cost is used instead in accordance with Art. 255 (4) HGB. For the measurement of derivative instruments held for trading purposes, we refer to the note on forward transactions.

In accordance with Art. 340e (3) HGB, when measuring the trading portfolio, a market risk discount is applied based on a risk-adjusted mark-to-market approach. The market risk discount is calculated on the basis of the regulatory value at risk approach and is calculated in such a way that the anticipated maximum loss from the trading books will not be exceeded with a 99% degree of probability over a holding period of 10 days. An historical observation period of one year is used. The value at risk is calculated centrally for the entire portfolio and deducted from trading assets on the balance sheet. Net income from interest and dividends in the trading portfolio is reported under net trading income. Commerzbank Aktiengesellschaft offsets positive and negative fair values including margin payments thereon with central counterparties.

The internal criteria for including financial instruments in the trading portfolio have not changed during the financial year.

In financial year 2012, Commerzbank Aktiengesellschaft transferred €162m (previous year: €97m) from net trading income to the fund for general banking risks.

(15) Hedge relationships

To balance contrary changes in value, micro and portfolio hedge relationships are created to hedge the resultant risks.

Micro hedge relationships created for securities in the liquidity reserve mainly hedge against the general risk of a change in interest rates. Interest-rate-induced changes in the value of the securities are almost entirely compensated by the change in the value of the associated hedges. Micro hedge relationships created for own issues not held for trading are fully hedged against interest rate, currency and other market risks. In both cases, the features of each of the hedging instruments almost exactly match the features (e.g. volume, maturity, payment dates, etc.) of the hedged portfolios.

The prospective and retrospective effectiveness of the hedge relationships for securities in the liquidity reserve is demonstrated using regression analysis. The average term of these micro hedge relationships is four years (previous year: four years). The effectiveness of hedge relationships for own issues in the non-trading portfolio is measured using a simplified test based on a portfolio-based sensitivity analysis or a qualitative comparison of the characteristics of the hedged transaction and the hedging instrument. The average term of these hedge relationships is four years (previous year: five years).

Portfolio hedge relationships are created to hedge against interest rate risks in securities in the liquidity reserve. Thus the overall interest rate of a portfolio containing a number of similar transactions is hedged. The effectiveness is demonstrated by analysing interest rate sensitivity. The average term of the portfolio hedge relationships is two years (previous year: three years).

The carrying amount of all hedged assets amounted to €17,057m on the reporting date (previous year: €12,416m), and the carrying amount of hedged liabilities amounted to €56,958m (previous year: €63,960m). The nominal volume of all hedge relationships on the assets side amounted to €16,770m on the reporting date (previous year: €12,174m), and the nominal volume of all hedge relationships on the liabilities side amounted to €58,293m (previous year: €65,453m).

(16) Relationships with affiliated companies and equity holdings

	Affiliated companies		Equity holdings	
€m	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Claims on banks	51,066	67,698	172	347
Claims on customers	9,723	7,628	620	298
Bonds and other fixed-income securities	10,288	14,058	–	–
Trading assets	2,724	2,717	28	–
Liabilities to banks	17,504	17,265	17	35
Liabilities to customers	11,050	7,203	623	492
Securitised liabilities	1,580	1,280	–	8
Subordinated liabilities	1,341	3,183	–	–

Transactions with affiliated companies are carried out on normal market terms and conditions. Relationships with related parties are set out in the note on remuneration and loans to board members, and in the remuneration report.

(17) Fiduciary transactions

€m	31.12.2012	31.12.2011
Claims on customers	570	626
Bonds and other fixed-income securities	–	–
Other fiduciary assets	–	–
Commerzbank Foundation	58	59
of which: cash at bank – current accounts	1	–
securities	57	58
other assets	–	1
Fiduciary assets	**628**	**685**
of which: loans at third-party risk	570	626
Liabilities to banks	13	13
Liabilities to customers	557	613
Commerzbank Foundation	58	59
of which: capital and reserves	57	57
liabilities	1	2
foundation net profit or loss	–	–
Fiduciary liabilities	**628**	**685**
of which: loans at third-party risk	570	626

(18) Changes in book value of fixed assets

€m	Intangible assets	Fixed assets	Securities held as fixed assets	Equity holdings[1]	Holdings in affiliated companies[1]
Cost of acquisition/production as at 1.1.2012	**1,280**	**3,080**	**959**		
Additions in 2012	179	105	91		
Disposals in 2012	17	789	168		
Transfers	9	12	–		
Exchange rate changes	1	–	12		
Cost of acquisition/production as at 31.12.2012	**1,452**	**2,408**	**894**		
Cumulative write-downs	1,110	1,808	504		
of which: Write-downs in 2012	69	139	27		
Write-ups in 2012	–	–	–		
Residual book values as at 31.12.2012	**342**	**600**	**390**	**435**	**10,267**
Residual book values as at 31.12.2011	**231**	**1,032**	**493**	**616**	**11,530**

[1] Use was made of the option to present an aggregate figure pursuant to Art. 34 (3) of the Regulation on the Accounting of Credit Institutions and Financial Services Institutions (RechKredV).

Of the land and buildings with an overall book value of €190m (previous year: €567m), properties amounting to €179m (previous year: €187m) are used by Commerzbank Aktiengesellschaft. Office furniture and equipment amounting to €410m (previous year: €465m) was included in the fixed assets.

As at 31 December 2012 development costs for in-house developed intangible assets of €278m (previous year: €149m) were capitalised. Commerzbank Aktiengesellschaft does not undertake research in connection with in-house developed intangible assets.

(19) Other assets

Other assets of €4,196m (previous year: €3,220m) primarily contained amounts owed under profit transfer agreements of €1,612m (previous year: €293m), income tax due from tax authorities of €753m (previous year: 594m), precious metals in the non-trading portfolio of €590m (previous year: €804m), margin due on exchange-traded futures transactions of €296m (previous year: €269m) and accrued and deferred interest on non-trading derivatives of €280m (previous year: €334m).

(20) Subordinated assets

€m	31.12.2012	31.12.2011
Claims on banks	120,465	133,660
of which: subordinated	804	1,268
Claims on customers	181,277	166,159
of which: subordinated	527	573
Bonds and other fixed-income securities	34,071	31,935
a) Bonds and notes issued by other borrowers	24,306	24,816
of which: subordinated	179	221
b) Own bonds	1,036	7
of which: subordinated	–	7
Equities and other non-fixed-income securities	829	1,295
of which: subordinated	257	654
Trading assets[1]	159,403	169,185
of which: subordinated	236	149
Total	**2,003**	**2,872**

[1] Measured at fair value.

(21) Repurchase agreements

The carrying amount recorded in the balance sheet for assets transferred under repurchase agreements amounted to €10,683m (previous year: €14,677m).

(22) The Bank's foreign currency position

On the balance sheet date foreign currency assets amounted to €134,478m (previous year: €141,867m) and foreign currency liabilities amounted to €100,849m (previous year: €124,188m). The merger with Deutsche Schiffsbank Aktiengesellschaft led to an increase in the foreign currency assets by around 9% of the prior-year figure and an increase in the foreign currency liabilities by around 7% of the prior-year figure.

(23) Collateral pledged for own liabilities

€m	31.12.2012	31.12.2011
Liabilities to banks	50,126	49,429
Liabilities to customers	37,158	27,047
Other commitments	9,159	10,292
Total	**96,443**	**86,768**

Assets of matching amounts were pledged as collateral for the liabilities listed above. Collateral was provided to borrow funds under securities repurchase agreements, for funds borrowed for specific purposes and in connection with open market transactions in the Eurosystem.

(24) Other liabilities

Other liabilities amounting to €14,272m (previous year: €19,905m) contained liabilities attributable to film funds amounting to €1,915m (previous year: €1,952m) and liabilities under securitisation transactions of €9,272m (previous year: €10,462m).

(25) Provisions

a) Provisions for pensions and similar commitments

Pension provisions are calculated on the basis of actuarial principles using a discount rate set by Deutsche Bundesbank of 5.05% (previous year: 5.14%), applying the projected unit credit method on the basis of the Heubeck 2005 G mortality tables. This assumes an expected general salary and wage increase including assumed career trends of 2.50% p.a. (previous year: 2.50% p.a.); for pension increases we assume an interest rate of 1.80% p.a. (previous year: 1.80% p.a.). An increase of 2.00% p.a. (previous year: 2.00% p.a.) is assumed for the income threshold for assessing social security contributions. The shortfall due to unrecognised pension obligations within the meaning of Art. 28 (2) EGHGB amounts to €19m (previous year: €27m).

