COMMERZBANK

Our path – with resolve and rigour.

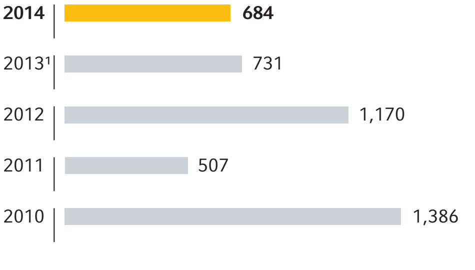
Annual Report 2014

The bank at your side

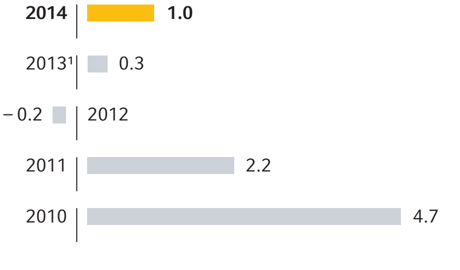
Key figures

Income statement	1.1.–31.12.2014	1.1.–31.12.2013[1]
Operating profit (€m)	684	731
Operating profit per share (€)	0.60	0.80
Pre-tax profit or loss (€m)	623	238
Consolidated profit or loss[2] (€m)	264	81
Earnings per share (€)	0.23	0.09
Operating return on equity (%)	2.5	2.7
Cost/income ratio in operating business (%)	79.1	73.3
Return on equity of consolidated profit or loss[2,3] (%)	1.0	0.3
Balance sheet	**31.12.2014**	**31.12.2013[1]**
Total assets (€bn)	557.6	549.7
Risk-weighted assets (€bn)	215.2	190.6
Equity as shown in balance sheet (€bn)	27.0	26.9
Own funds as shown in balance sheet (€bn)	39.3	40.6
Capital ratios		
Tier 1 capital ratio (%)	11.7	13.5
Core Tier 1 capital ratio[4] (%)	11.7	13.1
Total capital ratio (%)	14.6	19.2
Staff	**31.12.2014**	**31.12.2013**
Germany	39,779	41,113
Abroad	12,324	11,831
Total	52,103	52,944
Long/short-term rating		
Moody's Investors Service, New York	Baa1/P-2	Baa1/P-2
Standard & Poor's, New York	A-/A-2	A-/A-2
Fitch Ratings, New York/London	A+/F1+	A+/F1+

Operating profit (€m)



Return on equity of consolidated profit or loss[2,3] (%)



[1] Prior-year figures restated due to the restatement of credit protection insurance and the tax restatement plus the amended definition of average Group capital attributable to Commerzbank shareholders.
[2] Insofar as attributable to Commerzbank shareholders.
[3] The capital base comprises the average Group capital attributable to Commerzbank shareholders.
[4] The core Tier 1 capital ratio is the ratio of core Tier 1 capital (mainly subscribed capital and reserves) to risk-weighted assets.

About Commerzbank

Commerzbank is one of Germany's leading banks for private and corporate customers, and an internationally active universal bank with locations spanning more than 50 countries.

Via the Private Customers, Mittelstandsbank, Central & Eastern Europe and Corporates & Markets segments, it offers its private and corporate customers and institutional investors a comprehensive portfolio of banking and capital market services. Commerzbank is the market leader in German export business and Mittelstand financing. The subsidiaries comdirect and Poland's mBank give it both a leading direct bank for online securities trading and one of the world's most innovative online banks. Commerzbank operates one of the densest networks of any private-sector bank in Germany. It serves a total of around 15 million private customers and 1 million business and corporate customers. The Bank, which was founded in 1870, is represented in all the world's major financial centres. In 2014, it generated gross income of almost €9bn, with a headcount averaging around 52,000.

Our vision

Our Bank has 145 years of tradition behind it. This tradition is both a commitment and an obligation for the future. We combine modern banking with traditional values such as fairness, trust and competence. Our aim is to reinforce our leading position in our core markets of Germany and Poland over the long term. We intend to offer our private and corporate customers the banking and capital market services they need. In the future we shall remain at the side of our customers as a business partner in all markets all over the world. Our business will always be founded on dealing fairly and competently with customers, investors and employees.

Our mission

The operating environment for banks has changed fundamentally in recent years. Persistently low interest rates, ever-intensifying regulation and shifts in customer behaviour have had a lasting impact on banks' activities. We will respond robustly to this paradigm shift: we are reducing risks further, optimising our capital base, pursuing a policy of strict cost management and at the same time making long-term investments in the Core Bank's earnings power, while rigorously orienting our business model towards the needs of our customers and the real economy.

Structure of Commerzbank Group

Board of Managing Directors

Segments

Private Customers	Mittelstandsbank	Central & Eastern Europe	Corporates & Markets	Non-Core Assets

Operating units

Private Customers
- Private Customers
- Private Customers Northern Region
- Private Customers Eastern Region
- Private Customers Central Region
- Private Customers Western Region
- Private Customers Southern Region
- Direct Banking
- Commerz Real

Mittelstandsbank
- Corporate Banking
- Mittelstandsbank Northern Region
- Mittelstandsbank Eastern Region
- Mittelstandsbank Central Region
- Mittelstandsbank Western Region
- Mittelstandsbank Southern Region
- Corporates International
- Financial Institutions + CTS

Central & Eastern Europe
- mBank

Corporates & Markets
- Corporate Finance
- Equity Markets & Commodities
- Fixed Income & Currencies
- Credit Portfolio Management
- Client Relationship Management
- Research
- Transition London

Non-Core Assets
- Commercial Real Estate
- Deutsche Schiffsbank
- Public Finance

All staff and management functions are bundled into the Group Management division.
The support functions of Group Information Technology, Group Organisation & Security, Group Banking Operations, Group Markets Operations, Group Delivery Center and Group Excellence & Support are provided by the Group Services division.

Our path – with resolve and rigour.

Commerzbank remains on its growth path in the Core Bank – and is pursuing it with resolve and rigour. Against the backdrop of the persistently difficult market environment, the customer-oriented core segments Private Customers, Mittelstandsbank, Central & Eastern Europe and Corporates & Markets achieved total operating profits of €2.7bn, after €2.4bn the previous year. This was aided in no small part by our overhauled product and service offering, which has been brought more closely into line with customer needs. But we are not yet where we want to be – the journey continues. In this section, you will find extensive information on the steps we took in 2014 in **Private Customer and Mittelstandsbank business**.

Focus on personalised advice: the architecture puts customers right at the centre.

Customers experience a new way of banking

One of the most modern bank branches in Germany opened its doors in April, just across from Berlin's landmark Kaiser Wilhelm Memorial Church. This flagship branch on the Kurfürstendamm has been completely redesigned and is part of a pilot scheme in Berlin and Stuttgart that Commerzbank is trialling, testing the future of the branch business, with an expanded range of products and services and a new advisory approach. Surveys have found the concept to be very well received by customers. Around 80% described it as "startling" and "innovative".

Modern banking gets a new design: Commerzbank's flagship branch in Stuttgart.

1.1 million downloads of the Commerzbank apps

Our offering for users of mobile devices such as smartphones and tablets is constantly growing. We launched a new mobile banking app for tablets in 2014. Another innovation was an app for quickly checking account balances without the need for access data to be entered. In total, Commerzbank apps had been downloaded 1.1 million times as at year-end. Under our new business model, we aim to turn digital banking into a pillar of equal significance, closely integrated with the branches.

+51% growth in mandate investment models and premium custody accounts

More and more customers are delegating their investment decisions to Commerzbank, entrusting their assets to our all-in, hassle-free packages: the premium custody account, wealth management products or individual wealth management. In so doing, our customers gain access to professional portfolio management with an independent investment process and transparent pricing model. The customer's needs in terms of investment horizon and portfolio structure are all that count. The highly attractive offering and above-average performance by our mandate investment models drew in another strong increase in volumes in 2014, up from €21bn in 2013 to €32bn last year. This equates to penetration of 37% of our securities custody volume.

+288,000 More and more customers are choosing us

The Private Customers segment is continuing to grow in terms of customers, accounts and assets. In 2014 alone, some 288,000 net new customers were won, 221,000 of them in the branch banking business. New private and corporate customer gains were helped by the marketing campaign around the Football World Cup, which focused on the free current account with a satisfaction guarantee. Fairness, performance, respect, partnership and team spirit are values that resonate far beyond the world of sport. For Commerzbank, they are also fundamental to the corporate culture.

Attracting attention in a World Cup year: Commerzbank's marketing campaign featuring the German national football squad.

User-friendly and convenient: the new Commerzbank online banking portal.

A powerful online banking portal

With a home page that customers can customise as they like, the online banking portal was made more modern and user-friendly last year, and also gained additional functionalities. The technical processes were also significantly improved; for example, customers can now place securities orders online quickly and conveniently. Commerzbank is also trialling innovative functions such as legitimising customers by video when concluding sales transactions for selected products. Nearly 140,000 new online connections were set up in 2014.

Strong customer focus and high-quality advice: more than half of high-end medium-sized businesses and 90% of large corporates in Germany place their trust in Commerzbank.

More and more companies are choosing us

Increasing numbers of small and medium-sized businesses – at both the upper and lower ends of that bracket – are opting for Commerzbank. We significantly grew our customer base last year, with nine out of every ten large corporates in Germany doing business with us. They value our high product expertise and established customer relationship management approach. For us, a strong customer focus and high-quality advice are at the very heart of the customer relationship. We are also making good progress in Switzerland and Austria. Through efficient processes for the settlement of international documentary business, we are putting ourselves in a position to win new customers outside our core markets. In Germany, we have 150 locations nationwide serving SMEs and large corporates, on top of our international units in Western Europe, Eastern Europe, Asia and North America.

+8%

Growth in lending to domestic corporate customers outstrips the market

We once again put our claim to support our customers as a strategic partner to the test. We receive confirmation of our recognition and high satisfaction among our customers in our annual customer surveys, and once again we managed to improve on our already very good figures. The biggest factors behind the high satisfaction levels were our advisory capabilities and the dedication of our corporate customer advisors and experts. Our customers' trust is also reflected in our involvement in their growth measures: loan drawdowns have increased in all three Group divisions over the last 12 months. In Germany, despite growing intensity of competition, we succeeded in growing the volume of lending to domestic corporate customers by 8%, a better performance than the market, which shrank slightly last year. At the same time we also managed to keep risk in our loan portfolio at a moderate level. We also boosted income from other product areas. We particularly impressed our customers in International Business and Corporate Finance.

No. 1

The best Mittelstandsbank

At the start of last year we received the accolade of “Test Winner – Mittelstandsbank” based on a survey conducted by the German Institute for Service Quality (Deutsches Institut für Service-Qualität, DISQ). The Mittelstandsbank came across particularly impressively on performance and customer orientation. DISQ said employees “scored on credibility and expertise.” Internal customer surveys bear out this view: we have substantially increased our satisfaction among corporate customers since 2011.

A driver of growth and employment: we are on hand to partner businesses with our extensive expertise.

Driving forward internationalisation: expanding our successful business model beyond national borders

We support our customers in the relevant markets as they increasingly internationalise their business, applying a proven, internationally standardised customer relationship management approach. But we are also expanding internationally ourselves: last year, we opened another five locations in Switzerland, won local corporate customer business in Austria and worked intensively on preparations to open a subsidiary in São Paulo (Brazil), scheduled for 2015. We also strengthened our network of partner banks in Asia, adding two Indian banks. With the launch of renminbi clearing in Frankfurt, we now offer our customers access to the only renminbi clearing centre in the eurozone.

17%

High market share in export letters of credit in the eurozone

The Financial Institutions division bundles together customer responsibility and sales expertise for some 5,000 domestic and foreign banks and central banks. In this way, we are strengthening our standing as a major foreign trade bank, covering all key regions of the world. This is also reflected in the way we are further building up our position as one of the leading banks in the processing of export letters of credit in Germany – and increasingly in the rest of the eurozone too: SWIFT Watch indicates that we have steadily improved our market share in the eurozone to over 17%.

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Letter from the Chairman of the Board of Managing Directors
Frankfurt am Main, March 2015

Dear shareholders,

2014 was another very challenging year for the entire financial sector, and the market environment remained difficult. The challenges included persistently low interest rates and rising and ever more frequent demands from regulators, placing a significant financial and staffing burden on those affected. The relationship between banks and their customers is also changing. Customers' expectations of their bank and their advisory needs are becoming increasingly complex. They are focused much more heavily than in previous years on their individual requirements and circumstances, or in the case of corporate customers on their competitive situation, and require banks to be highly flexible. The overall conditions for the banking industry are very challenging, and both income and costs are under increasing pressure. This is the situation we have to deal with. Amidst all these changes, however, we also see opportunities we are keen to seize, and we are going about this in a focused manner through the strategic actions now underway or already completed.

Dear shareholders, concerning the already known investigations with respect to breaches of US embargo and money laundering regulations, we have reached a settlement – after long negotiations – with the investigating US authorities. With this settlement we are concluding a process which has been protracted and complex for all parties involved. Measures to remedy the deficiencies identified by the US authorities have already been initiated. The earnings figures presented to you on the occasion of the annual press conference on 12 February 2015, were adjusted on 3 March 2015 by increasing provisions for litigation and recourse risks, in anticipation of a settlement.