In accordance with the option under Art. 67 (1) sentence 1 EGHGB, Commerzbank Aktiengesellschaft is increasing the provisions for the difference which has arisen due to the change in pension valuations following the German Accounting Law Modernisation Act (BilMoG) from 1 January 2010 on a pro rata basis, so a deficit of €359m (previous year: €399m) remained at year-end. The transfer was recorded in extraordinary expenses.

In accordance with Art. 246 (2) sentence 2 HGB, the plan assets held to cover pension and part-time working obligations for older employees are netted against the provisions created for this purpose.

As at 31 December 2012, the following values were recorded for these items before offsetting:

€m	31.12.2012	31.12.2011
Fair value of the plan assets	5,021	4,439
Amount to be paid	4,841	4,696

Prior to offsetting, the imputed interest expense for provisions for pensions and part-time working for older employees, which are safeguarded by plan assets, amounted to €236m (previous year: €232m). Income from plan assets before offsetting amounted to €547m (previous year: €304m). The historic cost of the plan assets amounted to €4,474m (previous year: €4,135m).

Plan assets are mainly invested in institutional funds focusing on fixed income securities and equities. They also contain private equity investments, capitalisation products, exchange-traded funds and credit balances on bank accounts. Recognised quoted or market prices have been obtained for the institutional and retail funds. Private equity investments are measured according to values provided by the relevant fund. The asset value of the capitalisation product is calculated by the insurance company according to recognised actuarial principles and comprises contributions paid, guaranteed interest accrued to date and surpluses allocated less costs. Credit balances on bank accounts are recognised at nominal value. For an explanation of measuring derivatives, please see the note on forward transactions.

b) Other provisions

Other provisions mainly included provisions for restructuring, litigation and recourse risks, and issues relating to personnel. Restructuring expenses totalled €344m (previous year: €500m). The expense from imputed interest on other provisions amounted to €49m for the financial year (previous year: €69m) and is reported under interest expense in accordance with Art. 277 (5) HGB.

(26) Subordinated liabilities

In the event of insolvency or winding-up the subordinated liabilities of €10,568m (previous year: €12,161m) may only be repaid after the claims of all non-subordinated creditors have been satisfied. There is no obligation to repay the liabilities or right to claim interest until this condition has been met.

The obligations arising from the bonds and notes are subordinated obligations of the issuer which rank pari passu with all the issuer’s other subordinated liabilities. The bearer may not put bonds and notes. The terms and conditions for subordinated liabilities apply. Conversion into equity or another form of debt is not stipulated in the contractual agreements.

In the financial year, interest paid on subordinated liabilities amounted to €526m (previous year: €675m). The following borrowings exceeded 10% of the total amount of this item as at 31 December 2012:

Code number	Currency	€m	Interest rate	Due date
WKN CB83CE	EUR	1,254	6.38	22.3.2019
WKN CB83CF	EUR	1,250	7.75	16.3.2021

(27) Profit-sharing certificates

Of the profit-sharing certificates recorded in the balance sheet €840m (previous year: €707m) qualified as liable equity capital as defined in Art. (5) German Banking Act (KWG).

Under the conditions of the profit-sharing certificates, the servicing of interest and repayment claims arising from the profit-sharing rights is linked to the Bank's net profit (not dividend payments). If the net profit is not sufficient for an interest payment to be made on the profit-sharing certificates, the payment is reduced in accordance with the relevant terms and conditions of the profit-sharing certificates. Profit-sharing certificates participate in a net loss through a reduction in the principal amount, depending on their particular terms and conditions. If, after having participated in a loss, a net profit is earned during the term of the profit-sharing certificates, missed interest payments are paid retrospectively and/or reduced principal amounts replenished, depending on the terms and conditions of the profit-sharing certificates.

During the financial year we bought back profit-sharing certificates (WKN DR2U70) as part of a capital-strengthening and optimisation exercise and paid them in as a non-cash capital contribution against the issue of Commerzbank shares. At the year-end this profit-sharing capital, whose principal amount had been reduced, was increased by €104m. The outstanding nominal volume of the profit-sharing certificate issue WKN DR2U70 therefore amounted to €662m after this transaction.

The profit-sharing certificates of Deutsche Schiffsbank Aktiengesellschaft which expired on 31 December 2011 amounting to €24.5m were repaid in 2012.

In the event of insolvency, claims arising from profit-sharing certificates are subordinate to all other non-subordinated creditors, but rank above shareholders. The table below shows the outstanding profit-sharing certificates at the end of the financial year:

Code number	Currency	€m	Interest rate	Maturing on 31.12.
Profit-sharing certificate WKN DR2U70	EUR	662	5.39	2015
Profit-sharing certificate WKN A0D4TQ9[1]	EUR	50	4.70	2020
Profit-sharing certificate WKN A0HGNA3[1]	EUR	30	4.70	2020
Registered profit-sharing certificate WKN 422785	EUR	50	7.53	2014
Registered profit-sharing certificate WKN 422720	EUR	25	7.56	2014
Registered profit-sharing certificate WKN 901008000A[1]	EUR	10	5.38	2017
Registered profit-sharing certificate WKN 901008000B[1]	EUR	10	5.38	2017
Registered profit-sharing certificate WKN 901008100[1]	EUR	5	5.37	2017
		842		

[1] From the merger with Deutsche Schiffsbank Aktiengesellschaft.

(28) Equity

€		**31.12.2012**		**31.12.2011**
Equity		**17,442,959,785.97**		**16,873,951,399.99**
a) Subscribed capital		8,695,866,839.47		8,642,077,788.27
Share capital	5,829,513,857.00		5,113,429,053.00	
Silent participations	2,867,546,335.47		3,529,511,745.27	
Less treasury shares held	–1,193,353.00		–863,010.00	
b) Capital reserve		8,730,050,517.82		8,231,873,611.72
c) Retained earnings		17,042,428.68		–
Statutory reserve	–		–	
Reserves under Articles of Association	–		–	
Other retained earnings	17,042,428.68		–	
d) Net profit		–		–

a) Subscribed capital

As at 31 December 2012, the share capital of Commerzbank Aktiengesellschaft amounted to €5.8bn and was divided into 5,829,513,857 no-par-value bearer shares (accounting par value per share of €1.00). The number of shares increased by 716,084,804 compared to last year.

In March 2012 Commerzbank Aktiengesellschaft increased its share capital by €360.5m through the issue of 360,509,967 new no-par-value bearer shares with an accounting par value of €1.00 per share from Authorised Capital 2011 for non-cash contributions, with shareholders' subscription rights excluded. The new shares were subscribed in their entirety and paid for by contributions of hybrid, subordinate and other financial instruments issued by Commerzbank Aktiengesellschaft and companies within the Commerzbank Group.

The basis for these capital measures were the resolutions by the Board of Managing Directors of 20 February and 2 March 2012, with the approval of the Supervisory Board of 22 February 2012, and of the Presiding Committee of the Supervisory Board of 2 March 2012, partially utilising the authorisation in Art. 4 (3) of the Articles of Association. The completion of the capital increase was entered in the Commercial Register on 7 March 2012.

In order to maintain its stake of 25% plus 1 share the Financial Market Stabilisation Fund (SoFFin) converted silent participations with a nominal value of €230.8m into 120,169,989 new no-par-value bearer shares from conditional capital. The issue of the new shares was entered in the Commercial Register on 8 May 2012.

In January 2012, Commerzbank Aktiengesellschaft 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 employees' individual variable compensation entitlements for 2011 in Commerzbank shares. On 29 June 2012 Commerzbank Aktiengesellschaft increased its share capital by €176.6m through the issue of 176,553,636 new no-par-value bearer shares with an accounting par value of €1.00 per share from Authorised Capital 2011 for non-cash contributions, with shareholders' subscription rights excluded. The non-cash contributions consisted of claims of non-pay-scale staff of the Commerzbank Group to variable remuneration for the financial year 2011. The basis for this capital measure were the resolutions by the Board of Managing Directors of 28 June 2012, with the approval of the Presiding Committee of the Supervisory Board of the same date, partially utilising the authorisation in Art. 4 (3) of the Articles of Association. The completion of the capital increase was entered in the Commercial Register on 29 June 2012.

In order to maintain its stake of 25% plus 1 share SoFFin converted silent participations with a nominal value of €80.1m into 58,851,212 new no-par-value bearer shares from conditional capital. The issue of the new shares was entered in the Commercial Register on 19 September 2012.

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 between the Financial Market Stabilisation Fund, represented by the Financial Market Stabilisation Authority (FMSA), and Commerzbank Aktiengesellschaft. Interest of 9% p.a. is paid on the silent participations, which are eligible in full as Tier I capital. 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 every €5,906,764 of cash dividend paid, the interest rate will rise by 0.01%. Silent participations are reported separately under equity. A distribution is only payable if there is a net profit. The condition for the payment of the fixed interest rate was met in 2012 and the resulting expense amounted to €153.7m (previous year: –).

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) KWG). 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.

SoFFin's remaining silent participation amounted to €1,626,161,335.47.

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 SE, through a subsidiary, provided Commerzbank Aktiengesellschaft with a silent participation of €750,000,000.00. 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 each full €5,906,764 of cash dividends paid. The condition for the payment of the fixed interest rate was met in 2012 and therefore remuneration of €67.5m (previous year: –) was paid.

The existing silent participation of HT1 Funding GmbH was replenished to €415,885,000.00 as of the year-end.

Moreover, there are a number of silent participations totalling €75,500,000.00 which were acquired as a result of the merger with Deutsche Schiffsbank Aktiengesellschaft. Silent participations of Deutsche Schiffsbank Aktiengesellschaft of €12,500.00 which expired on 31 December 2011 were repaid during the financial year.

b) Capital reserve

€	
As at 31.12.2011	**8,231,873,611.72**
Additions	498,176,906.10
Withdrawal	–
As at 31.12.2012	**8,730,050,517.82**

In the capital reserve, premiums from the issue of Commerzbank Aktiengesellschaft shares are shown. Additional cash payments from the issue of conversion and option rights entitling holders to purchase Commerzbank Aktiengesellschaft shares and the difference between acquisition costs and resale proceeds of treasury shares are also recognised here.

c) Retained earnings

€	Total	Statutory reserve	Other retained earnings
As at 31.12.2011	–	–	–
Addition to other retained earnings	17,042,428.68	–	17,042,428.68
Withdrawal from other retained earnings	–	–	–
As at 31.12.2012	**17,042,428.68**	–	**17,042,428.68**

(29) Authorised capital

Year of resolution	Original authorised capital €m	Remaining authorised capital €	Date of expiry	Pursuant to the articles of association
2011	2,000	1,462,936,397.00	5.5.2016	Art. 4 (3)[1]
2012	3,605	3,605,000,000.00	22.5.2017	Art. 4 (6, 7)[2]
As at 31.12.2012	**5,605**	**5,067,936,397.00**		

[1] Previous issue.
[2] Current issue.

In accordance with the Commerzbank Aktiengesellschaft Articles of Association in the version of 8 August 2012, the conditions for capital increases from authorised capital for the individual capital items are as follows as at 31 December 2012.

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 corresponding conversion or option rights or fulfilling their conversion or option obligations;
- 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 Art. 203 (1), Art. 186 (3) sentence 4 Stock Corporation Act on the basis of this authorisation may not exceed a total of 10% of the share capital of the Company 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 to specify the other details of the capital increase and its execution.

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 conversion or option obligations;
- 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 Stock Corporation 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;
- In order to increase the share capital for non-cash contributions.

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 and/or the partial or full contribution of the silent participations from silent partnerships entered into by AZ-Arges Vermögensverwaltungsgesellschaft 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 Vermögensverwaltungsgesellschaft 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 Vermögensverwaltungsgesellschaft 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 Vermögensverwaltungsgesellschaft mbH or the Financial Market Stabilisation Fund.

€	Remaining authorised capital 31.12.2011	Added in financial year	Used in financial year	Expired in financial year	Remaining authorised capital 31.12.2012
Total	**2,000,000,000.00**	**3,605,000,000.00**	**537,063,603.00**	**–**	**5,067,936,397.00**

(30) Conditional capital

€	Conditional capital 31.12.2011	Added in financial year	Used in financial year	Expired in financial year	Conditional capital[1] 31.12.2012	of which: used conditional capital	of which: still available
Total	**1,553,333,333.00**	**3,685,000,000.00**	**179,021,201.00**	**665,000,000.00**	**4,394,312,132.00**	**–**	**4,394,312,132.00**

[1] The conditional capital in the amount of €1,644,312,132.00 is to enable the issuance of shares in the event of the exercise of 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 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 Stock Corporation 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.

The Board of Managing Directors is authorised to determine the further details of the capital increases and their execution.

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 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.

Art. 4 (4) in last year's version of the Articles of Association was cancelled by resolution of the AGM on 23 May 2012 and replaced by a standard new authorisation.

(31) Non-distributable amounts

The table below shows the non-distributable amounts as at 31 December 2012.

€m	31.12.2012	31.12.2011
Capitalised in-house developed intangible assets	278	102
Difference arising from the capitalisation of plan assets at fair value	547	203
Deferred tax assets	–	2,695
Non-distributable amount	**825**	**3,000**

Unlike in the previous year, we did not exercise the option pursuant to Art. 274 (1) sentence 2 HGB to recognise deferred taxes in the balance sheet.

(32) Significant shareholder voting rights

Prior to preparing the financial statements, the Bank had received the following notification in accordance with Art. 21 German Securities Trading Act (WpHG):

Company required to report	Registered office	held directly %	held indirectly %	Total %	Report date
Allianz SE	Munich	2.52	0.32	2.84	28.3.2012

(33) Treasury shares

	Number of shares[1] units	Accounting par value[1] €1,000	Percentage of share capital
Treasury shares 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
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 Annual General Meeting on 19 May 2010 authorised Commerzbank Aktiengesellschaft to purchase and sell its treasury shares for the purpose of securities trading, pursuant to Art. 71 (1) No. 7 Stock Corporation Act. The aggregate amount of shares to be acquired for this purpose may not exceed 5% of the share capital of Commerzbank Aktiengesellschaft at the end of any given day. Together with the Company's treasury shares purchased for other reasons and held by Commerzbank Aktiengesellschaft or attributable to it pursuant to Articles 71d f. Stock Corporation Act, the shares purchased on the basis of this authorisation may at no time exceed 10% of the share capital of Commerzbank Aktiengesellschaft. The lowest price at which treasury shares may be purchased may not be more than 10% lower or higher than the average share price (closing auction prices or similar successor prices for Commerzbank shares in Xetra trading or a similar successor system to the Xetra system on the Frankfurt Stock Exchange) on the three trading days preceding the purchase. Treasury shares may not be purchased at prices more than 10% higher than this level.

The average purchase price in the past financial year was €1.52 (previous year: €2.89) and the average selling price was €1.50 (previous year: €2.82). The accounting value of repurchased treasury shares held is deducted from subscribed capital. The difference between the accounting par value and the cost of acquisition is offset against other retained earnings. The net loss is reported in the statement of appropriation of profit in accordance with Art. 158 Stock Corporation Act.

The Bank has given an undertaking to the Financial Market Stabilisation Fund, represented by the Financial Market Stabilisation 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) No. 2 and No. 4 (purchase on behalf of another party), No. 7 or No. 8 of the Stock Corporation Act).

Other notes

(34) Off-balance-sheet transactions

a) Contingent liabilities

€m	31.12.2012	31.12.2011
Contingent liabilities from rediscounted bills of exchange credited to borrowers	5	1
Liabilities from guarantees and indemnity agreements	34,868	35,968
Credit guarantees	2,450	3,137
Other guarantees	24,529	25,678
Letters of credit	7,890	7,153
Total	**34,873**	**35,969**

Contingent liabilities from guarantees and indemnity agreements are mainly related to retail banking with customers which generates commission income. Commerzbank Aktiengesellschaft runs the risk that a claim will be made under its contractual obligations due to a deteriorating credit quality of the borrower. Credit risks are reflected in the balance sheet by creating provisions. The risk of a claim under contingent liabilities is estimated on the basis of credit risk parameters implemented in accordance with the German Solvency Regulation.

b) Other commitments

€m	31.12.2012	31.12.2011
Irrevocable lending commitments	47,759	53,479
Loans to customers	45,629	46,092
Loans to banks	1,069	5,954
Guarantees/acceptance credits/letters of credit	1,061	1,433
Total	**47,759**	**53,479**

Irrevocable lending commitments are part of Commerzbank Aktiengesellschaft's lending business and are reported outside the balance sheet. Risks may arise due to the deterioration of a customer's credit quality, for which a corresponding provision is created on the balance sheet.

Commerzbank Aktiengesellschaft arranges securitisations of the Bank's own receivables as well as of customers' receivables portfolios via special purpose entities. The transactions serve to procure liquidity or to tap new sources of funding for customers or for Commerzbank Aktiengesellschaft.

The liquidity facilities and back-up credit lines provided to the securitisation vehicles are also shown under irrevocable lending commitments. Liquidity or back-up lines may be used if the risks relating to the underlying financial instruments increase or the securitised paper can no longer be sold on the market as planned.

c) Other financial commitments

In the context of operating lease agreements where Commerzbank is the lessee, economic ownership is retained by the lessor and is therefore not shown in the balance sheet of Commerzbank Aktiengesellschaft. Commerzbank Aktiengesellschaft's liabilities under operating leases are mainly related to buildings, office furniture and equipment. As at 31 December 2012, existing commitments from rental, tenancy and leasing agreements amounted to €3,346m for the following years (previous year: €3,705m); of which €1,225m to affiliated companies (previous year: €1,406m).