Nevertheless, and despite the challenges described above, Commerzbank's operating business performed well in 2014. We achieved further growth in the Core Bank, gaining market share and expanding our customer base. Customer satisfaction was up in both the Private Customers and Mittelstandsbank segments, and we were able to increase customer confidence. Commerzbank also boosted its stability again in 2014 by continuing to reduce risk and strengthen the capital base. Particularly important was the fact that Commerzbank not only passed both the European Central Bank's Asset Quality Review and the European Banking Authority's stress test at the end of the year: we were well above the required levels. The good result of the ECB's Comprehensive Assessment is testimony to the successful restructuring of Commerzbank over the past few years and confirms that we are on the right track with our efforts both to reduce our non-strategic portfolios and to expand our customer-focused business model.

Allow me to take a look at the performance of Commerzbank over the past year. The stable to very good results of our core segments during the year show that our strategic measures, our investments and the adaptation of our range of products and services to customer needs and desires are tackling the right levers.

In the private customer business we are adapting our advisory model by adding new service and advisory offerings. The opening of our first completely redesigned flagship branches in Berlin and Stuttgart in spring 2014 was a key milestone and a further step in our branch strategy. The expansion of digital offerings such as online and mobile banking is also important, however, if we are to offer our range of products and services as a genuine multi-channel bank. Direct bank capability was achieved at the end of 2014. This means that Commerzbank customers can now carry out all major transactions online – and an increasing number are using this service. The online banking portal was also completely redesigned in 2014. We were guided by the need for user-friendliness and a modern look, and have improved and shortened the technical processes. The complete overhaul of our range of products and services as part of the private customers strategy led to continued growth in customers, accounts and assets. New customer gains were helped in 2014 by the successful marketing campaign around the Football World Cup, which focused on the free current account with a satisfaction guarantee. The Private Customers segment gained a total of around 288,000 net new customers in 2014.

The Mittelstandsbank is still well positioned. We managed to further grow the customer base over the year. In addition to anchor loan products we also provide our corporate customers with custom-fit, efficient solutions geared to their specific requirements, so we can continue to meet all their needs. As part of our aim to be the "leading bank for SMEs", Commerzbank ensures that Mittelstandsbank customers benefit from a uniform service model worldwide, so both local and cross-border needs of a globally active company are specifically met. Under the expansion of our international strategy we are intensifying our business in selected core markets. We have been operative in six locations in Switzerland since April 2014, and are seeing pleasing growth in new customers. These offices are now covering small and medium-sized businesses as well as large corporates, giving them access to the full range of products. We support our corporate customers in both their local and their international activities.

The pleasingly dynamic performance of the Central & Eastern Europe segment, represented by our mBank subsidiary, the fourth-largest bank in Poland, continued in the year under review. The sustained strong growth is also the result of continuous work on innovative products and technical solutions. mBank introduced a host of new or updated loan, deposit and investment products in 2014 along with new processes to support sales. The cooperation with Orange Polska, one of the largest telecoms providers in Poland, is one example of this. We have worked with them to develop the Orange Finance project in mobile banking, a new offering for customers who expect to have easy access to their finances wherever they are. In addition, mBank offers Orange Finance customers banking products online and through around 900 mobile phone shops in Poland.

The performance of Corporates & Markets in 2014 was driven by a market environment of historically low interest rates and occasional low volatility. The segment's broad base allowed the impact of lower activity in some areas to be partially offset by strong points elsewhere. This was an instance of our diversified business model paying off. In the Corporate Finance division, performance was mostly good over the year. In Germany and Europe, the equity issuance business was well up on previous years. However, persistently low interest rates caused customer activity to decline in some areas of the business. One example of the close integration with Mittelstandsbank is the agreement concluded with Bank of China in the year under review for the direct processing of renminbi payments in Frankfurt. Commerzbank now offers renminbi accounts in Asia and Europe, offering corporate customers a reliable way to transfer renminbi payments directly to the Chinese mainland.

In the Non-Core Assets segment (NCA), we made further progress in running down the portfolio in 2014. We sold the commercial real estate portfolios in Spain and Japan and a portfolio of non-performing real estate loans in Portugal. We also further reduced the shipping portfolio by selling nine container ships. We are aiming for a volume of €20bn for our real estate and shipping portfolio by 2016.

The bottom line as regards all our strategic measures, investments, products and services, whether already implemented or in the pipeline, is that they must also be reflected in our earnings performance. The operating profit achieved in the customer-oriented core segments – Private Customers, Mittelstandsbank, Central & Eastern Europe and Corporates & Markets – in 2014 of €2.7bn, up from €2.4bn the previous year, is a sign that we are on the right path by rigorously gearing our business model to the changed operating environment. Total consolidated operating profit for the period was €684m, from €731m last year. Consolidated earnings attributable to Commerzbank shareholders were €264m, against €81m last year.

The consistent implementation of our strategic agenda will continue to be a key success factor in Commerzbank's performance. We are continuing to focus all our efforts on reaching the quantitative objectives announced for 2016. Despite our confidence, however, it would not be prudent to ignore the fact that the operating conditions for banks have changed and the market environment for a broad and profitable banking business has become more difficult. However, the action we have already taken and our plans for the future have laid the foundations for further growth in 2015 – in customers, market share and assets. I would be delighted if you were to accompany "your Bank" along this challenging path. I am pleased to take this early opportunity to invite you to our 2015 Annual General Meeting, and I look forward to seeing you there.

Yours

Martin Blessing

Martin Blessing
Chairman of the Board of Managing Directors

The Board of Managing Directors

Martin Blessing

Age 51, Chairman
Central & Eastern Europe
Member of the Board of Managing Directors since 1.11.2001

Frank Annuscheit

Age 52, Chief Operating Officer
Human Resources
Member of the Board of Managing Directors since 1.1.2008

Markus Beumer

Age 50, Mittelstandsbank
Non-Core Assets (Deutsche Schiffsbank and Commercial Real Estate)
Member of the Board of Managing Directors since 1.1.2008

Stephan Engels

Age 53, Chief Financial Officer
Member of the Board of Managing Directors since 1.4.2012

Michael Reuther

Age 55, Corporates & Markets
Non-Core Assets (Public Finance)
Member of the Board of Managing Directors since 1.10.2006

Dr. Stefan Schmittmann

Age 58, Chief Risk Officer
Member of the Board of Managing Directors since 1.11.2008

Martin Zielke

Age 52, Private Customers
Member of the Board of Managing Directors since 5.11.2010

Report of the Supervisory Board
Frankfurt am Main, 17 March 2015

Dear shareholders,

during the year under review, we advised the Board of Managing Directors on its conduct of the Bank's affairs and regularly supervised the way in which Commerzbank was managed. The Board of Managing Directors reported to us at regular intervals, promptly and extensively, in both written and verbal form, on all the main developments at the Bank, including between meetings. We received frequent and regular information on the company's business position and the economic situation of its individual business segments, on its corporate planning, on the main legal disputes, on the performance of the share price and on the strategic orientation, including risk strategy, of the Bank, and we advised the Board of Managing Directors on these topics. Between meetings I, as the Chairman of the Supervisory Board, was constantly in touch with the Chairman and other members of the Board of Managing Directors according to a set timetable and kept myself up to date with the current business progress and major business transactions within both the Bank and the Group. The Supervisory Board was involved in all decisions of major importance for the Bank, giving its approval after extensive consultation and examination wherever required.

Meetings of the Supervisory Board

In the year under review there were a total of nine Supervisory Board meetings, of which four were held as conference calls. Two full-day strategy meetings also took place: one for the employee representatives and one for the shareholder representatives.

The focus of all ordinary meetings was the Bank's current business position, which we discussed in detail with the Board of Managing Directors. We considered in depth the Bank's economic and financial performance, the risk situation, the strategy, the planning, the risk management system and the internal control system. Another area of emphasis was the economic performance and orientation of the individual business segments. We subjected the reports of the Board of Managing Directors to critical analysis, in some cases requesting supplementary information, which was always provided immediately and to our satisfaction. We also received information on internal and official investigations into the Bank in Germany and other countries, asked questions regarding these and then formed our verdict on them. Drawing on earlier advice from the competent committees, we dealt in several meetings with matters pertaining to the Board of Managing Directors, in particular the adjustments to the remuneration system of the Board of Managing Directors to bring it into line with the new regulatory requirements. We also discussed and resolved upon the goal achievement of the individual members of the Board of Managing Directors in financial year 2013 and set the Board of Managing Directors' targets for 2015. Urgent resolutions of the Supervisory Board were where necessary also passed between meetings by way of circulars.

At the meeting of 12 February 2014, our discussions centred, alongside reports on the current business position, the recovery plan and the Private Customers segment, on the provisional results for financial year 2013, the outlook for Commerzbank in 2014 and the upcoming Asset Quality Review. In the ensuing discussion, we satisfied ourselves that the expectations and targets presented were plausible, particularly with regard to the Private Customers segment, and we discussed the various courses of action available. We also considered the declaration of compliance, the Report of the Supervisory Board and the Corporate Governance Report for the Annual Report. We discussed and resolved on the goal achievement of the members of the Board of Managing Directors for 2013 and the ratio of variable to fixed remuneration for 2014. We also reappointed the Nomination Committee.

At the accounts review meeting on 19 March 2014, we reviewed the parent company and Group financial statements for 2013 and approved them on the Audit Committee's recommendation.

In addition we approved the proposal for the Annual General Meeting regarding the election of shareholder representatives to the Supervisory Board and the proposed resolutions for the agenda of the 2014 Annual General Meeting, including the proposal for the appropriation of profit. We also considered the Reports of the Supervisory Board for the Annual Report and approved the appointment of the Remuneration Officer. We also extended the terms of office on the Board of Managing Directors of Michael Reuther and Stephan Engels.

The meeting on 8 May 2014 was devoted mainly to preparations for the Annual General Meeting that was to follow. We looked at the proceedings for the AGM and the countermotions that had been submitted, and we amended the Rules of Procedure of the Supervisory Board and the Audit Committee in line with regulatory changes. We were informed of the ruling of the Regional Court of Frankfurt am Main in the case of Sieber versus Commerzbank regarding dismissal from the Board of Managing Directors and resolved to appeal against it.

In an extraordinary conference call on 16 June 2014, we considered questions relating to the portfolio of equity holdings.

At the meeting of 4 September 2014, the Board of Managing Directors reported to us on the Bank's business performance and half-year results for 2014. We were also informed about the status of investigations into the Bank relating to breaches of US sanctions and, together with the Board of Managing Directors, received extensive advice on the next steps. We also elected new members to the Risk, Social Welfare, Nomination and Conciliation Committees. The Head of the IT Division reported to us with detailed documentation on Commerzbank's IT strategy and the status of measures initiated following the Bundesbank's audit pursuant to Art. 44 of the German Banking Act. The Board of Managing Directors informed us about the new employee remuneration models for the whole Group. We also considered in detail the adjustment of the remuneration system of the Board of Managing Directors to bring it in line with the new regulatory requirements and laid down the parameters pursuant to no. 4.2.2 para. 2 of the German Corporate Governance Code for vertical comparison as part of checking the appropriateness of the remuneration of the Board of Managing Directors. In addition, we discussed the findings of the Supervisory Board's 2014 efficiency audit.

At two special meetings on 24 and 26 October 2014, we reviewed in depth the results of the ECB's Comprehensive Assessment in relation to the findings for Commerzbank, and discussed these in relation to the results for all 130 banks.

At the ordinary meeting of 5 November 2014, discussions centred on the report on the business position, including the budget for 2015 and the medium-term planning for the period to 2018. The targets for the Bank and the Group, which were based on the business figures, were presented to us and we discussed them in detail with the Board of Managing Directors. We also held an in-depth discussion with the Board of Managing Directors regarding Commerzbank's business and risk strategy. The Head of the Compliance Division also reported on the compliance structure and implementation at the Bank. In this regard, we also received an update from the Board of Managing Directors on the status of the US investigations in connection with measures by the Bank to prevent money laundering. We also discussed the adjustment of the remuneration system of the Board of Managing Directors to bring it into line with the new regulatory requirements, reviewed the appropriateness of the remuneration of the Board of Managing Directors with input from external remuneration advisors and agreed the members of the Board of Managing Directors' targets for 2015. Other topics covered at this meeting included the Bank's corporate governance; in particular, we approved the annual Declaration of Compliance with the German Corporate Governance Code pursuant to Art. 161 of the German Stock Corporation Act and amended the Rules of Procedure of the Supervisory Board and the Board of Managing Directors. More details on corporate governance at Commerzbank can be found on pages 27 to 30 of this Annual Report.

At a further extraordinary meeting on 10 December 2014, we again dealt in detail with the new remuneration model for the Board of Managing Directors. We were also informed about the US attorney's investigations in connection with measures by the Bank to prevent money laundering.

Committees

To ensure that it can perform its duties efficiently, the Supervisory Board has formed seven committees from its members. The current composition of the committees is shown on page 20 of this Annual Report. The duties and responsibilities of the individual committees are defined in the Supervisory Board's Rules of Procedure, which can be found online at www.commerzbank.com.

The Presiding Committee held five meetings during the year under review, of which one was conducted as a conference call. Its discussions were devoted to preparing for the plenary meetings and in-depth treatment of the meeting deliberations, especially with regard to the business situation. It also dealt with the extension of the terms of office on the Board of Managing Directors of Michael Reuther and Stephan Engels. The Presiding Committee also prepared the plenary body's resolutions and agreed to members of the Board of Managing Directors taking up mandates at other companies. We also looked into loans to employees and officers of the Bank. Urgent resolutions were passed by way of circulars.