Payment commitments for shares, shareholdings in limited companies and other shareholdings amounted to €23m on the reporting date (previous year: €56m). Due to our participation in Liquiditäts-Konsortialbank GmbH, Frankfurt/Main, the Bank has an additional funding obligation of €96m (previous year: €96m) in accordance with Art. 26 of the German Limited Liability Companies Act (GmbHG).

Commerzbank Aktiengesellschaft has given an undertaking to the Polish Financial Supervision Authority that it will provide its affiliated companies BRE Bank SA, Warsaw and BRE Bank Hipoteczny, Warsaw with sufficient liquidity and capital to ensure that they are in a position to meet their financial obligations at all times.

In accordance with Art. 5 (10) of the statutes of the German Deposit Protection Fund, we have undertaken to indemnify the Association of German Banks for any losses incurred through support provided for banks in which Commerzbank Aktiengesellschaft holds a majority interest.

Under the German Restructuring Fund Ordinance (RstruktFV), Commerzbank Aktiengesellschaft is obliged to contribute to a bank levy.

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.

d) Securities lending transactions

Commerzbank Aktiengesellschaft carries out securities lending transactions with the aim of ensuring that its securities trading operations are able to meet delivery obligations and generate income from lending securities held in our trading portfolios. Securities borrowed are not recognised in the balance sheet; securities lent continue to be recognised on the balance sheet as long as the title is retained. The risk arising from these transactions is the hedging risk. It can be defined as the difference between the fair value of the underlying securities and the value of the collateral that we have provided to others or which has been provided to us. A key benefit for Commerzbank Aktiengesellschaft is the additional income generated by lending our securities holdings. At the reporting date, the fair value of securities lent amounted to €15,561m (previous year: €18,103m) and the fair value of securities borrowed amounted to €26,375m (previous year: €19,648m). As part of these securities transactions, collateral for securities lent amounted to €17,292m (previous year: €18,501m) and to €26,399m (previous year: €19,679m) for securities borrowed.

e) Letter of comfort

In respect of the subsidiaries listed below and included in the consolidated financial statements, Commerzbank Aktiengesellschaft is 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
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

(35) Forward transactions

31.12.2012	Nominal Values Residual terms						Fair value	
€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								
OTC products	3	284,090	158,916	171,325	117,516	731,850	12,730	13,100
Foreign exchange spot and forward contracts	–	227,603	77,972	21,702	614	327,891	4,435	4,584
Interest rate and currency swaps	–	19,696	44,372	135,082	109,603	308,753	6,566	6,945
Currency call options	–	16,573	15,691	6,621	3,305	42,190	1,414	–
Currency put options	–	19,627	19,655	7,164	2,985	49,431	–	1,389
Other foreign exchange contracts	3	591	1,226	756	1,009	3,585	315	182
Exchange-traded products	–	1,049	91	1	–	1,141	–	–
Currency futures	–	1,033	91	–	–	1,124	–	–
Currency options	–	16	–	1	–	17	–	–
Total	**3**	**285,139**	**159,007**	**171,326**	**117,516**	**732,991**	**12,730**	**13,100**
of which: trading securities	3	282,135	156,329	166,664	116,630	721,761	12,628	12,858
Interest-based forward transactions								
OTC products	16	495,234	1,964,734	2,025,198	1,728,171	6,213,353	256,500	254,306
Forward rate agreements	–	129,298	1,309,830	248	–	1,439,376	416	393
Interest rate swaps	–	362,451	607,948	1,906,053	1,531,489	4,407,941	243,295	240,355
Call options on interest rate futures	–	1,513	26,657	58,103	87,911	174,184	10,298	12,083
Put options on interest rate futures	–	1,377	16,818	56,448	101,769	176,412	–	1,475
Other interest rate contracts	16	595	3,481	4,346	7,002	15,440	2,491	–
Exchange-traded products	–	1,364	87,779	5,355	10,759	105,257	–	–
Interest rate futures	–	471	32,940	3,980	8,781	46,172	–	–
Interest rate options	–	893	54,839	1,375	1,978	59,085	–	–
Total	**16**	**496,598**	**2,052,513**	**2,030,553**	**1,738,930**	**6,318,610**	**256,500**	**254,306**
of which: trading securities	15	484,618	2,020,863	1,929,856	1,672,104	6,107,456	253,134	252,514
Other forward transactions								
OTC products	1,005	19,331	57,217	112,257	17,201	207,011	4,093	5,299
Structured equity/index products	1,001	9,200	12,671	14,100	1,461	38,433	738	1,488
Equity call options	–	1,290	6,226	5,438	144	13,098	895	–
Equity put options	–	1,539	6,387	8,256	1,267	17,449	–	1,303
Credit derivatives		5,929	30,476	82,269	14,286	132,960	2,158	2,244
Precious metal contracts	4	722	585	668	–	1,979	59	87
Other transactions	–	651	872	1,526	43	3,092	243	177
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	**1,005**	**46,214**	**81,854**	**129,492**	**17,616**	**276,181**	**4,093**	**5,299**
of which: trading securities	1,005	37,631	78,939	125,890	17,423	260,888	3,972	5,252
Total pending forward transactions								
OTC products	1,024	798,655	2,180,867	2,308,780	1,862,888	7,152,214	273,323	272,705
Exchange-traded products	–	29,296	112,507	22,591	11,174	175,568	–	–
Total	**1,024**	**827,951**	**2,293,374**	**2,331,371**	**1,874,062**	**7,327,782**	**273,323**	**272,705**

The fair value of derivative financial instruments is closely linked to the performance of the underlying instruments. The underlying instruments for derivatives are in particular shares, bonds, foreign currencies, precious metals and commodities, indices and interest rates. Future expected fluctuations in value of the underlying and the term of the derivative itself also have an impact on the fair value.

Where available, the fair value of derivatives shown is based on prices on active markets, especially stock market prices.

Where no market prices are available on an active market, fair value is determined by various methods including valuation models. Both the valuation models selected and the parameters used depend on the individual product and are in line with market standards.

The fair value for forward transactions and swaps is determined using discounted cash flow methodology based on the yield curve for the relevant currency.

Standardised and digital options are generally priced using the Black-Scholes model. Binomial approaches and Monte Carlo simulations are used for more complex options. Monte Carlo simulations are also used for other structured derivatives.

Option premiums received and paid for derivative financial instruments in the non-trading portfolio are reported under other assets and other liabilities. A provision for impending losses of €140m (previous year: €107m) was created for derivative financial instruments in the non-trading portfolio.

(36) Employees

On average over the year, Commerzbank Aktiengesellschaft had 39,770 (previous year: 40,822) employees (Empl.). The figures for full-time equivalent (FTE) staff include part-time staff with their time actually worked.

	Total		Male		Female	
	FTE	Empl.	FTE	Empl.	FTE	Empl.
In Germany						
2012	32,935	36,074	17,587	17,784	15,348	18,290
2011	33,952	37,040	18,130	18,446	15,822	18,594
Outside of Germany						
2012	3,607	3,696	2,327	2,384	1,280	1,312
2011	3,678	3,782	2,292	2,356	1,386	1,426
Total						
2012	36,542	39,770	19,914	20,168	16,628	19,602
2011	37,630	40,822	20,422	20,802	17,208	20,020

The average time worked by part-time staff was 62% (previous year: 62%) of the standard working time. Part-time staff are included in full in the employees figure. Trainees are not included.

Trainees	Total	Male	Female
2012	2,060	1,077	983
2011	2,147	1,078	1,069

(37) Remuneration and loans to board members

A detailed description of the remuneration system as well as individual remuneration details for the members of the Board of Managing Directors and the members of the Supervisory Board is provided in the remuneration report (p. 10 ff.). Excluding the interest-rate-adjusted change in the net present value of pension entitlements included in the calculation of pension liabilities, the total remuneration of the members of the Board of Managing Directors and Supervisory Board in accordance with Art. 285 (9) HGB was as follows:

€1,000	31.12.2012	31.12.2011
Board of Managing Directors	12,882	5,343
Supervisory Board	1,640	1,619
Total	**14,522**	**6,962**

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 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.

The present value of the pension entitlements for active members of the Board of Managing Directors was €13.0m (previous year: €10.9m). 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 65 and will remain on the board until the pension is due.

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 €73.2m (previous year: €72.1m). Payments to former board members of merged companies and their surviving dependants were €14,731m (previous year: €11,567m). There were also outstanding pension liabilities of €146.7m (previous year: €132.2m) to these persons. Commerzbank Aktiengesellschaft has recognised provisions for all of the above pension obligations.

In the past the active members of the Board of Managing Directors participated in long-term performance plans (LTPs), which represent a share-based form of compensation. In order to participate in the various plans, the members of the Board of Managing Directors 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 the market prices then prevailing. As at 31 December 2012 there were no longer any long-term performance plans, as the members of the Board of Managing Directors had deregistered all shares in the ongoing 2008 LTP. Provisions for the LTPs were already reversed in full in 2010.

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 figure, the basic remuneration and remuneration for serving on committees amounted to €1,251,000 (previous year: €1,199,000) and attendance fees to €389,000 (previous year: €420,000). Attendance fees were 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. 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 on 31 December 2012.

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.

Security for the cash advances and loans to members of the Board of Managing Directors and the Supervisory Board is provided on normal market terms, if necessary through land charges or rights of lien.

(38) Corporate Governance Kodex

We have issued our annual declaration of compliance with the German Corporate Governance Code pursuant to Art. 161, German Stock Corporation Act (Aktiengesetz). It forms part of the corporate governance declaration in the management report, and is also available on the internet at www.commerzbank.de.

(39) Investment funds

The disclosable investment fund units are included in the liquidity reserve and the trading portfolio and are measured at fair value. The fair value therefore corresponds to the carrying amount. In some cases restrictions may apply to daily redemptions. The table below shows the value of investment funds in which Commerzbank Aktiengesellschaft has a holding of more than 10% broken down by category as at 31 December 2012:

	Fair value		Distributions	
€m	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Index funds	3,245	5,118	3	22
Balanced funds	854	754	–	1
Life insurance funds	–	210	–	–
Bonds and other fixed-income funds	79	111	3	5
Hedge funds	9	82	–	–
Equities and equity funds	31	21	–	–
Other	12	25	–	–
Total	**4,230**	**6,321**	**6**	**28**

(40) Cover calculation for Pfandbriefe

€m		31.12.2012	
	Nominal value	Net present value	Risk-adjusted net present value
Ship Pfandbriefe			
Liabilities to be covered	3,440.0	3,840.4	3,932.4
of which: Pfandbriefe outstanding	3,348.6	3,723.0	3,814.1
of which: derivatives[1]	91.4	117.5	118.3
Cover assets	4,237.7	4,501.0	4,511.3
of which: cover loans	4,031.7	4,271.4	4,277.4
of which: cover assets Art. 26 PfandBG	106.0	115.0	115.9
of which: derivatives[1]	–	8.2	8.1
Risk-adjusted net present value after interest rate stress test			578.9
Shortfall from currency stress test			– 58.0
Cover surplus	**797.7**	**660.6**	**520.9**
Public Pfandbriefe			
Pfandbriefe outstanding	1,032.7	1,323.0	1,443.8
Cover assets	1,294.9	1,468.1	1,532.4
of which: cover loans	847.6	990.7	1,045.6
of which: cover values Art. 20 No. 2 PfandBG	100.0	103.9	104.2
of which: derivatives	–	–	–
Cover surplus	262.2	145.1	88.6

[1] Exclusively to hedge currency risks.

Due to the merger of Deutsche Schiffsbank Aktiengesellschaft with Commerzbank Aktiengesellschaft with effect from 1 January 2012 the prior-year figures are €0.

(41) Maturity structure of Pfandbriefe

€m	31.12.2012
Ship Pfandbriefe	
Pfandbriefe outstanding with a residual term of	
up to 1 year	320.4
more than 1 year up to 2 years	367.3
more than 2 years up to 3 years	426.8
more than 3 years up to 4 years	1,028.6
more than 4 years up to 5 years	398.6
more than 5 years up to 10 years	606.1
more than 10 years	200.8
Total	**3,348.6**
Cover assets with a residual fixed interest period of	
up to 1 year	4,064.7
more than 1 year up to 2 years	47.8
more than 2 years up to 3 years	58.1
more than 3 years up to 4 years	12.1
more than 4 years up to 5 years	5.0
more than 5 years up to 10 years	50.0
more than 10 years	–
Total	**4,237.7**
Public Pfandbriefe	
Pfandbriefe outstanding with a residual term of	
up to 1 year	– 3.6
more than 1 year up to 2 years	28.3
more than 2 years up to 3 years	121.1
more than 3 years up to 4 years	38.9
more than 4 years up to 5 years	81.2
more than 5 years up to 10 years	198.3
more than 10 years	568.5
Total	**1,032.7**
Cover assets with a residual fixed interest period of	
up to 1 year	487.6
more than 1 year up to 2 years	166.7
more than 2 years up to 3 years	48.7
more than 3 years up to 4 years	54.8
more than 4 years up to 5 years	75.6
more than 5 years up to 10 years	246.5
more than 10 years	215.0
Total	**1,294.9**

Due to the merger of Deutsche Schiffsbank Aktiengesellschaft with Commerzbank Aktiengesellschaft with effect from 1 January 2012 the prior-year figures are €0.

(42) Receivables to cover for ship Pfandbriefe

Size categories | €m	31.12.2012
Up to €500,000	4.9
More than €500,000 up to €5m	1,192.3
More than €5m	3,040.5
Total	**4,237.7**

Country in which the mortgaged vessel or vessel under construction is registered | €m	31.12.2012
Ocean going vessels	**4,031.7**
Antigua and Barbuda	9.5
Bahamas	178.8
Chile	–
Germany	1,619.5
Gibraltar	1.8
Greece	402.1
Great Britain	52.5
Hong Kong	180.1
Isle of Man	55.5
Italy	125.0
Cayman Islands	–
Liberia	324.7
Malta	298.7
Marshall Islands	317.3
Netherlands	54.6
Norway	58.4
Panama	139.2
Singapore	34.5
Turkey	12.8
Cyprus	166.7
Inland waterway vessels	**–**
Total	**4,031.7**

Foreclosure sales	2012		
Units	Inland waterway vessels	Ocean going vessels	Total
Completed	–	8	8
Pending	–	2	2

Due to the merger of Deutsche Schiffsbank Aktiengesellschaft with Commerzbank Aktiengesellschaft with effect from 1 January 2012 the prior-year figures are €0.

Acquisition of vessels or vessels under construction

Commerzbank Aktiengesellschaft did not acquire any ships as a loss-prevention measure in 2012. Due to the merger of Deutsche Schiffsbank Aktiengesellschaft with Commerzbank Aktiengesellschaft with effect from 1 January 2012 the prior-year figures are €0.

Interest arrears

There were arrears of €0.8m for interest payable by borrowers (due dates up to 30 September of the year under review). The arrears relate to ocean-going vessels. Due to the merger of Deutsche Schiffsbank Aktiengesellschaft with Commerzbank Aktiengesellschaft with effect from 1 January 2012 the prior-year figures are €0.

(43) Receivables to cover for public Pfandbriefe

Registered office of borrowers or guarantors | €m	31.12.2012
Countries	–
Italy	–
Regional authorities	797.6
Germany	797.6
Spain	–
Other borrowers with registered office in	497.3
Germany	339.6
France	20.0
United Kingdom	–
Japan	–
Luxembourg	26.0
Netherlands	10.0
Austria	100.0
Slovenia	–
USA	1.7
Total	**1,294.9**

Due to the merger of Deutsche Schiffsbank Aktiengesellschaft with Commerzbank Aktiengesellschaft with effect from 1 January 2012 the prior-year figures are €0.

Payments in arrears

There were no payments in arrears in 2012. Due to the merger of Deutsche Schiffsbank Aktiengesellschaft with Commerzbank Aktiengesellschaft with effect from 1 January 2012 the prior-year figures are €0.