The Audit Committee met a total of six times in financial year 2014. It also passed urgent resolutions by way of circulars. With the auditors in attendance, it discussed Commerzbank's parent company and Group financial statements and the auditors' reports. The Audit Committee obtained the auditors' declaration of independence pursuant to Section 7.2.1 of the German Corporate Governance Code, submitted proposals for the appointment of the auditors and for their fee to the Supervisory Board and advised the Supervisory

Board on the continuation of the audit mandate. Furthermore, the Audit Committee dealt with requests for the auditors to perform non-audit services; it also received regular reports on the current status and individual findings of the audit of the annual financial statements and discussed the interim reports before they were published. The work of the Bank's Group Audit and Group Compliance units also formed part of the discussions. The Audit Committee also received regular updates on the status of remediation of the deficiencies identified by the auditor. In addition, the Audit Committee dealt with the functioning of the ICS and the progress on reputational and compliance risks within the Group. It also examined the effectiveness of the Bank's risk management system and discussed developments in whistle-blowing cases and the auditor's report on the review of reporting obligations (Art. 9) and rules of conduct (Art. 31 et seq.) under the German Securities Trading Act. Furthermore, the Audit Committee obtained information on internal and external (regulatory) investigations and non-event-related audits by the German Financial Reporting Enforcement Panel. Other areas covered were the ECB's Asset Quality Review, the Commerzbank Liquidity Project and the Bank's provisions for legal risks and recourse claims, particularly in relation to investigations into breaches of US sanctions by the Bank. The Audit Committee also gave us an update on current and forthcoming changes to supervisory and accounting law. Representatives of the auditors attended the meetings to report on their audit activities.

The Risk Committee convened a total of four times in financial year 2014. At its meetings, the Risk Committee closely examined the Bank's risk situation and risk management, devoting particular attention to the overall risk strategy for 2015, refinement of the risk strategy and credit, market, liquidity, operational, reputational and compliance risks. Significant individual exposures of the Bank were also discussed in detail with the Board of Managing Directors, as were the portfolios in the Non-Core Assets segment, notably the shipping portfolio. The Risk Committee also considered the Bank's recovery plan. In addition it reviewed whether terms and conditions in customer business are compatible with the Bank's business model and risk structure. The meetings also addressed the employee remuneration system and the risk assessment of Commerzbank by its regulators. In addition, the Risk Committee considered Commerzbank's risk-bearing capacity, large exposures and loans to Commerzbank Group companies.

The Remuneration Control Committee, set up in 2014, met twice in financial year 2014. It considered the remuneration model for the Board of Managing Directors, its adjustment to bring it into line with the regulatory requirements and the appropriateness of the remuneration of the Board of Managing Directors. It also dealt with the employee remuneration systems and in particular the appropriateness of their structure. The Remuneration Officer also introduced himself, discussed his mandate and coordinated his cooperation with the committee.

The Social Welfare Committee met once in the year under review, with the meeting focusing primarily on human resources policy and staff development. It also looked at progress on headcount reduction, general HR measures, health in the workplace, recruitment and the HR-MOVE-Center.

The Nomination Committee held three meetings during the year under review. It covered the composition of the Supervisory Board, proposals for the election of shareholder representatives to the Supervisory Board at the 2014 Annual General Meeting and possible proposals for the 2015 Annual General Meeting. It also performed the duties of the Nomination Committee pursuant to Art. 25d (11) sentence 2 of the German Banking Act, in particular the assessment of the Supervisory Board and Board of Managing Directors required by that act.

The chairs of the committees regularly reported on their work to the plenary body of the Supervisory Board at the next meetings thereafter.

Members of Commerzbank's Supervisory Board are required pursuant to Art. 3 para. 6 of the Rules of Procedure of the Supervisory Board to disclose potential conflicts of interest to the Chairman of the Supervisory Board or their deputy, who will in turn consult with the Presiding Committee and disclose the conflict of interest to the Supervisory Board. No member of the Supervisory Board declared a conflict of interest during the year under review.

The members of the Supervisory Board undertook the training and development measures required for their duties at their own initiative, with appropriate support from Commerzbank. In particular, an internal two-day qualification course was offered for new members of the Supervisory Board. Members of the Supervisory Board were also kept informed about new developments in supervisory law on an ongoing basis. Topics such as compliance, IT security and banking-related projects were also covered in depth. In addition, the members of the Nomination Committee spoke about the duties of their committee under Art. 25d (11) of the German Banking Act.

No member of the Supervisory Board attended fewer than half the meetings in financial year 2014.

Parent company and Group financial statements

The auditors and Group auditors appointed by the Annual General Meeting, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, audited the parent company annual financial statements and the consolidated financial statements of Commerzbank Aktiengesellschaft and also the management reports of the parent bank and the Group, giving them their unqualified certification. The parent company financial statements were prepared according to the rules of the German Commercial Code (HGB), and the consolidated financial statements according to International Financial Reporting Standards (IFRS). The financial statements and auditors' reports were sent to all members of the Supervisory Board in good time. In addition, the members of the Audit Committee also received the complete annexes and notes relating to the auditors' reports, and all members of the Supervisory Board had the opportunity to inspect these documents. The Audit Committee dealt at length with the financial statements at its meeting on 16 March 2015. At our meeting to approve the financial statements held on 17 March 2015, we met as a plenary body and examined and approved the parent company annual financial statements and Group financial statements of Commerzbank Aktiengesellschaft as well as the management reports of the parent company and the Group. The auditors attended both meetings of the Audit Committee and the plenary Supervisory Board meetings, explaining the main findings of their audit and answering questions. At both meetings, the financial statements were discussed at length with the Board of Managing Directors and the representatives of the auditors.

Following the final review by the Audit Committee and our own examination, we raised no objections to the parent company and Group financial statements and concurred with the findings of the auditors. The Supervisory Board has approved the financial statements of the parent company and the Group presented by the Board of Managing Directors; the financial statements of the parent company are thus adopted. We concur with the recommendation made by the Board of Managing Directors on the appropriation of profit.

Changes in the Supervisory Board and the Board of Managing Directors

The term of office on the Commerzbank Supervisory Board of Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel ended with effect from the end of the Annual General Meeting on 8 May 2014. The Annual General Meeting elected Nicholas R. Teller as his successor for the period from the end of the Annual General Meeting of 8 May 2014 until the end of the Annual General Meeting that passes a discharge resolution for financial year 2017.

In addition, Dr. Marcus Schenck had earlier completed his term of office on the Supervisory Board on 10 September 2013. His place was taken by Solms U. Wittig as a substitute member of the Supervisory Board with effect from 11 September 2013. The 2014 Annual General Meeting elected Dr. Stefan Lippe as successor to Dr. Marcus Schenck for the period from the end of the Annual General Meeting of 8 May 2014 until the end of the Annual General Meeting that passes a discharge resolution for financial year 2017. With his election, Solms U. Wittig ceased to act as substitute member. Mr Wittig was also elected to the Supervisory Board as a substitute member for Mr Teller and Dr. Lippe by the 2014 Annual General Meeting.

We wish to thank Prof. Dr.-Ing. Dr.-Ing. E. h. Keitel for his many years of close association with our bank and his highly dedicated cooperation with our Central Advisory Board and our Supervisory Board.

We would like to thank the Board of Managing Directors and all our employees for their tremendous commitment and performance in 2014.

For the Supervisory Board

Klaus-Peter Müller
Chairman

Members of the Supervisory Board of Commerzbank Aktiengesellschaft

Klaus-Peter Müller

Age 70, Member of the Supervisory Board since 15.5.2008, Chairman of the Supervisory Board of Commerzbank Aktiengesellschaft

Uwe Tschäge[1]

Age 47, Deputy Chairman of the Supervisory Board since 30.5.2003, Banking professional

Hans-Hermann Altenschmidt[1]

Age 53, Member of the Supervisory Board since 30.5.2003, Banking professional

Dr. Nikolaus von Bomhard

Age 58, Member of the Supervisory Board since 16.5.2009, Chairman of the Board of Management of Münchener Rückversicherungs-Gesellschaft AG

Gunnar de Buhr[1]

Age 47, Member of the Supervisory Board since 19.4.2013, Banking professional

Stefan Burghardt[1]

Age 55, Member of the Supervisory Board since 19.4.2013, Head of Mittelstandsbank Bremen branch

Karl-Heinz Flöther

Age 62, Member of the Supervisory Board since 19.4.2013, Independent management consultant

Dr. Markus Kerber

Age 51, Member of the Supervisory Board since 19.4.2013, Chief Executive Director of the Federal Association of German Industry (Bundesverband der Deutschen Industrie)

Alexandra Krieger[1]

Age 44, Member of the Supervisory Board since 15.5.2008, Head Business Administration/Corporate Strategy Industrial Union Mining, Chemical and Energy (Industriegewerkschaft Bergbau, Chemie, Energie), Certified Banking Specialist and banking professional

Oliver Leiberich[1]

Age 58, Member of the Supervisory Board since 19.4.2013, Banking professional

[1] Elected by the Bank's employees.

Dr. Stefan Lippe

Age 59, Member of the Supervisory Board since 8.5.2014, Former President of the Company Management of Swiss Re AG

Beate Mensch[1]

Age 52, Member of the Supervisory Board since 19.4.2013, Trade Union Secretary ver.di Region of the Federal State Hessen (Vereinte Dienstleistungsgewerkschaft ver.di), Organizational development

Dr. Roger Müller

Age 54, Member of the Supervisory Board since 3.7.2013, General Counsel Deutsche Börse AG

Dr. Helmut Perlet

Age 67, Member of the Supervisory Board since 16.5.2009, Chairman of the Supervisory Board of Allianz SE

Barbara Priester[1]

Age 56, Member of the Supervisory Board since 15.5.2008, Banking professional

Mark Roach[1]

Age 60, Member of the Supervisory Board since 10.1.2011, Trade Union Secretary ver.di Trade Union National Administration (Vereinte Dienstleistungsgewerkschaft ver.di)

Petra Schadeberg-Herrmann

Age 47, Member of the Supervisory Board since 19.4.2013, Managing shareholder of Krombacher Finance GmbH

Margit Schoffer[1]

Age 58, Member of the Supervisory Board since 19.4.2013, Banking professional

Nicholas Teller

Age 55, Member of the Supervisory Board since 8.5.2014, Chairman E.R. Capital Holding GmbH & Cie. KG

Dr. Gertrude Tumpel-Gugerell

Age 62, Member of the Supervisory Board since 1.6.2012, Former member of the Executive Board of the European Central Bank

Committees of the Supervisory Board

Presiding Committee
Compensation Control Committee

Klaus-Peter Müller
Chairman

Hans-Hermann Altenschmidt

Dr. Markus Kerber

Uwe Tschäge

Audit Committee

Dr. Helmut Perlet
Chairman

Hans-Hermann Altenschmidt

Karl-Heinz Flöther

Margit Schoffer

Dr. Gertrude Tumpel-Gugerell

Risk Committee

Klaus-Peter Müller
Chairman

Gunnar de Buhr

Dr. Markus Kerber

Dr. Stefan Lippe

Dr. Helmut Perlet

Nomination Committee

Klaus-Peter Müller
Chairman

Hans-Hermann Altenschmidt

Dr. Markus Kerber

Nicholas Teller

Uwe Tschäge

Social Welfare Committee

Klaus-Peter Müller
Chairman

Dr. Nikolaus von Bomhard

Gunnar de Buhr

Stefan Burghardt

Petra Schadeberg-Herrmann

Uwe Tschäge

Mediation Committee
(Art. 27, (3), German Co-determination Act)

Klaus-Peter Müller
Chairman

Hans-Hermann Altenschmidt

Nicholas Teller

Uwe Tschäge

Our share

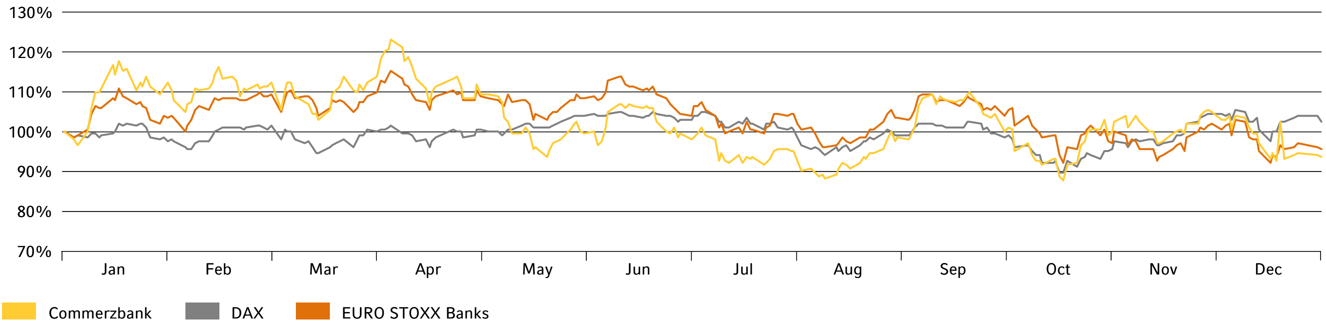
Development of equity markets and performance indices

The US and European stock markets reached new record levels in 2014, although full-year gains were not as high as in 2013. The major central banks were once again the biggest driving force behind this stock market performance via their policy actions aimed at supporting global economic growth. The stock markets began heading towards new record highs after the ECB's meeting in early June, at which it cut its key lending rate to a record low level of 0.15% and imposed a negative interest rate of –0.10% for deposits with the central bank. The DAX hit a new all-time high of 10,051 points on 20 June, with the Dow Jones also reaching a new record at the start of July. The capital markets were unsettled in July by the crisis in Ukraine and the ensuing EU sanctions against Russia. The flare-up of conflict in the Middle East also provoked fears, and the DAX tumbled more than 10% from its record high to 9,009 points. The stock markets rallied again in September, only for the DAX to fall back to a low for the year of 8,571 points in October. The weak state of the economy was once again the decisive influence on the markets. German business sentiment deteriorated for the sixth successive month in October, as the ifo business climate index fell to its lowest level since December 2012. There was a surprise upturn in German business confidence in November, however, as the weak euro boosted exports and low oil prices also had a positive impact. The ifo business climate index also began to move higher again. The ECB's expansive monetary policy drove yields on ten-year German government bonds down from 1.95% at the start of January to 0.55% at year-end. In this environment, the DAX set a new record high of 10,087 points on 5 December. On Wall Street, the robust US economy also led the Dow Jones to reach a new record of just under 18,000 points.