(44) Holdings in affiliated and other companies

We provide the following information pursuant to Art. 285 No. 11 and No. 11a HGB. Footnotes and comments on the tables below appear at the end of this note.

a) Affiliated companies

Name	Registered office	Share of capital held %	Currency	Equity 1,000	Net profit or loss 1,000	
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	–	*)
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	0	
ASCARA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	EUR	−1,069	−381	
ASTUTIA Beteiligungsgesellschaft mbH	Düsseldorf	100.0	EUR	3,788	–	*)
Atlas Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0	EUR	243,239	–	*)
BERGA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Grünwald	100.0	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	10,748	
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	−8,380	
CB Building Kirchberg GmbH	Düsseldorf	100.0	EUR	4,082	978	
CBG Commerz Beteiligungsgesellschaft Holding mbH	Frankfurt/Main	100.0	EUR	6,137	–	*)
CBG Commerz Beteiligungskapital GmbH & Co. KG	Frankfurt/Main	100.0	EUR	45,976	6,353	
CFB-Fonds Transfair GmbH	Düsseldorf	100.0	EUR	26	–	*)
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	–	*)

Name	Registered office	Share of capital held %	Currency	Equity 1,000	Net profit or loss 1,000	
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)*)
Commerz Business Consulting GmbH	Frankfurt/Main	100.0	EUR	84	–	*)
Commerz Direktservice GmbH	Duisburg	100.0	EUR	1,178	–	*)
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	
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	
Commerz Property GmbH & Co. Hamburg KG	Frankfurt/Main	100.0	EUR	70,513	461	
Commerz Real AG	Eschborn	100.0	EUR	408,394	–	*)
Commerz Real Asset Verwaltungsgesellschaft mbH	Grünwald	100.0	EUR	25	–	*)
Commerz Real Baumanagement GmbH	Düsseldorf	100.0	EUR	4,238	–	4)*)
Commerz Real Fonds Beteiligungsgesellschaft mbH	Düsseldorf	100.0	EUR	151	–	*)
Commerz Real Immobilien GmbH	Düsseldorf	100.0	EUR	12,936	–	*)
Commerz Real Investmentgesellschaft mbH	Wiesbaden	100.0	EUR	21,968	–	*)
Commerz Real IT-Leasing GmbH	Düsseldorf	100.0	EUR	1,954	–	*)
Commerz Real Mobilienleasing GmbH	Düsseldorf	100.0	EUR	–2,662	–	*)
Commerz Real Spezialfondsgesellschaft mbH	Wiesbaden	100.0	EUR	5,948	–	*)
Commerz Real Verwaltung und Treuhand GmbH	Düsseldorf	100.0	EUR	26	–	*)
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	–	*)
Commerz Systems GmbH	Frankfurt/Main	100.0	EUR	6,464	–	*)
Commerz Transaction Services Mitte GmbH	Erfurt	100.0	EUR	2,913	–	*)
Commerz Transaction Services Nord GmbH	Magdeburg	100.0	EUR	1,614	–	*)
Commerz Transaction Services Ost GmbH	Halle (Saale)	100.0	EUR	1,550	–	*)
Commerz Transaction Services West GmbH	Hamm	100.0	EUR	1,402	–	*)
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	–	*)
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 %	Currency	Equity 1,000	Net profit or loss 1,000
Commerzbank Immobilien- und Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0	EUR	462,597	– *)
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main	100.0	EUR	1,598,385	– *)
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	– *)
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

Name	Registered office	Share of capital held %	Currency	Equity 1,000	Net profit or loss 1,000	
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	
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	–	*)
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	–	*)
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	EUR	25	–	*)
Felix (CI) Limited	George Town, Grand Cayman, Cayman Islands	100.0	GBP	26	0	
FHB – Immobilienprojekte GmbH	Eschborn	100.0	EUR	52	–	*)
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	

Name	Registered office	Share of capital held %	Currency	Equity 1,000	Net profit or loss 1,000	
Frankfurter Gesellschaft für Vermögensanlagen mit beschränkter Haftung	Eschborn	100.0	EUR	5,952	–	*)
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	–	*)
GO German Office GmbH	Wiesbaden	100.0	EUR	–12,431	–	*)
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	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)*)
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)*)
Hypothekenbank Frankfurt International S.A.	Senningerberg, Luxembourg	100.0	EUR	166,016	–30,047	7)
IVV – Immobilien – Verwaltungs- und Verwertungsgesellschaft mbH	Eschborn	100.0	EUR	26	–	*)
KENSTONE GmbH	Eschborn	100.0	EUR	26	–	*)
Kommanditgesellschaft MS “CPO ALICANTE” Offen Reederei GmbH & Co.	Hamburg	90.0	EUR	3,636	–14,785	
Kommanditgesellschaft MS “CPO ANCONA” Offen Reederei GmbH & Co.	Hamburg	77.3	EUR	19,134	–18,594	
Kommanditgesellschaft MS “CPO BILBAO” Offen Reederei GmbH & Co.	Hamburg	90.0	EUR	1,901	–16,425	
Kommanditgesellschaft MS “CPO MARSEILLE” Offen Reederei GmbH & Co.	Hamburg	77.3	EUR	18,078	–18,559	
Kommanditgesellschaft MS “CPO PALERMO” Offen Reederei GmbH & Co.	Hamburg	73.9	EUR	20,370	–17,381	
Kommanditgesellschaft MS “CPO TOULON” Offen Reederei GmbH & Co.	Hamburg	90.0	EUR	16,305	–19,748	
Kommanditgesellschaft MS “CPO VALENCIA” Offen Reederei GmbH & Co.	Hamburg	90.0	EUR	11,685	–9,739	
LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Anthropolis KG i.L.	Ludwigshafen	94.5	EUR	–4,874	1,883	8)
LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Grindelwaldweg KG i.L.	Düsseldorf	94.5	EUR	–6,644	4,385	9)
LUGO Photovoltaik Beteiligungsgesellschaft 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	–	*)
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	

Name	Registered office	Share of capital held %	Currency	Equity 1,000	Net profit or loss 1,000	
NAVALIS Schiffsbetriebsgesellschaft mbH & Co. MS “NEDLLOYD JULIANA” KG	Hamburg	93.6	EUR	17,641	1,202	
NAVIPOS Schiffsbeteiligungsgesellschaft mbH	Hamburg	100.0	EUR	231	–671	
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lampertheim KG	Düsseldorf	100.0	EUR	0	184	
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte Plön und Preetz KG	Düsseldorf	90.0	EUR	–436	90	
Nordboden Immobilien- und Handelsgesellschaft mbH	Eschborn	100.0	EUR	315	–	*)
NOVELLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	EUR	11,176	–	*)
Number X Real Estate GmbH	Eschborn	100.0	EUR	8,773	–8,364	
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Jupiter KG	Grünwald	100.0	EUR	27,552	2,096	
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Luna KG	Grünwald	100.0	EUR	1,491	336	
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neptun KG	Grünwald	100.0	EUR	18,045	1,589	
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Pluto KG	Grünwald	100.0	EUR	30,701	3,533	
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Uranus KG	Grünwald	100.0	EUR	44,181	309	
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Venus KG	Grünwald	100.0	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	
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	
Real Estate Holdings Limited	Hamilton, Bermuda	100.0	BMD	19,887	–440	
Real Estate TOP TEGEL Drei GmbH	Eschborn	94.0	EUR	60	–	*)
Real Estate TOP TEGEL Eins GmbH	Eschborn	94.0	EUR	421	–	*)
Real Estate TOP TEGEL Sechs GmbH	Eschborn	94.0	EUR	129	–	*)
Real Estate TOP TEGEL Vier GmbH	Eschborn	94.0	EUR	60	–	*)
Real Estate TOP TEGEL Zwei GmbH	Eschborn	94.0	EUR	60	–	*)
REFUGIUM Beteiligungsgesellschaft mbH	Grünwald	100.0	EUR	8,508	–337	
Riverbank Trustees Limited	London, United Kingdom	100.0	GBP	0	–35	
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	
SECUNDO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	EUR	5,811	–	*)
Service-Center Inkasso GmbH Düsseldorf	Düsseldorf	100.0	EUR	153	–	*)
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	USD	46,271	298	
Sterling Energy II LLC	Wilmington, Delaware, USA	100.0	USD	57,862	4,173	
Sterling Energy LLC	Wilmington, Delaware, USA	100.0	USD	134,457	205	
TARA Immobilienprojekte GmbH	Eschborn	100.0	EUR	25	–	*)

Name	Registered office	Share of capital held %	Currency	Equity 1,000	Net profit or loss 1,000
Thurlaston Finance Limited	George Town, Grand Cayman, Cayman Islands	100.0	GBP	0	0
TOMO Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0	EUR	22,778	– *)
Transfinance a.s.	Prag, 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	– *)
Westend Grundstücksgesellschaft mbH	Eschborn	100.0	EUR	260	– *)
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	–314

b) Associated companies

Name	Registered office	Share of capital %	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 Unternehmensbeteiligungs-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	USD	91,830	6,223
Exploitatiemaatschappij Wijkertunnel C.V.	Amsterdam, Netherlands	33.3	EUR	14,523	7,451
GIE Northbail	Puteaux, France	25.0	EUR	0	7
HAJOBANTA GmbH & Co. Asia Opportunity I KG	Düsseldorf	20.8	EUR	116,626	13,962
ILV Immobilien-Leasing Verwaltungsgesellschaft Düsseldorf mbH	Düsseldorf	50.0	EUR	19,501	1,964
KGAL GmbH & Co. KG	Grünwald	40.5	EUR	97,648	5,047
KGAL Verwaltungs-GmbH	Grünwald	45.0	EUR	8,688	325
MFG Flughafen-Grundstücksverwaltungsgesellschaft mbH & Co. BETA KG	Grünwald	29.4	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

c) Joint ventures

Name	Registered office	Share of capital %	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	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

d) Special purpose entities

Name	Registered office	Share of capital %	Currency	Equity 1,000
Honeywell Grundbesitzverwaltungs-GmbH & Co. Vermietungs-KG	Grünwald	100.0	EUR	−14,860

e) Investments in large corporations where the investment exceeds 5% of the voting rights

Name	Registered office	Share of capital %	Voting rights %
ConCardis Gesellschaft mit beschränkter Haftung	Eschborn	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

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.

Comments and Explanations	
*)	Profit transfer agreement.
	No disclosures persuant to Art. 285 No.11 a of the German Commercial Code (HGB) are provided due to their minor significance as defined in Art. 286 (3) No.1 HGB.

Foreign exchange rates for €1 as at 31 December 2012		
Bermuda	BMD	1.3194
Brazil	BRL	2.7036
United Kingdom	GBP	0.8161
India	INR	72.5600
Japan	JPY	113.6100
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
Hungary	HUF	292.3000
USA	USD	1.3194

(45) Seats on supervisory boards and similar bodies

Members of the Board of Managing Directors of Commerzbank Aktiengesellschaft

Details pursuant to Art. 285 (10) (HGB)

a) Seats on mandatory supervisory boards in Germany
b) Seats on similar bodies

Martin Blessing

– –

Frank Annuscheit

a) comdirect bank Aktiengesellschaft[1]
Deputy Chairman

Markus Beumer

a) ABB AG
(since 1.7.2012)

Commerz Real AG[1]
(until 19.6.2012)

Stephan Engels
(since 1.4.2012)

a) Commerzbank Auslandsbanken Holding AG[1]
Deputy Chairman
(since 1.4.2012)

Hypothekenbank Frankfurt AG[1]
(formerly Eurohypo Aktiengesellschaft)
(since 10.8.2012)

b) BRE Bank SA[1]
(since 1.4.2012)

Commerz Bankenholding Nova GmbH[1]
(formerly Commerzbank Auslandsbanken Holding Nova GmbH)
Chairman
(until 30.10.2012)

Commerzbank Inlandsbanken Holding GmbH[1]
Chairman
(until 1.11.2012)

SdB – Sicherungseinrichtungsgesellschaft deutscher Banken mbH
(since 1.4.2012)

Jochen Klösges

a) Commerz Real AG[1]
Chairman
(until 13.8.2012)

Commerz Real Investmentgesellschaft mbH[1]
Chairman
(until 15.8.2012)

Deutsche Schiffsbank Aktiengesellschaft[1]
Chairman
(until 22.5.2012)

Hypothekenbank Frankfurt AG[1]
(formerly Eurohypo Aktiengesellschaft)
(until 9.8.2012)

b) Commerzbank Inlandsbanken Holding GmbH[1]
Deputy Chairman
(until 1.11.2012)

Michael Reuther

a) EUREX Deutschland AöR[2]

Frankfurter Wertpapierbörse AöR[2]

Hypothekenbank Frankfurt AG[1]
(formerly Eurohypo Aktiengesellschaft)
(until 30.6.2012)

RWE Power AG[2]
(since 1.7.2012)

b) Verlagsbeteiligungs- und Verlagsgesellschaft mit beschränkter Haftung
(since 1.7.2012)

Dr. Stefan Schmittmann

a) Commerz Real AG[1]
Deputy Chairman

Commerzbank Auslandsbanken Holding AG[1]

Hypothekenbank Frankfurt AG[1]
(formerly Eurohypo Aktiengesellschaft)
Deputy Chairman

Schaltbau Holding AG[2]

Verlagsgruppe Weltbild GmbH

Ulrich Sieber

a) BVV Pensionsfonds des Bankgewerbes AG
Deputy Chairman

BVV Versicherungsverein des Bankgewerbes a.G.
Deputy Chairman

Commerzbank Auslandsbanken Holding AG[1]
Chairman

Hypothekenbank Frankfurt AG[1]
(formerly Eurohypo Aktiengesellschaft)
Chairman
(since 1.7.2012)

b) BRE Bank SA[1]
Deputy Chairman

BVV Versorgungskasse des Bankgewerbes e.V.
Deputy Chairman

Dr. Eric Strutz
(until 31.3.2012)

a) ABB AG
(until 30.6.2012)

Commerzbank Auslandsbanken Holding AG[1]
Deputy Chairman
(until 31.3.2012)

[1] Group mandate.
[2] Seat on the supervisory board of an external listed company or a supervisory body of a company subject to similar regulations (pursuant to section 5.4.5 of the German Corporate Governance Code).

RWE Power AG[2]
(until 30.6.2012)

b) BRE Bank SA[1]
(until 30.3.2012)

Commerz Bankenholding Nova GmbH[1]
(formerly Commerzbank Auslandsbanken Holding Nova GmbH)
Chairman
(until 16.3.2012)

Commerzbank Inlandsbanken Holding GmbH[1]
Chairman
(until 16.3.2012)

Mediobanca Banca di Credito Finanziario S. p. A.[2]

Partners Group Holding AG[2]

SdB - Sicherungseinrichtungsgesellschaft deutscher Banken mbH
(until 31.3.2012)

Verlagsbeteiligungs- und Verwaltungsgesellschaft mit beschränkter Haftung
(until 30.6.2012)

Martin Zielke

a) Allianz Global Investors Kapitalanlagegesellschaft mbH
(until 31.8.2012)

comdirect bank Aktiengesellschaft[1]
Chairman

Commerz Real AG[1]
Chairman

Commerz Real Investmentgesellschaft mbH[1]
Chairman

Members of the Supervisory Board of Commerzbank Aktiengesellschaft

Details pursuant to Art. 285 (10) (HGB)

a) Seats on mandatory supervisory boards
b) Seats on similar bodies

Klaus-Peter Müller

a) Fresenius Management SE

Fresenius SE & Co. KGaA

Linde Aktiengesellschaft

b) Landwirtschaftliche Rentenbank

Parker Hannifin Corporation

Uwe Tschäge

– –

Hans-Hermann Altenschmidt

a) BVV Pensionsfonds des Bankgewerbes AG

BVV Versicherungsverein des Bankgewerbes a.G.

b) BVV Versorgungskasse des Bankgewerbes e.V.

Dott. Sergio Balbinot
(until 31.5.2012)

a) AachenMünchener Lebensversicherung AG[1]

AachenMünchener Versicherung AG[1]

Deutsche Vermögensberatung AG

Generali Deutschland Holding AG[1]

b) Europ Assistance Holding[1]

Future Generali India Insurance Co. Ltd.[1]

Future Generali India Life Insurance Co. Ltd.[1]

Generali Asia N.V.[1]

Generali China Insurance Company Ltd.[1]
Deputy Chairman

Generali China Life Insurance Co. Ltd.[1]
Deputy Chairman

Generali España, Holding de Entidades de Seguros, S.A.[1]
Deputy Chairman

Generali España S.A. de Seguros y Reaseguros[1]

Generali Finance B.V.[1]

Generali France S.A.[1]
Deputy Chairman

Generali Holding Vienna AG[1]
Deputy Chairman

Generali Investments SpA[1]

Generali PPF Holding BV[1]
Chairman

Generali (Schweiz) Holding[1]
Deputy Chairman

Migdal Insurance & Financial Holdings Ltd.[1]

Participatie Maatschappij Graafschap Holland N.V.[1]

Transocean Holding Corporation[1]

[1] Group mandate.
[2] Seat on the supervisory board of an external listed company or a supervisory body of a company subject to similar regulations (pursuant to section 5.4.5 of the German Corporate Governance Code).

Dr.-Ing. Burckhard Bergmann

a) Allianz Lebensversicherungs-AG
Deputy Chairman

E.ON Energie AG

b) Accumulatorenwerke Hoppecke
Carl Zoellner & Sohn GmbH

Jaeger Beteiligungsgesellschaft
mbH & Co. KG
Chairman

OAO Novatek

Telenor

Dr. Nikolaus von Bomhard

a) ERGO Versicherungsgruppe AG[1]
Chairman

Munich Health Holding AG[1]
Chairman

Karin van Brummelen

– –

Astrid Evers

– –

Uwe Foullong

– –

Daniel Hampel

– –

Dr.-Ing. Otto Happel

– –

Beate Hoffmann

– –

**Prof. Dr.-Ing. Dr.-Ing. E. h.
Hans-Peter Keitel**

a) Deutsche Messe AG

National-Bank AG

ThyssenKrupp AG

b) Heitkamp & Thumann Group

RAG Stiftung
(until 16.10.2012)

Alexandra Krieger

– –

Dr. h. c. Edgar Meister

b) DWS Investment GmbH

Standard & Poor's Credit Market
Services Europe Limited

**Prof. h. c. (CHN) Dr. rer. oec.
Ulrich Middelmann**

a) Deutsche Telekom AG

LANXESS AG

LANXESS Deutschland GmbH

b) Hoberg & Driesch GmbH
Chairman

Dr. Helmut Perlet

a) Allianz SE
(since 9.5.2012)

Allianz Deutschland AG
(until 23.3.2012)

GEA GROUP AG

b) Allianz France S.A.
(until 14.3.2012)

Allianz Life Insurance Company
of North America
(until 29.2.2012)

Allianz of America Inc.
(until 29.2.2012)

Allianz S.p.A.
(until 16.3.2012)

Fireman's Fund Ins. Co.
(until 29.2.2012)

Barbara Priester

– –

Mark Roach

a) Fiducia IT AG

Dr. Marcus Schenck

a) AXA S.A.