However, fears of a fresh economic setback mounted in December. The markets in Europe in particular were disquieted when Greek presidential elections were brought forward and the economic crisis in Russia gathered further speed. There was ultimately no year-end rally, and the DAX hovered below the 10,000-point mark. It ended the year at 9,806 points, up just 2.6% over the previous year, compared with a gain of 25.5% in 2013.

Figure 1

Commerzbank share vs. Performance indices in 2014
Daily figures, 30.12.2013 = 100



Positive full-year trend in the average Commerzbank share price

At the start of 2014, bank stocks benefited from renewed hopes of further monetary policy easing. The ECB gave the financial markets express reassurance that interest rates would be kept low for the long term and remained open to the possibility of further adjusting monetary policy. The banking supervisors also resolved that Europe's banks would in future need much less capital to back artificial financial products (derivatives), such as equity options and commodity futures, than had previously been planned.

In the USA, the new Chair of the Federal Reserve, Janet Yellen, promised continuity in monetary policy, which helped support financial stocks. The Commerzbank share price was given a boost in February 2014 by the release of better-than-expected 2013 results and the value-preserving sale of a portfolio of non-performing Spanish loans. The stock reached its high for the year of €14.48 on 4 April.

International financial stocks came under pressure towards the end of the second quarter of 2014, as uncertainty regarding the Ukraine crisis, doubts over the sustainability of global economic growth, lower earnings power and the increasing cost of meeting regulatory requirements all exerted a negative impact on bank share prices. The Commerzbank share consequently fell 24.4% from its high for the year to reach €10.95 on 19 May.

It rallied somewhat in June, only for bank stocks as a whole to be dragged down again in July by the negative performance of the stock markets and the very high fines imposed by the US authorities for breaches of sanctions. As a result, the bank index fell by more than 7% to its quarterly low on 7 August 2014. The Commerzbank share price was also affected by this trend and stood at €10.18 as at the beginning of August 2014.

Securities codes	
Bearer shares	CBK100
Reuters	CBKG.DE
Bloomberg	CBK GR
ISIN	DE000CBK1001

Commerzbank's results for the second quarter of 2014 delivered a positive surprise, leading to correspondingly positive comments from analysts. They focused in particular on the rapid reduction of the NCA portfolio, cost control and the measures implemented to modernise the private customer business. On the day the second-quarter results were published, the share price rose by around 2% in a weak overall market.

The ECB's surprise announcement on 4 September 2014 that it was to cut its key interest rates and purchase a broad portfolio of securities – in particular government bonds and asset-backed securities – triggered a sharp rise in bank share prices. Commerzbank gained more than 5% on this date – the day's strongest performer in the DAX.

Commerzbank passed both the European Central Bank's Asset Quality Review (AQR) and the European Banking Authority's stress test in late October. According to the results of the ECB's AQR, as at 1 January 2014 the Common Equity Tier 1 (CET1) ratio under the Basel 3 transitional arrangements was 10.8% and therefore significantly above the key hurdle of 8.0%. This acted as a source of support for the stock in November. In December, fears about the political situation in Greece and of a fairly swift end to the USA's expansive monetary policy had a negative impact on banking stocks. The Commerzbank share price ended 2014 at €10.98. Over the course of 2014, it fell by 6.2%, compared with a decrease of 4.7% for the EURO STOXX Banks index over the same period. The average price during 2014 was €12.05, well above the average of €9.15 recorded the previous year.

The daily turnover of Commerzbank shares – i.e. the number of shares traded – was down year-on-year in 2014. The average daily trading volume in the period under review was 10.5 million shares, compared with 11.3 million shares in 2013. The comparatively higher volume in 2013 was due to the capital increase in May 2013.

Indices containing the Commerzbank share
Blue chip indices
DAX
EURO STOXX Banks
Sustainability indices
ECPI EMU Ethical Equity
ECPI Euro Ethical Equity

Commerzbank share – key figures

In the context of a persistently difficult market environment and mounting regulatory requirements, capital strengthening is our highest priority. No dividend will be paid out for 2014.

Commerzbank's market capitalisation at the end of 2014 was €12.5bn, compared with €13.3bn a year earlier. Its weighting in the DAX was around 1.3%, putting Commerzbank in 22nd place. In the European industry benchmark index, the EURO STOXX Banks, Commerzbank's weighting at year-end was 2.2%, placing it in 11th position. The Bank is also represented in the ECPI EMU Ethical Equity and ECPI Euro Ethical Equity sustainability indices, which place particular emphasis on environmental and ethical criteria alongside economic and social factors.

Table 1

Highlights of the Commerzbank share	2014	2013
Shares issued in million units (31.12.)	1,138.5	1,138.5
Xetra intraday prices in €		
High	14.48	12.96
Low	9.91	5.56
Closing price (31.12.)	10.98	11.71
Daily trading volume[1] in million units		
High	30.2	67.2
Low	3.5	2.9
Average	10.5	11.3
Index weighting in % (31.12.)		
DAX	1.3	1.4
EURO STOXX Banks	2.2	2.7
Earnings per share in €	0.23	0.09
Book value per share[2] in € (31.12.)	22.88	22.82
Net asset value per share[3] in € (31.12.)	21.28	21.31
Market value/Net asset value (31.12.)	0.52	0.55

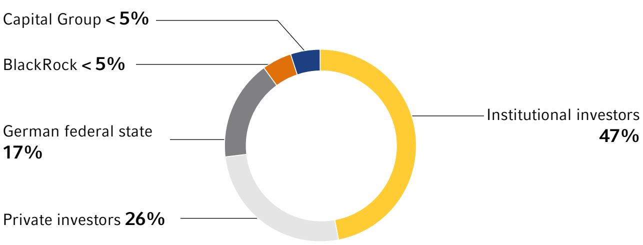
[1] Total for German stock exchanges.
[2] Excluding non-controlling interests.
[3] Excluding non-controlling interests and the cash flow hedge reserve and less goodwill.

Shareholder structure

On 31 December 2014, approximately 53% of all Commerzbank shares were held by our major shareholders SoFFin, Capital Group and BlackRock and private shareholders, mainly residents in Germany. Approximately 47% of all Commerzbank shares were in the hands of institutional investors. Capital Group and BlackRock had both moved below the 5% reporting threshold as at year-end. The free float stood at 73%. The proportion of shares held by investors from Germany totalled 48%, with the percentage owned by foreign investors at 52%.

Figure 2

Shareholder structure
As at 31 Dezember 2014



Analysts and investors

We communicate proactively with current and potential equity and debt investors. Our aim is to provide transparent, clear and prompt information about corporate performance so as to further strengthen confidence in Commerzbank.

In some 300 individual and group meetings and conference calls we kept our equity and bond holders informed about the Bank 's performance and our strategy.

At international investor conferences in the largest financial centres, the investors and analysts in attendance gained an in-depth insight into our strategic agenda for the coming years.

Around 30 analysts provided regular coverage of Commerzbank during 2014. At the end of 2014, the percentage of buy recommendations was 24%, an increase of 5 percentage points over the previous year. Around half (49%) of analysts recommended a hold, while 27% of analysts recommended selling our shares, compared with 28% the previous year. We provide a range of information on the investor relations pages of our website. We continued the dialogue with our fixed-income investors in 2014. The focus was on non-deal roadshows, i.e. individual meetings with institutional investors without the specific aim of marketing a new issue.

Commerzbank's ratings

Like most other international banks, Commerzbank's rating is made up of two separate elements: a financial strength rating and a long-term rating. The long-term rating depends in part on assumptions about possible systemic support for the bank in the event of a crisis.

Commerzbank's long-term rating from Standard & Poor's currently benefits from two levels of systemic support. There is also one level of support for the Bank's restructuring, still expected to be successful. The long-term rating is A–, and the financial strength rating BBB–. Moody's incorporates three levels of support and has awarded Commerzbank a long-term rating of Baa1 and a financial strength rating of Ba1. Fitch Ratings assumes four levels of systemic support and has issued a long-term rating of A+ and a financial strength rating of BBB. This was increased by one notch from BBB– on 10 February 2014, reflecting progress made in restructuring the Bank and the expected profitability gains in the core business.

The new Bank Recovery and Resolution Regime Directive (BRRD), which applies in Germany from 1 January 2015, has prompted the major rating agencies to declare that the support assumptions in their ratings will be scaled back or removed completely in future. This will depend in part on the details of transposition into national law, the systemic significance of each individual bank and any state shareholding in the bank. The changes to systemic support assumptions in long-term ratings will have implications for Commerzbank's ratings too.

Stock exchange listings of the Commerzbank share
Germany
• Berlin
• Düsseldorf
• Frankfurt
• Hamburg
• Hanover
• Munich
• Stuttgart
• Xetra
Europe
• London
• Switzerland
North America
• Sponsored ADR (CRZBY) CUSIP: 202597308

Corporate Responsibility

› We acknowledge the principles of sound, responsible management as laid down in the German Corporate Governance Code and meet virtually all of the recommendations and proposals it makes. Pages 27 to 30 give details of this aspect of our corporate responsibility.

› The term “corporate responsibility” describes the extent to which a company is conscious of its responsibilities whenever its business activities affect society, staff, the natural environment or the economic environment. We accept this responsibility, and report on it on pages 53 and 54.

Contents

Corporate governance report and declaration on corporate governance

Commerzbank has always attached great importance to corporate governance, in the sense of responsible and transparent management and control aimed at sustainable value creation. That is why we – the Board of Managing Directors and the Supervisory Board – expressly support the German Corporate Governance Code and the goals and objectives it pursues.

Commerzbank's corporate governance officer is Günter Hugger, Divisional Board Member Group Legal. He is the point of contact for all corporate governance issues and has the task of advising the Board of Managing Directors and the Supervisory Board on the implementation of the German Corporate Governance Code and reporting on its implementation by the Bank.

In accordance with section 3.10 of the German Corporate Governance Code, we report below on corporate governance as practised at Commerzbank. This report also includes the declaration on corporate governance in accordance with Art. 289a of the German Commercial Code.

Recommendations of the German Corporate Governance Code

The Bank declares every year whether the recommendations of the Commission regarding conduct have been and are being complied with, and explains which recommendations are not being implemented and the reasons why. This declaration of compliance by the Board of Managing Directors and the Supervisory Board is published on the Commerzbank website (www.commerzbank.com). There is also an archive of all the declarations of compliance made since 2002. The latest declaration was made on 5 November 2014.

Commerzbank complies with virtually all of the recommendations of the German Corporate Governance Code; it deviates from them in only a few points:

- Section 4.2.1 of the Code recommends that rules of procedure should regulate the activities of the Board of Managing Directors, including the allocation of responsibilities to its members. The Board of Managing Directors has adopted rules of procedure with the approval of the Supervisory Board. However, the Board of Managing Directors determines the allocation of duties among the individual Board members itself, outside of the rules of procedure. This provides it with the requisite flexibility if changes are needed, thus ensuring an efficient division of responsibilities. The Supervisory Board is informed of all changes, and is thus included in the process. The rules of procedure for the Board of Managing Directors and the specific responsibilities of the various members of the Board of Managing Directors are published on the Commerzbank website.

- According to section 4.2.3 (2) sentence 6 of the Code, the total remuneration of the members of the Board of Managing Directors and the upper limits on their variable remuneration components should be disclosed. The Bank's new remuneration system for the Board of Managing Directors, due to enter into effect from 1 January 2015, firstly provides for a fixed basic annual salary. In addition, in respect of variable remuneration, the Supervisory Board after the end of a financial year calculates a total goal achievement amount based on predefined goals. An absolute upper limit applies to this total goal achievement amount. 50% of this amount is paid in virtual Commerzbank shares, in respect of most of which a five-year holding period and a waiting period of a further 12 months normally apply. At the end of the waiting period, the value of the virtual Commerzbank shares is paid out in cash. Changes in the share price over this period do not affect the number of virtual shares to be granted but do change the amount to be paid out. There is no absolute upper limit on the latter amount. Under the concept behind the new remuneration system, the members of the Board of Managing Directors are intended to bear the risk of volatility in the virtual shares after the calculation of the total goal achievement amount, as a long-term element of remuneration. It would not be appropriate to cap the scope to participate in positive share price performance, especially given that no floor applies if the price should fall.

- In relation to the remuneration of the Board of Managing Directors, section 4.2.3 (2) sentence 8 of the Code recommends that there should be no subsequent changes to goals or the parameters for determining the variable remuneration components. Under the German Stock Corporation Act and the Banking Remuneration Regulation, the Supervisory Board should agree the possibility to restrict the variable remuneration of the Board of Managing Directors in exceptional circumstances. It is entitled under this legislation to adjust the goals and other parameters for determining variable remuneration components in the case of extraordinary developments, to reasonably neutralise any positive or negative repercussions on the achievability of the goals.

- Section 4.2.3 (3) of the Code recommends that in the case of pension commitments to members of the Board of Managing Directors, the Supervisory Board should define the intended benefit level – based on the length of their term of office – and the annual and long-term expense for the company arising therefrom. In 2011, Commerzbank changed its pension system to a contribution-based defined benefit scheme. As such, a specific benefit is no longer defined. Instead, each member of the Board of Managing Directors has an entitlement to an annual pension module, the amount of which is determined as a fixed percentage of that individual's basic annual salary. Increases to the fixed basic annual salary lead to an increase in the pension module only when expressly approved by the Supervisory Board. The way in which this percentage rate is defined – disregarding other actuarial factors – means that the ultimate level of a member of the Board of Managing Directors' earned pension entitlement depends solely on the length of their term of office on the Board of Managing Directors. The application of a fixed percentage rate of each member's basic annual salary gives the Supervisory Board the most accurate idea possible of the annual and long-term expense for the company. The actual annual expense for the company depends on actuarial factors. It is increasingly common business practice not to define an intended pension benefit but to instead switch to a contribution-based defined benefit scheme.

- Section 5.3.3 of the Code recommends that the Supervisory Board establish a nomination committee made up exclusively of shareholder representatives. Based on the new Art. 25d (11) sentence 2 no. 1 of the German Stock Corporation Act, the nomination committee should support the Supervisory Board in identifying candidates to fill positions on bank management bodies. At Commerzbank, this task was formerly performed by the Presiding Committee, which also includes employee representatives. In order to maintain the existing involvement of both employee and shareholder representatives in the selection of candidates for the Board of Managing Directors, two members of the Commerzbank Supervisory Board's Nomination Committee are employee representatives.

- According to section 5.4.6 (2) sentence 2 of the Code, where the members of the Supervisory Board are granted performance-related remuneration, this should be based on long-term corporate performance. In addition to fixed remuneration, the members of the Supervisory Board of Commerzbank receive a variable bonus of €3,000 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. No dividend was paid to shareholders for the 2013 financial year, so no performance-related bonus was paid to the members of the Supervisory Board either. If and when dividend payments are resumed, Commerzbank will look into reorganising the remuneration of members of the Supervisory Board.

Suggestions of the German Corporate Governance Code

Commerzbank also largely complies with the suggestions of the German Corporate Governance Code, deviating from them in only a few points:

- In a deviation from section 2.3.2, the proxy can only be reached up to the day prior to the Annual General Meeting. However, shareholders present or represented at the Annual General Meeting are able to give their proxy instructions at the meeting itself as well.

- In section 2.3.3, it is suggested that the Annual General Meeting be broadcast in its entirety on the internet. Commerzbank broadcasts the speeches of the Chairman of the Supervisory Board and the Chairman of the Board of Managing Directors, but not the general debate; it takes the view that it would not be appropriate to broadcast the entire proceedings given their length. This also liberates shareholders to discuss matters freely with the management, without a wide-scale public broadcast.

Board of Managing Directors

The Commerzbank Board of Managing Directors is responsible for independently managing the Bank in the Bank's best interest. In so doing, it must take into account the interests of shareholders, customers, employees and other stakeholders, with the objective of sustainable value creation. It develops the company's strategy, discusses it with the Supervisory Board and ensures its implementation. In addition, it sees that efficient risk management and risk control measures are in place. The Board of Managing Directors conducts Commerzbank's business activities in accordance with the law, the Articles of Association, its rules of procedure, internal guidelines and the relevant employment contracts. It cooperates on a basis of trust with Commerzbank's other corporate bodies and with employee representatives.

The composition of the Board of Managing Directors and the responsibilities of its individual members are presented on page 11 of this Annual Report. The work of the Board of Managing Directors is specified in greater detail in its rules of procedure, which may be viewed on Commerzbank's website at www.commerzbank.com.

Extensive details of the remuneration paid to the members of the Board of Managing Directors are given in the Remuneration Report on pages 31 to 44.

Supervisory Board

The Supervisory Board advises and supervises the Board of Managing Directors in its management of the Bank. It appoints and dismisses members of the Board of Managing Directors and, together with the Board of Managing Directors, ensures that there is long-term succession planning. The Supervisory Board conducts its business activities in accordance with legal requirements, the Articles of Association and its rules of procedure; it cooperates closely and on a basis of trust with the Board of Managing Directors.

The composition of the Supervisory Board and its committees is presented on pages 18 to 20 of this Annual Report. Details of the work of this committee, its structure and its control function can be found in the Report of the Supervisory Board on pages 12 to 17. Further details of how the Supervisory Board and its committees work can be found in the rules of procedure of the Supervisory Board, available online at www.commerzbank.com.

Section 5.4.1 (2) of the Code recommends that the Supervisory Board should set concrete objectives regarding its composition which, whilst taking into consideration the specific situation at the company, take into account the international activities of the company, potential conflicts of interest, the number of independent members of the Supervisory Board pursuant to section 5.4.2 of the Code, a specified age limit for members of the Supervisory Board and diversity. These concrete objectives should, in particular, stipulate an appropriate degree of female representation. The Supervisory Board of Commerzbank has approved the following concrete objectives:

- Maintaining the proportion of women on the Supervisory Board at 30% or more, on condition that the current proportion of female employee representatives is also maintained in the future.
- Retaining at least one international representative.
- Appointing members with expertise and knowledge of the Bank.
- Appointing members with particular knowledge and experience of the application of accounting principles and internal control procedures.
- Avoiding potential conflicts of interest.
- Ensuring that there are always at least eight independent members of the Supervisory Board within the meaning of section 5.4.2 of the Code elected by the Annual General Meeting.
- Complying with the age limit of 72 years.

The Supervisory Board of Commerzbank consists of 20 members, at present including one international representative and six women, one of whom is the international representative.

In accordance with section 5.4.2 of the German Corporate Governance Code, the Supervisory Board has ascertained that it has, in its view, an appropriate number of independent members.

The Supervisory Board has in the past five years examined the efficiency of its activities on three occasions by means of a detailed, anonymised questionnaire and once through the services of an external personnel consultant. The results of these efficiency audits were presented to the plenary session for discussion. The 2014 efficiency audit was conducted via a questionnaire. We believe that the Supervisory Board works in an efficient manner and to a high standard. Suggestions from members of the Supervisory Board have been and continue to be taken into account for future activities. From financial year 2015, the Supervisory Board will incorporate the efficiency audit into its assessment to be conducted pursuant to Art. 25d (11) of the German Banking Act and conduct it annually.

Under Art. 3 (6) of the rules of procedure of the Supervisory Board, each member of the Supervisory Board must disclose any conflicts of interest. No member of the Supervisory Board disclosed a conflict of interest pursuant to section 5.5.2 of the German Corporate Governance Code in the year under review.

Details of the remuneration paid to the members of the Supervisory Board are given in the Remuneration Report on pages 45 and 46.

Diversity

Within the scope of their respective responsibilities, the Board of Managing Directors and Supervisory Board of Commerzbank will ensure that greater attention is paid to diversity, and particularly to efforts to achieve an appropriate degree of female representation, in the composition of the Board of Managing Directors, appointments to managerial positions at the Bank and with respect to proposals for the election of members of the Supervisory Board (sections 4.1.5, 5.1.2 and 5.4.1 of the Code), as well as the composition of other committees.

The Board of Managing Directors initiated the “Women in management positions” project in 2010. The aim is to ensure a strong management team for Commerzbank and harness all the talent available. In-depth analyses produced a detailed picture of the initial situation. Specific measures were then developed and implemented on this basis with the aim of increasing the proportion of women in management positions. The Board of Managing Directors is informed every six months of progress made in implementing these measures and changes in the number of women in management positions. The top management in all Bank segments is responsible for the sustainable implementation of the goals. The “Women in management positions” project has boosted the proportion of women in senior management positions to over 28%.

In addition, Commerzbank is helping staff combine family life with a career by providing company-sponsored childcare, the “Keep in Touch” programme for staying in contact during parental leave and the “Comeback Plus” programme to help people return to work after parental leave. Commerzbank offers a comprehensive range of assistance with childcare, consisting of an advice on childcare, arranging childcare places and financial allowances. The “Kids & Co.” day care centre in Frankfurt for the children of employees has been open since 1 June 2005. “Kids & Co.” has crèches (for children aged 9 weeks to 3 years, six locations in Frankfurt), a kindergarten (age 3 to school entry, currently at two locations) and an after-school club, which was introduced in 2011. Since 2010, staff have been able to use crèches and kindergartens at a total of 23 different childcare facilities throughout Germany. Commerzbank Aktiengesellschaft makes a significant financial commitment to supporting these arrangements, and currently offers a total of around 320 childcare places. Emergency and holiday childcare is also available at 21 sites throughout the country.

Accounting

Accounting at the Commerzbank Group gives a true and fair view of the net assets, financial position and earnings performance of the Group. It applies International Financial Reporting Standards (IFRS), while the parent company financial statements of Commerzbank Aktiengesellschaft are prepared under the rules of the German Commercial Code (HGB). The Group financial statements and the financial statements of the parent bank are prepared by the Board of Managing Directors and approved or adopted by the Supervisory Board. The audit is performed by the auditor elected by the Annual General Meeting.

The annual financial statements also include a detailed risk report, providing information on the Bank’s responsible handling of the various types of risk. This appears on pages 107 to 144 of this Annual Report.

Shareholders and third parties receive additional information on the course of business during the financial year in the form of the semi-annual report as well as in two quarterly reports. These interim reports are also prepared in accordance with applicable international accounting standards.

Shareholder relations, transparency and communication

The Annual General Meeting of shareholders takes place once a year. It decides upon the appropriation of distributable profit (if any) and approves the actions of the Board of Managing Directors and the Supervisory Board, the appointment of the auditors and any amendments to the Articles of Association. If necessary, it authorises the Board of Managing Directors to undertake capital-raising measures and approves the signing of profit-and-loss transfer agreements. Each share entitles the holder to one vote.

In 2010 the Board of Managing Directors and the Supervisory Board, as is permitted under Art. 120 (4) of the German Stock Corporation Act, gave the Annual General Meeting the opportunity to vote on the approval of the remuneration system for members of the Board of Managing Directors. The 2010 Annual General Meeting approved the principles of the variable remuneration system and fixed basic annual salary for members of the Board of Managing Directors. The new remuneration system for the Board of Managing Directors will also be presented to the 2015 Annual General Meeting for approval. The 2015 Annual General Meeting will also vote on the proportion of variable remuneration to the fixed basic annual salary for members of the Board of Managing Directors and employees pursuant to Art. 25a (5) sentence 5 of the German Banking Act.

The Bank’s shareholders may submit recommendations or other statements by letter or e-mail, or may present them in person. The Bank’s head office quality management unit is responsible for dealing with written communication. At the Annual General Meeting, the Board of Managing Directors or the Supervisory Board comment or reply directly. At the same time, shareholders may influence the course of the Annual General Meeting by means of countermotions or supplementary motions to the agenda. Shareholders may also apply for an Extraordinary General Meeting to be convened. The reports and documents required by law for the Annual General Meeting, including the Annual Report, may be downloaded from the internet, and the same applies to the agenda for the Annual General Meeting and any countermotions or supplementary motions.

Commerzbank informs the public – and consequently shareholders as well – about the Bank’s financial position and earnings performance four times a year. Corporate news items that may affect the share price are also published in the form of ad hoc releases. This ensures that all shareholders are treated equally. The Board of Managing Directors reports on the annual financial statements and the quarterly results in press conferences and analysts’ meetings. Commerzbank increasingly uses the possibilities offered by the internet for reporting purposes, offering a wealth of information about the Commerzbank Group at www.commerzbank.com. Materials including the Commerzbank Articles of Association and the rules of procedure of the Board of Managing Directors and the Supervisory Board are available online. The financial calendar for the current and the forthcoming year is also published in the Annual Report and on the internet. This contains the dates of all significant financial communications and the date of the Annual General Meeting.

We feel an obligation to communicate openly and transparently with our shareholders and all other stakeholders. We intend to continue to meet this obligation in the future as well.

Remuneration Report

The following Remuneration Report is also part of the Group Management Report.

This report follows the recommendations of the German Corporate Governance Code and complies with the requirements of IFRS.

Board of Managing Directors

Main features of the remuneration system

The remuneration system includes a fixed basic annual salary plus variable remuneration components in the form of a Short Term Incentive (STI) and a Long Term Incentive (LTI). 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 Stock Corporation Act (AktG).

In 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, the Supervisory Board decided to change the pension arrangements for the members of the Board of Managing Directors to a contribution-based defined benefit scheme, with retrospective effect from 1 January 2011.

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 thousand[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 the tax thereon.

Performance-related remuneration (variable remuneration)

The remuneration system includes performance-related variable remuneration components in the form of a Short Term Incentive worth a target of €400 thousand in total per member and a Long Term Incentive worth a target of €600 thousand in total per member. The target value of the variable salary components for a member of the Board of Managing Directors therefore totals €1m.[2] The maximum goal achievement is 200%, which corresponds to €800 thousand for the Short Term Incentive and €1,200 thousand for the Long Term Incentive. 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 thousand, and the targets for the individual components are €200 thousand 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 goal achievement of 100%. It also stipulates the EVA values that correspond to goal achievement of 0% and 200%.