E.ON Ruhrgas AG[1]
(until 21.8.2012)

b) E.ON Energy Trading SE[1]

E.ON IT GmbH[1]

SMS GmbH

Dr. Gertrude Tumpel-Gugerell
(since 1.6.2012)

a) Vienna Insurance Group AG
(since 4.5.2012)

b) Finanzmarktbeteiligung
Aktiengesellschaft des Bundes
Wien

Österreichische Bundesbahnen
Holding AG, Wien

Österreichische Forschungs-
förderungsgesellschaft mbH
Chairwoman
(since 29.6.2012)

Verein zur Förderung der BBRZ
Gruppe, Linz

Wien Holding GmbH, Wien

[1] Group mandate.

Employees of Commerzbank Aktiengesellschaft

In accordance with Art. 340a (4) no. 1 HGB

Michael Bonacker
Commerz Real AG[1]

Commerz Real Investment-gesellschaft mbH[1]
Deputy Chairman

Hypothekenbank Frankfurt AG[1]
(formerly Eurohypo Aktiengesellschaft)

Manfred Breuer
Deutsche Edelstahlwerke GmbH

Gerold Fahr
Stadtwerke Ratingen GmbH

Martin Fischedick
Borgers AG

Commerz Real AG[1]

Commerz Real Investment-gesellschaft mbH[1]

Bernd Förster
SE Spezial Electronic Aktiengesellschaft

Jörg van Geffen
Häfen und Güterverkehr Köln AG

NetCologne Gesellschaft für Telekommunikation mit beschränkter Haftung

Sven Gohlke
Bombardier Transportation GmbH

Bernd Grossmann
Textilgruppe Hof AG

Detlef Hermann
Kaiser's Tengelmann GmbH

Ritzenhoff AG

Jochen H. Ihler
Hüttenwerke Krupp Mannesmann GmbH

Werner Lubeley
TNT Express GmbH

Michael Mandel
Commerz Real AG[1]

Commerz Real Investment-gesellschaft mbH[1]

Schufa Holding AG

Annegret Oerder
BVV Pensionsfonds des Bankgewerbes AG

Andreas Schmidt
Goodyear Dunlop Tires Germany GmbH

Sabine Schmittroth
comdirect bank Aktiengesellschaft[1]

Dirk Wilhelm Schuh
GEWOBA Aktiengesellschaft Wohnen und Bauen

Dirk Schuster
Commerz Real Investment-gesellschaft mbH[1]

Berthold Stahl
Maincor AG
Deputy Chairman

Rupert Winter
Klinikum Burgenlandkreis GmbH

Christoph Wortig
Commerz Real AG[1]

[1] Group mandate.

(46) 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 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[1]
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 financial statements give a true and fair view of the net assets, financial position and results of operations of the Company, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

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 Zielke

Independent Auditors' Report[1]

To COMMERZBANK Aktiengesellschaft, Frankfurt/Main

Notes to the financial statements

We have audited the accompanying annual financial statements of COMMERZBANK Aktiengesellschaft, Frankfurt/Main, which comprise the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, for the business year from 1 January to 31 December 2012.

Board of Managing Directors' Responsibility for the Annual Financial Statements

The Board of Managing Directors of COMMZERBANK Aktiengesellschaft is responsible for the maintenance of the books and records and the preparation of these annual financial statements. This responsibility includes that these annual financial statements are prepared in accordance with German commercial law and that these annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. 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 annual 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 annual financial statements, together with the bookkeeping system, based on our audit. We conducted our audit in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") 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 annual financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the annual 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 annual financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the Company's preparation of annual 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 Company'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 annual 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. (paragraph) 3 Satz (sentence) 1 HGB, we state that our audit of the annual financial statements has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply, in all material respects, with the legal requirements and give a true and fair view of the net assets, financial position of the Company as at 31 December 2012 as well as the results of operations for the business year then ended, in accordance with (German) principles of proper accounting.

[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. The German language statements are decisive.

Report on the Management Report

We have audited the accompanying management report of COMMERZBANK Aktiengesellschaft for the business year from 1 January to 31 December 2012. The Board of Managing Directors of COMMERZBANK Aktiengesellschaft is responsible for the preparation of the management report in accordance with the German legal requirements. We conducted our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the 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 management report to obtain reasonable assurance about whether the management report is consistent with the annual financial statements and the audit findings, as a whole provides a suitable view of the Company'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 management report has not led to any reservations.

In our opinion based on the findings of our audit of the annual financial statements and management report, the management report is consistent with the annual financial statements, as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, 26 February 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Clemens Koch	Peter Goldschmidt
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

[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. The German language statements are decisive.

Significant subsidiaries and associates

Germany
Atlas Vermögensverwaltungsgesellschaft mbH, Frankfurt am Main
comdirect bank AG, Quickborn
Commerz Real AG, Eschborn
Hypothekenbank Frankfurt AG, Eschborn

Abroad
BRE Bank SA, Warsaw
Commerzbank (Eurasija) SAO, Moscow
Commerzbank International S.A., Luxembourg
Commerzbank Zrt., Budapest
Commerz Europe (Ireland), Dublin
Commerz Markets LLC, New York
Erste Europäische Pfandbrief- und Kommunalkreditbank AG, Luxembourg

Operative foreign branches
Amsterdam, Barcelona, Bratislava, Beijing, Brno (office), Brussels, Dubai, Hong Kong, London, Luxembourg, Madrid, Milan, New York, Ostrava (office), Paris, Plzeň (office), Prague, Shanghai, Singapore, Tianjin, Tokyo, Vienna, Zurich

Representative Offices and Financial Institutions Desks
Addis Ababa, Almaty, Ashgabat, Baku, Bangkok, Beijing (FI Desk), Beirut, Belgrade, Brussels (Liaison Office to the European Union), Bucharest, Buenos Aires, Cairo, Caracas, Dhaka, Dubai (FI Desk), Ho Chi Minh City, Hong Kong (FI Desk), Istanbul, Jakarta, Johannesburg, Kiev, Kuala Lumpur, Lagos, Luanda, Melbourne, Milan (FI Desk), Minsk, Moscow, Mumbai, New York (FI Desk), Novosibirsk, Panama City, Riga, Santiago de Chile, São Paulo, Seoul, Shanghai (FI Desk), Singapore (FI Desk), Taipei, Tashkent, Tblisi, Tokyo (FI Desk), Tripoli, Zagreb

Disclaimer

Reservation regarding forward-looking statements

This Financial Statements and Management Report contains forward-looking statements on Commerzbank's business and earnings performance, which are based upon our current plans, estimates, forecasts and expectations. The statements entail risks and uncertainties, as there are a variety of factors which influence our business and to a great extent lie beyond our sphere of influence. Above all, these include the economic situation, the state of the financial markets worldwide and possible loan losses. Actual results and developments may, therefore, diverge considerably from our current assumptions, which, for this reason, are valid only at the time of publication. We undertake no obligation to revise our forward-looking statements in the light of either new information or unexpected events.

The German version of this Financial Statements and Management Report is the authoritative version and only the German version of the Management Report and the Financial Statements were audited by the auditors.

2013/2014 Financial calendar	
19 April 2013	Annual General Meeting
7 May 2013	Interim Report Q1 2013
8 August 2013	Interim Report Q2 2013
7 November 2013	Interim Report Q3 2013
End-March 2014	Annual Report 2013

Commerzbank AG
Head Office
Kaiserplatz
Frankfurt am Main
www.commerzbank.com

Postal address
60261 Frankfurt am Main
Tel. +49 69 136-20
info@commerzbank.com

Investor Relations
Tel. +49 69 136-22255
Fax +49 69 136-29492
ir@commerzbank.com

The Group annual report
(in accordance with the International
Financial Reporting Standards)
appears in German and English.