› **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 share price 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 thousand, and the targets for the individual components are €300 thousand each. Goal achievement can

[1] The fixed basic annual salary for the Chairman of the Board of Managing Directors is €1,312,500, which is 1.75 times the amount specified.
[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).

range between 0% and 200%; each of the two components can therefore range between €0 and €600 thousand. 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 target for the applicable LTI components. The member of the Board of Managing Directors is required each year to invest 50% of the net LTI payout sum payable to him/her in Commerzbank shares (personal investment), until such time as his/her personal investment reaches at least €350 thousand.

› **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 then determines the number of virtually assigned shares; their value is determined by the absolute price performance of Commerzbank during the LTI term.

› **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%. 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.

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 consolidated companies

The remuneration accruing to an individual member of the Board of Managing Directors from serving on the boards of consolidated companies counts towards the total remuneration paid to that member of the Board of Managing Directors. 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.

Partial waiver by members of the Board of Managing Directors of variable remuneration for 2014

With regard to the legal requirements applicable from 1 January 2014, the members of the Board of Managing Directors have waived their variable remuneration for 2014 where this exceeds a ratio of fixed to variable remuneration of 1:1.

Pensions

The occupational pension scheme adopted in 2011 by the Supervisory Board for members of the Board of Managing Directors contains a contribution-based defined benefit.

Each member of the Bank's Board of Managing Directors receives a credit of a pension module to their pension account every year until the end of their appointment as such. 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. When the new remuneration 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.

If a member of the Board of Managing Directors leaves the Bank before the pension benefits become due, any entitlement to vested benefits that they have already accrued is retained.

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.

If they retire after reaching the age of 62, members of the Board of Managing Directors can elect to receive a lump-sum payment or nine annual instalments instead of an ongoing pension. 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 of Managing Directors receives an early retirement pension and has not yet reached their 62nd birthday, earned income from other activities will be deducted from the pension entitlement at a rate of 50% until that age is reached.

The widow's pension is 66 2/3% of the pension entitlement of the member of the Board of Managing Directors. If no widow's pension is paid, minor children 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.

Rules for Board members who were appointed after the new provisions Pension provision for newly appointed members of the Board of Managing Directors was defined according to the Commerzbank capital plan for company pension benefits 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 reaching the age of 65 (retirement capital) or
- on or after reaching the age of 62 (early retirement capital) or
- before their 62nd birthday because they are permanently unable to work.

If a member of the Board of Managing Directors leaves the Bank before any of these pension benefits become due, their entitlement to vested benefits is retained.

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 joining after the new rules came into effect 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 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 pension account of 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.

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.

Table 2 shows for active members of the Board of Directors the annual pension entitlements at pensionable age of 62 on 31 December 2014, the actuarial net present values on 31 December 2014, the service costs for 2014 contained in the net present value, and comparable amounts for the previous year. The net present values of the pension entitlements accrued for 2014 as shown in the table are considerably higher than the figures for 2013. This was mainly attributable to the lower discount rate used in the calculation according to IFRS, which is based on market expectations about future market interest rates. Expected market interest rates fell significantly year-on-year in 2014, which, in view of the long capitalisation period, had a substantial upward impact on the net present values listed above.

The assets backing these pension obligations have been transferred under a contractual trust arrangement to Commerzbank Pension-Trust e. V.

As at 31 December 2014, defined benefit obligations for current members of the Commerzbank Aktiengesellschaft Board of Managing Directors on the reporting date totalled €28.4m (previous year: €19.9m; see also table 2).

Table 2

€1,000		Pension entitlements Projected annual pension at pensionable age of 62 As at 31.12.	Cash values of pension entitlements[1] As at 31.12.	Working time expenses
Martin Blessing	2014	297	7,555	434
	2013	269	4,658	455
Frank Annuscheit	2014	157	3,782	386
	2013	133	2,201	405
Markus Beumer	2014	147	3,498	353
	2013	124	1,974	372
Stephan Engels	2014	60[2]	891	316
	2013	40[2]	541	333
Jochen Klösges	2014[3]	–	–	–
	2013	109	1,450	399
Michael Reuther	2014	190	4,820	438
	2013	165	3,046	450
Dr. Stefan Schmittmann	2014	202	5,041	612
	2013	169	3,142	627
Ulrich Sieber	2014[3]	–	–	–
	2013	105	1,354	381
Martin Zielke	2014	126	2,861	456
	2013	97	1,505	478
Total	**2014**		**28,448**	**2,995**
	2013		**19,871**	**3,900**

[1] The increase in net present value was caused mainly by the lower discount rate, which is used in the calculation according to IFRS.
[2] Capital sum annuitised.
[3] Jochen Klösges and Ulrich Sieber stepped down from the Board of Managing Directors on 31 December 2013, so the disclosure requirement does not apply to 2014.

Rules for termination of office

If the term of office of a member of the Board of Managing Directors is effectively terminated, the following applies:

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 (offsetting of remuneration otherwise acquired) – until the end of the original term of office.

If, in the case of premature termination of appointment to the Board of Managing Directors, the contract of employment ends 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 are reduced on a pro-rata basis where applicable.

If the contract of employment is not extended upon expiry of the current term of office, without there being good cause within the meaning of 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 continue to receive his or her fixed basic salary for a period of six months after the end of the original term of office. This payment ceases as soon as the Board member starts to receive pension payments.

In all these cases, the specified payments for the time after the effective termination of the term of office may not exceed two years' annual remuneration[1] (cap).

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, entitlement to STIs and LTIs awarded for the financial year in which the term of office was terminated will be forfeited without compensation and no further STIs and LTIs will be awarded if the employment contract ends at any later date.

[1] The cap is calculated with reference to the remuneration for the last financial year ending before the term of office was terminated.

Other

No members of the Board of Managing Directors received payments or promises of payment from third parties in the year under review in respect of their work as a member of the Board of Managing Directors.

Summary

Remuneration of the individual members of the Board of Managing Directors for 2014, along with the comparative figures from 2013, is shown in table 3.

Table 3 shows the amounts under German Accounting Standard 17 (DRS 17), which specifies the requirements with regard to reporting the remuneration of the Board of Managing Directors. Under DRS 17, share-based amounts or amounts compensated by STI and LTI shares must be shown at their original value at the time they were granted at the beginning of 2014, regardless of their actual change in value. They therefore reflect the payment made for the goal achievement expected at this point in time, which for "EVA-related STI and LTI components" with settlement in shares is based on the multi-year planning for 2014–2017. All other share-based components or components with settlement in shares reflect remuneration at 100% goal achievement. With respect to these components, table 3 accordingly shows theoretical values or payment amounts.

Under IFRS 2, remuneration settled in shares is recognised without any impact on equity and in respect of their future development in 2015 to 2017, at their original value at the grant date at the start of 2014. The Bank has since 2014 striven not to actually issue shares, but rather to make cash remuneration based on virtual shares the standard. It is therefore unlikely that any remuneration settled in shares will take place in respect of 2014. Accordingly, pursuant to IFRS 2, all share-based remuneration components are reported at their actual expected value as share-based remuneration settled in cash (see next paragraph) and no longer – as in the previous year – as remuneration settled in shares. In the previous year, these amounts totalled €4,187 thousand, of which €706 thousand was for Martin Blessing, €475 thousand for Martin Zielke, €451 thousand each for Frank Annuscheit and Michael Reuther, €434 thousand each for Jochen Klösges and Ulrich Sieber, €428 thousand for Dr. Stefan Schmittmann and €404 thousand each for Markus Beumer and Stephan Engels.

The cash-settled share-based payments taken through profit and loss pursuant to IFRS 2 for 2014 also included the remuneration components classified the previous year as remuneration settled in shares and are therefore higher than in the previous year. For 2014, they totalled €3,368 thousand, of which €771 thousand was for Martin Blessing, €452 thousand for Frank Annuscheit, €441 thousand each for Dr. Stefan Schmittmann and Martin Zielke, €429 thousand for Michael Reuther and €417 thousand each for Markus Beumer and Stephan Engels; in the previous year, the total was €145 thousand, of which €0 was for Martin Blessing in light of his waiver, €19 thousand each for Frank Annuscheit, Michael Reuther and Martin Zielke, €18 thousand each for Jochen Klösges, Dr. Stefan Schmittmann and Ulrich Sieber, and €17 thousand each for Markus Beumer and Stephan Engels.

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 1.5% and 5.5%, for amounts overdrawn in certain cases up to 15.4%. 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 €3,165 thousand compared with €3,822 thousand in the previous year. With the exception of rental guarantees, Commerzbank Group companies did not enter into any contingent liabilities in favour of members of the Board of Managing Directors in the year under review.

Details of remuneration of the Board of Managing Directors in accordance with the German Corporate Governance Code

Under 4.2.5 of the 24 June 2014 edition of the German Corporate Governance Code, which is fleshed out by means of model tables appended to the Code, the benefits granted (target figures or assumptions) in the year under review and the allocation made (actual payouts made for the reporting year) should be reported for each member of the Board of Managing Directors. The benefits and allocations should be broken down into fixed remuneration, fringe benefits, one-year and multi-year variable remuneration and service cost within the meaning of IAS 19.

Table 4 implements these recommendations; however, for reasons of clarity, they are summarised in a single table.

Non-share-based one-year remuneration components (STI 2014 and STI 2013 in cash) and non-share-based multi-year remuneration components (LTI 2014 and LTI 2013 in cash) are, in accordance with the Code, stated in the benefits table assuming 100% goal achievement in each case. These values are considerably higher than those currently expected.

The partial waiver by members of the Board of Managing Directors of variable remuneration for 2014 described above under the heading "Partial waiver by members of the Board of Managing Directors of variable remuneration for 2014" only impacts remuneration where the variable remuneration of a member of the Board of Managing Directors exceeds a ratio of fixed to variable remuneration of 1:1. The allocations for financial year 2014 for the individual variable components are below this 1:1 ratio. Except for Martin Blessing, the partial waiver affects only the theoretical maximum amounts in the table and not the variable remuneration allocated for 2014.

Table 3

Remuneration of the individual members of the Board of Managing Directors for 2014 and in comparison with 2013

		Fixed components				Performance-related components with 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]		Variable remuneration with settlement in shares[5]	
						dependent on EVA target achievement	dependent on achievement of individual targets	dependent on EVA target achievement	dependent on achievement of individual targets
Martin Blessing	2014	1,313	–	–	73	35	201	110	175
	2013	1,313	–	–	68	–	–	–	–
Frank Annuscheit	2014	750	–	–	57	20	120	63	100
	2013	750	–	–	50	32	120	22	100
Markus Beumer	2014	750	–	–	38	20	105	63	100
	2013	750	–	–	40	32	100	22	100
Stephan Engels	2014	750	41	−41	69	20	105	63	100
	2013	750	41	−41	66	32	100	22	100
Jochen Klösges	2014[1]	–	–	–	–	–	–	–	–
	2013	750	–	–	36	32	113	22	100
Michael Reuther	2014	750	–	–	70	20	110	63	100
	2013	750	–	–	71	32	120	22	100
Dr. Stefan Schmittmann	2014	750	–	–	49	20	115	63	100
	2013	750	–	–	50	32	110	22	100
Ulrich Sieber	2014[1]	–	–	–	–	–	–	–	–
	2013	750	36	−36	54	32	113	22	100
Martin Zielke	2014	750	–	–	68	20	115	63	100
	2013	750	–	–	59	32	130	22	100
Total	**2014**	**5,813**	**41**	**−41**	**424**	**155**	**871**	**488**	**775**
	2013	**7,313**	**77**	**−77**	**494**	**256**	**906**	**176**	**800**

[1] Jochen Klösges and Ulrich Sieber stepped down from the Board of Managing Directors on 31 December 2013.
[2] The remuneration accruing to an individual member of the Board of Managing Directors arising from Group mandates is netted against the total remuneration paid to that member of the Board of Managing Directors in the following year.
[3] The heading "Other" includes non-monetary benefits granted in the year under review, tax due on non-monetary benefits and employer contributions to the BVV occupational retirement fund.
[4] Payable in the subsequent year upon approval of the annual financial statements for the financial year just ended. "EVA goal achievement" describes the level of achievement of an economic value added target set by the Supervisory Board for the Commerzbank Group before the start of the financial year.
[5] The remuneration is initially calculated as provisional payout sums. The number of shares to be granted is then calculated by dividing the provisional payout sums by a future average share price. Under DRS 17, these remuneration components are presented irrespective of their actual performance at the goal achievement originally expected when they were granted at the beginning of the year.

€1,000		Performance-related components with long-term incentive (LTI)				
		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	2014	–	263	241	263	**2,674**
	2013	–	–	–	–	**1,381**
Frank Annuscheit	2014	–	150	138	150	**1,548**
	2013	–	150	118	150	**1,492**
Markus Beumer	2014	–	150	138	150	**1,514**
	2013	–	150	118	150	**1,462**
Stephan Engels	2014	–	150	138	150	**1,545**
	2013	–	150	118	150	**1,488**
Jochen Klösges	2014[1]	–	–	–	–	**–**
	2013	–	150	118	150	**1,471**
Michael Reuther	2014	–	150	138	150	**1,551**
	2013	–	150	118	150	**1,513**
Dr. Stefan Schmittmann	2014	–	150	138	150	**1,535**
	2013	–	150	118	150	**1,482**
Ulrich Sieber	2014[1]	–	–	–	–	**–**
	2013	–	150	118	150	**1,489**
Martin Zielke	2014	–	150	138	150	**1,554**
	2013	–	150	118	150	**1,511**
Total	**2014**	**–**	**1,163**	**1,069**	**1,163**	**11,921**
	2013	**–**	**1,200**	**944**	**1,200**	**13,289**

[6] The payments depend in particular on how economic value added (EVA) performs over a four-year period and are made subject to approval of the annual financial statements for the final year of this four-year period in the subsequent year; e.g. for financial year 2014 and the four-year period 2014–2017, this will take place in 2018.
The possible payout ranges for financial year 2014 are between €0 and €300 thousand for a member of the Board of Managing Directors and between €0 and €525 thousand for the Chairman of the Board of Managing Directors, whereby in relation to the total amount of fixed remuneration, the partial waiver by all members of the Board of Managing Directors in respect of amounts in excess of a 1:1 ratio between fixed and variable remuneration must be borne in mind.
As a consequence of the limiting of Board of Managing Directors' remuneration in 2010 and 2011 and the waiving by members of the Board of Managing Directors of their entitlement to EVA-based components for financial year 2012, no payments in respect of these components will be made before 2017.

[7] Total payments pursuant to DRS 17 include share-based and/or share price-dependent remuneration components in the event that the goal achievement expected at the time of grant materialises. By contrast, total payments pursuant to DRS 17 do not include possible long-term variable remuneration paid in cash, only actual payments received (see footnote 6).

Table 4

Martin Blessing
Chairman
Central & Eastern Europe

	Benefits granted				Allocation	
€1,000	2014	Minimum value	Maximum value	2013[1]	2014	2013
Fixed remuneration	1,313	1,313	1,313	1,313	1,313	1,313
Accessory considerations	73	73	73	68	73	68
Total	**1,386**	**1,386**	**1,386**	**1,381**	**1,386**	**1,381**
One year variable remuneration[2]	**350**	**0**	**700**	**350**	**236**	**0**
Multi-year variable remuneration[2, 3]	**1,314**	**0**	**2,800**	**1,209**	**0**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	0	–
STI 2013 in shares (up to Q1/2015)	–	–	–	214	–	–
STI 2014 in shares (up to Q1/2016)[4]	285	0	700	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	525	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	470	–	–
LTI 2014 in cash (up to 31.12.2017)	525	0	1,050	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	504	0	1,050	–	–	–
Partial waiver of variable remuneration[5]	**–164**	**–**	**–2,000**	**–**	**–**	**–**
Total	**2,886**	**1,386**	**2,886**	**2,940**	**1,622**	**1,381**
Pension cost	434	434	434	455	434	455
Total remuneration	**3,320**	**1,820**	**3,320**	**3,395**	**2,056**	**1,836**

Frank Annuscheit
Chief Operating Officer
Human Resources

	Benefits granted				Allocation	
€1,000	2014	Minimum value	Maximum value	2013	2014	2013
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	57	57	57	50	57	50
Total	**807**	**807**	**807**	**800**	**807**	**800**
One year variable remuneration[2]	**200**	**0**	**400**	**200**	**140**	**152**
Multi-year variable remuneration[3]	**751**	**0**	**1,600**	**690**	**59**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	59	–
STI 2013 in shares (up to Q1/2015)	–	–	–	122	–	–
STI 2014 in shares (up to Q1/2016)[4]	163	0	400	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	300	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	268	–	–
LTI 2014 in cash (up to 31.12.2017)	300	0	600	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	288	0	600	–	–	–
Partial waiver of variable remuneration	**0**	**–**	**–1,000**	**–**	**–**	**–**
Total	**1,758**	**807**	**1,807**	**1,690**	**1,006**	**952**
Pension cost	386	386	386	405	386	405
Total remuneration	**2,144**	**1,193**	**2,193**	**2,095**	**1,392**	**1,357**

For footnotes see page 42.

Table 4 (continuation)

Markus Beumer
Mittelstandsbank, Non-Core Assets
(Deutsche Schiffsbank and Commercial Real Estate)

€1,000	Benefits granted 2014	Minimum value	Maximum value	2013	Allocation 2014	2013
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	38	38	38	40	38	40
Total	**788**	**788**	**788**	**790**	**788**	**790**
One year variable remuneration[2]	**200**	**0**	**400**	**200**	**125**	**132**
Multi-year variable remuneration[3]	**751**	**0**	**1,600**	**690**	**76**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	76	–
STI 2013 in shares (up to Q1/2015)	–	–	–	122	–	–
STI 2014 in shares (up to Q1/2016)[4]	163	0	400	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	300	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	268	–	–
LTI 2014 in cash (up to 31.12.2017)	300	0	600	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	288	0	600	–	–	–
Partial waiver of variable remuneration	**0**	**–**	**–1,000**	**–**	**–**	**–**
Total	**1,739**	**788**	**1,788**	**1,680**	**989**	**922**
Pension cost	353	353	353	372	353	372
Total remuneration	**2,092**	**1,141**	**2,141**	**2,052**	**1,342**	**1,294**

Stephan Engels
Chief Financial Officer

€1,000	Benefits granted 2014	Minimum value	Maximum value	2013	Allocation 2014	2013
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	69	69	69	66	69	66
Total	**819**	**819**	**819**	**816**	**819**	**816**
One year variable remuneration[2]	**200**	**0**	**400**	**200**	**125**	**132**
Multi-year variable remuneration[3]	**751**	**0**	**1,600**	**690**	**48**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	48	–
STI 2013 in shares (up to Q1/2015)	–	–	–	122	–	–
STI 2014 in shares (up to Q1/2016)[4]	163	0	400	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	300	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	268	–	–
LTI 2014 in cash (up to 31.12.2017)	300	0	600	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	288	0	600	–	–	–
Partial waiver of variable remuneration	**0**	**–**	**–1,000**	**–**	**–**	**–**
Total	**1,770**	**819**	**1,819**	**1,706**	**992**	**948**
Pension cost	316	316	316	333	316	333
Total remuneration	**2,086**	**1,135**	**2,135**	**2,039**	**1,308**	**1,281**

For footnotes see page 42.

Table 4 (continuation)

Jochen Klösges
Member of the Board of Managing Directors until 31.12.2013

€1,000	Benefits granted 2014[6]	Minimum value	Maximum value	2013	Allocation 2014[7]	2013
Fixed remuneration	–	–	–	750	–	750
Accessory considerations	–	–	–	36	–	36
Total	**–**	**–**	**–**	**786**	**–**	**786**
One year variable remuneration[2]	**–**	**–**	**–**	**200**	**–**	**145**
Multi-year variable remuneration[3]	**–**	**–**	**–**	**690**	**47**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	47	–
STI 2013 in shares (up to Q1/2015)	–	–	–	122	–	–
STI 2014 in shares (up to Q1/2016)[4]	–	–	–	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	300	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	268	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	–	–	–	–	–	–
Partial waiver of variable remuneration	**–**	**–**	**–**	**–**	**–**	**–**
Total	**–**	**–**	**–**	**1,676**	**47**	**931**
Pension cost	–	–	–	399	–	399
Total remuneration	**–**	**–**	**–**	**2,075**	**47**	**1,330**

Michael Reuther
Corporates & Markets,
Non-Core Assets (Public Finance)

€1,000	Benefits granted 2014	Minimum value	Maximum value	2013	Allocation 2014	2013
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	70	70	70	71	70	71
Total	**820**	**820**	**820**	**821**	**820**	**821**
One year variable remuneration[2]	**200**	**0**	**400**	**200**	**130**	**152**
Multi-year variable remuneration[3]	**751**	**0**	**1,600**	**690**	**59**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	59	–
STI 2013 in shares (up to Q1/2015)	–	–	–	122	–	–
STI 2014 in shares (up to Q1/2016)[4]	163	0	400	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	300	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	268	–	–
LTI 2014 in cash (up to 31.12.2017)	300	0	600	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	288	0	600	–	–	–
Partial waiver of variable remuneration	**0**	**–**	**–1,000**	**–**	**–**	**–**
Total	**1,771**	**820**	**1,820**	**1,711**	**1,009**	**973**
Pension cost	438	438	438	450	438	450
Total remuneration	**2,209**	**1,258**	**2,258**	**2,161**	**1,447**	**1,423**

For footnotes see page 42.

Table 4 (continuation)

Dr. Stefan Schmittmann
Chief Risk Officer

€1,000	Benefits granted				Allocation	
	2014	Minimum value	Maximum value	2013	2014	2013
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	49	49	49	50	49	50
Total	**799**	**799**	**799**	**800**	**799**	**800**
One year variable remuneration[2]	**200**	**0**	**400**	**200**	**135**	**142**
Multi-year variable remuneration[3]	**751**	**0**	**1,600**	**690**	**53**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	53	–
STI 2013 in shares (up to Q1/2015)	–	–	–	122	–	–
STI 2014 in shares (up to Q1/2016)[4]	163	0	400	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	300	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	268	–	–
LTI 2014 in cash (up to 31.12.2017)	300	0	600	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	288	0	600	–	–	–
Partial waiver of variable remuneration	**0**	**–**	**–1,000**	**–**	**–**	**–**
Total	**1,750**	**799**	**1,799**	**1,690**	**987**	**942**
Pension cost	612	612	612	627	612	627
Total remuneration	**2,362**	**1,411**	**2,411**	**2,317**	**1,599**	**1,569**

Ulrich Sieber
Member of the Board of Managing Directors until 31.12.2013

€1,000	Benefits granted				Allocation	
	2014[6]	Minimum value	Maximum value	2013	2014[7]	2013
Fixed remuneration	–	–	–	750	–	750
Accessory considerations	–	–	–	54	–	54
Total	**–**	**–**	**–**	**804**	**–**	**804**
One year variable remuneration[2]	**–**	**–**	**–**	**200**	**–**	**145**
Multi-year variable remuneration[3]	**–**	**–**	**–**	**690**	**59**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	59	–
STI 2013 in shares (up to Q1/2015)	–	–	–	122	–	–
STI 2014 in shares (up to Q1/2016)[4]	–	–	–	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	300	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	268	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	–	–	–	–	–	–
Partial waiver of variable remuneration	**–**	**–**	**–**	**–**	**–**	**–**
Total	**–**	**–**	**–**	**1,694**	**59**	**949**
Pension cost	–	–	–	381	–	381
Total remuneration	**–**	**–**	**–**	**2,075**	**59**	**1,330**

For footnotes see page 42.

Table 4 (continuation)

Martin Zielke
Private Customers

	Benefits granted				Allocation	
€1,000	2014	Minimum value	Maximum value	2013	2014	2013
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	68	68	68	59	68	59
Total	**818**	**818**	**818**	**809**	**818**	**809**
One year variable remuneration[2]	**200**	**0**	**400**	**200**	**135**	**162**
Multi-year variable remuneration[3]	**751**	**0**	**1,600**	**690**	**53**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	53	–
STI 2013 in shares (up to Q1/2015)	–	–	–	122	–	–
STI 2014 in shares (up to Q1/2016)[4]	163	0	400	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	300	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	268	–	–
LTI 2014 in cash (up to 31.12.2017)	300	0	600	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	288	0	600	–	–	–
Partial waiver of variable remuneration	**0**	**–**	**–1,000**	**–**	**–**	**–**
Total	**1,769**	**818**	**1,818**	**1,699**	**1,006**	**971**
Pension cost	456	456	456	478	456	478
Total remuneration	**2,225**	**1,274**	**2,274**	**2,177**	**1,462**	**1,449**

[1] Martin Blessing, Chairman of the Board of Managing Directors, has waived all entitlement to variable remuneration for 2012 and 2013. Nevertheless, under the rules of the German Corporate Governance Code, the benefits granted should state the amounts originally granted at the start of 2013 and the corresponding target amounts.

[2] The one-year variable remuneration consists of the STI in cash, which is paid out the following year. All other variable remuneration components are shown under multi-year variable remuneration because their measurement periods do not end on the corresponding reporting date.

[3] The terms of each cash component end on 31 December. However, the German Corporate Governance Code requires the actual allocation in the following year to be stated for the financial year just ended, as with one-year variable remuneration. The share components, on the other hand, take account of price performance not only in the following year but also in subsequent years until the payment date, and as such can only be reported as an allocation for that year.

[4] The maximum amounts stated for the STI and LTI 2014 in shares could theoretically be exceeded if the share price rises in the last 12 months before payment. However, in view of the partial waivers, this would have no impact on the maximum total remuneration, even in the event of 200% goal achievement.

[5] In respect of the partial waiver, the maximum amounts assumed for fixed remuneration are €1.5m for the Chairman of the Board of Managing Directors and €1m for the other members of the Board of Managing Directors. As these amounts are below the fixed remuneration actually paid, the partial waiver exceeds the legal requirements. As such, the partial waiver of the Chairman of the Board of Managing Directors affects the benefits granted under the German Corporate Governance Code, not the allocations (actual payouts) for 2014.

[6] Benefits granted are stated only for active members of the Board of Managing Directors. Payments made under a contractual continuation of payment are reported under remuneration of former members of the Board of Managing Directors (see Notes).

[7] The allocations to be stated here for Jochen Klösges and Ulrich Sieber in 2014 relate exclusively to deferred variable remuneration from 2012. Jochen Klösges and Ulrich Sieber also received payments made under a contractual continuation of payment, reported as a total under remuneration of former members of the Board of Managing Directors (see Notes).

New Board of Managing Directors remuneration system from 1 January 2015

In December 2014, the Supervisory Board ratified a new remuneration system for the members of the Board of Managing Directors. It had become necessary to introduce a new system from 2015 in order to bring the remuneration of the Board of Managing Directors into line with new and/or amended rules under CRD IV, the Banking Remuneration Regulation and the German Banking Act. The existing system also needed to be simplified, so as to improve its transparency and its clarity in respect of success measurement. The new remuneration system is to be introduced with retroactive effect from 1 January 2015. In designing the new remuneration system, the Supervisory Board drew on the support of the Remuneration Control Committee established in 2014. The committee's tasks include preparing resolutions of the Supervisory Board on the appropriate design of the remuneration system for the Board of Managing Directors. In so doing, it considers the impact of these resolutions on the Bank's risks and risk management and takes particular account of the interests of shareholders and investors. Under the recommendations of the German Corporate Governance Code, the Supervisory Board must consider the appropriateness of the remuneration, both in a cross-comparison with competitors and a vertical comparison with the remuneration of senior management and employee pay in Germany.

Main features of the new remuneration system for the Board of Managing Directors of Commerzbank Aktiengesellschaft The core elements of the new remuneration system are a fixed basic annual salary plus variable remuneration with a uniform target amount. The existing division of variable remuneration into multiple amounts with different targets and different measurement periods (Short Term Incentive and a Long Term Incentive) is being discontinued. Provided that the 2015 Annual General Meeting agrees the upper limit for variable remuneration of 140% of fixed remuneration, the basic annual salary of the ordinary members of the Board of Managing Directors will remain at €750 thousand and the target amount for variable remuneration will also remain unchanged at €1,000,000 per financial year. If the 2015 Annual General Meeting does not pass such a resolution and the upper limit for variable remuneration of 100% of fixed remuneration in accordance with Art. 25a (5) of the German Banking Act applies, the basic annual salary of the ordinary members of the Board of Managing Directors will be increased to €875 thousand with retroactive effect from January 2015 and the target amount for variable remuneration in the event of 100% goal achievement will be lowered to €806,040 in order to comply with this cap.

Under the old remuneration model, the weighting in the event of 100% goal achievement was 43% fixed remuneration to 57% variable remuneration (23 percentage points short-term and 34 percentage points long-term variable remuneration). If the Annual General Meeting agrees to raise the upper limit for variable remuneration, the ratio of fixed to variable remuneration will remain unchanged. If the 2015 Annual General Meeting does not agree to raise the upper limit for variable remuneration of the members of the Board of Managing Directors, the ratio would be 52% fixed salary to 48% variable remuneration (19 percentage points payable in the year it was set and 29 percentage points after the end of a retention period).

› **Fixed remuneration components** The fixed remuneration components include the basic annual salary and non-monetary elements. The basic annual salary remains at €750 thousand or, if the upper limit on the ratio variable to fixed remuneration is not raised, €875 thousand. It is payable in twelve equal monthly instalments at the beginning of the month. The non-monetary elements mainly consist of the use of a company car with driver, security measures and insurance contributions, as well as tax contributions thereon.

› **Performance-related remuneration components** The new remuneration system provides for a single uniform variable remuneration component linked to goals set at the start of the financial year, with a target value of €1,000,000 (or €806,040 if the upper limit on variable remuneration is not raised). Measurement of goal achievement for the company objectives is 70% based on the Group's commercial success, measured using economic value added (EVA), and 30% based on the results and goal achievement of the department for which the member of the Board of Managing Directors in question is responsible. The Group and department results are multiplied by a factor of between 0.7 and 1.3, depending on the individual performance of the member of the Board of Managing Directors in question. The target value of the variable remuneration will be paid if goal achievement by the Group and the department is 100% and the individual goal achievement is also 100%, producing a factor of 1.0. Goal achievement by the Group and the department in question is determined retrospectively over a weighted three-year measurement period, whereby the performance year to be evaluated is multiplied by three, the previous year by two and the year before that by one. The Supervisory Board sets target amounts for Group and department EVA prior to the beginning of the financial year; these amounts correspond to goal achievement of 100%. It also stipulates the levels of goal achievement to which that EVA values above and below this correspond. Goal achievement for the Group, the department and the individual performance can be between 0% and 200%; however, overall goal achievement is limited to 150% of the target amount for variable remuneration, even taking account of the factor measuring individual performance.

Variable remuneration will only be applied in the event of a positive overall performance by the Group in the performance year.

The Supervisory Board has also reserved the right to resolve to reduce or fully cancel the variable remuneration determined in accordance with the criteria described above, for example if the Bank's risk-bearing capacity, its capital or liquidity resources or its ability to meet the capital buffer requirements of the German Banking Act do not meet certain predefined levels.

40% of the variable remuneration is payable in the year in which it is determined, half in cash and the other half, after a 12-month waiting period, also in cash but share-based, i.e. linked to Commerzbank's share price performance during this waiting period. Of the remaining 60% of variable remuneration, half is payable in cash at the end of a five-year retention period and half after expiry of this retention period plus a further 12-month waiting period, in cash but share-based. However, this only applies if the Supervisory Board has not concluded in a retrospective performance evaluation at the end of the five-year retention period that the claim to the deferred variable remuneration needs to be reduced or cancelled. This would be the case, for example, if facts subsequently come to light that show the original determination to be incorrect, if the Bank's capital adequacy has significantly deteriorated or if the Bank's financial position at the time of the retrospective performance evaluation or at the end of the ensuing waiting period precludes payment. Unlike the old remuneration system, the new remuneration model for members of the Board of Managing Directors no longer includes an obligation to invest parts of the variable remuneration in Commerzbank shares.

Remuneration of the Chairman of the Board of Managing Directors If the upper limit for the ratio of fixed to variable remuneration is raised to 140%, the Chairman of the Board of Managing Directors will under the new remuneration system continue to receive 1.75 times the basic annual salary of an ordinary member of the Board of Managing Directors, i.e. €1,312,500. The target amount for variable remuneration in this case would be €1,628,640, and thus 1.63 times the target amount for an ordinary member of the Board of Managing Directors. If the Annual General Meeting does not pass the resolution to approve a higher ratio of variable to fixed remuneration, the fixed salary will be increased to €1,575,000 and the target amount for variable remuneration reduced to €1,338,300 (which equates to 1.66 times that of an ordinary member of the Board of Managing Directors).

Remuneration for serving on the boards of consolidated affiliated companies As under the old remuneration system for the Board of Managing Directors, the remuneration accruing to an individual member of the Board of Managing Directors from serving on the boards of consolidated affiliated companies counts towards the total remuneration paid to that member of the Board of Managing Directors.

Pension provision The rules on pension provision for members of the Board of Managing Directors have been amended only insofar as in future, increases in the fixed basic annual salary will no longer automatically translate into increased pension entitlements; these will require the express approval of the Supervisory Board.

Rules for termination of office Compared with the current remuneration system of the Board of Managing Directors, the new system provides clarity over how to measure the variable remuneration for periods in which the term of office is ended before the end of the contract of employment. In this case, from the moment the term of office is ended, the average goal achievement of the other members of the Board of Managing Directors will be used in future for the applicable performance year; however, the retrospective performance evaluation at the end of the retention period, as described in the paragraph "Performance-related remuneration components", remains fully available. For periods for which goal achievement has already been calculated before the termination of office, the member of the Board of Managing Directors receives this variable remuneration, which again is subject to retrospective performance evaluation. As before, a member of the Board of Managing Directors will under the future remuneration system receive no variable remuneration for the last year of his/her period of office if the conditions apply for extraordinary termination of the employment contract pursuant to Art. 626 of the German Civil Code upon termination of office or non-extension of an appointment. In future, this will also apply where a member of the Board of Managing Directors resigns his/her mandate without good cause triggered by the Bank. The same applies to the fixed basic annual salary from the end of the month in which the period of office ends.

Supervisory Board

Principles of the remuneration system and remuneration for financial year 2014

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 and has remained unchanged since then. 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 thousand per year and
- a variable bonus of €3 thousand 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 €1.5 thousand 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.

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

Table 5

€1,000		Fixed remuneration	Variable remuneration	Attendance fee	Total
Klaus-Peter Müller	2014	200.0	–	31.5	231.5
	2013	200.0	–	36.0	236.0
Uwe Tschäge	2014	117.7	–	22.5	140.2
	2013	100.0	–	24.0	124.0
Hans-Hermann Altenschmidt	2014	80.0	–	30.0	110.0
	2013	80.0	–	34.5	114.5
Dr.-Ing. Burckhard Bergmann	2014	–	–	–	–
(until 19 April 2013)	2013	12.0	–	4.5	16.5
Dr. Nikolaus von Bomhard	2014	40.0	–	10.5	50.5
	2013	40.0	–	13.5	53.5
Karin van Brummelen	2014	–	–	–	–
(until 19 April 2013)	2013	18.0	–	10.5	28.5
Gunnar de Buhr	2014	60.0	–	19.5	79.5
(since 19 April 2013)	2013	42.0	–	13.5	55.5
Stefan Burghardt	2014	40.0	–	10.5	50.5
(since 19 April 2013)	2013	28.0	–	10.5	38.5
Karl-Heinz Flöther	2014	73.5	–	25.5	99.0
(since 19 April 2013)	2013	46.3	–	15.0	61.3
Uwe Foullong	2014	–	–	–	–
(until 19 April 2013)	2013	12.0	–	3.0	15.0
Daniel Hampel	2014	–	–	–	–
(until 19 April 2013)	2013	12.0	–	6.0	18.0
Dr.-Ing. Otto Happel	2014	–	–	–	–
(until 19 April 2013)	2013	12.0	–	1.5	13.5
Beate Hoffmann	2014	–	–	–	–
(until 19 April 2013)	2013	12.0	–	6.0	18.0
Prof. Dr.-Ing. Dr.-Ing. E. h.	2014	21.2	–	4.5	25.7
Hans-Peter Keitel	2013	60.0	–	16.5	76.5
(until 8 May 2014)					
Dr. Markus Kerber	2014	80.0	–	24.0	104.0
(since 19 April 2013)	2013	56.0	–	15.0	71.0
Alexandra Krieger	2014	40.0	–	12.0	52.0
	2013	40.0	–	15.0	55.0

Table 5 (continuation)

€1,000		Fixed remuneration	Variable remuneration	Attendance fee	Total
Oliver Leiberich (since 19 April 2013)	2014 2013	40.0 28.0	– –	12.0 9.0	52.0 37.0
Dr. Stephan Lippe (since 8 May 2014)	2014 2013	32.3 –	– –	9.0 –	41.3 –
Dr. h.c. Edgar Meister (until 19 April 2013)	2014 2013	– 24.0	– –	– 12.0	– 36.0
Beate Mensch (since 19 April 2013)	2014 2013	40.0 28.0	– –	9.0 4.5	49.0 32.5
Prof. h.c. (CHN) Dr. rer. oec. Ulrich Middelmann (until 2 July 2013)	2014 2013	– 30.2	– –	– 13.5	– 43.7
Dr. Roger Müller (since 3 July 2013)	2014 2013	40.0 19.8	– –	12.0 7.5	52.0 27.3
Dr. Helmut Perlet	2014 2013	100.0 100.0	– –	27.0 25.5	127.0 125.5
Barbara Priester	2014 2013	40.0 40.0	– –	10.5 15.0	50.5 55.0
Mark Roach	2014 2013	40.0 40.0	– –	12.0 15.0	52.0 55.0
Petra Schadeberg-Herrmann (since 19 April 2013)	2014 2013	53.5 42.0	– –	15.0 10.5	68.5 52.5
Dr. Marcus Schenck (until 10 September 2013)	2014 2013	– 41.5	– –	– 9.0	– 50.5
Margit Schoffer (since 19 April 2013)	2014 2013	60.0 42.0	– –	21.0 13.5	81.0 55.5
Astrid Schubert (until 19 April 2013)	2014 2013	– 12.0	– –	– 6.0	– 18.0
Nicholas Teller (since 8 May 2014)	2014 2013	32.3 –	– –	10.5 –	42.8 –
Dr. Gertrude Tumpel-Gugerell	2014 2013	60.0 60.0	– –	19.5 25.5	79.5 85.5
Solms U. Wittig (since 11 September 2013 until 8. Mai 2014)	2014 2013	14.1 12.2	– –	4.5 4.5	18.6 16.7
Total	**2014** **2013**	**1,304.6** **1,290.0**	**–** **–**	**352.5** **396.0**	**1,657.1** **1,686.0**

As Commerzbank is not paying a dividend for financial year 2014, there is no variable remuneration for 2014. Members of the Supervisory Board received total net remuneration for financial year 2014 of €1,657 thousand (previous year: €1,686 thousand). Of this figure, the basic remuneration and remuneration for serving on committees amounted to €1,305 thousand (previous year: €1,290 thousand) and attendance fees to €352 thousand (previous year: €396 thousand). 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.

Members of the Supervisory Board once again provided no advisory, intermediary or other personal services in 2014. 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 2047 and at interest rates ranging between 2.3% and 5.1%, and on amounts overdrawn in certain cases up to 11.8%. 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 €563 thousand; in the previous year, the figure was €592 thousand. Commerzbank Group companies did not enter into any contingent liabilities in favour of 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. 15a 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 thousand per annum and upwards must be reported imme-diately 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 2014, members of Commerzbank's Board of Managing Directors (BMD) and Supervisory Board (SB) reported directors' dealings in Commerzbank shares or derivatives thereon:[1]

Table 6

Date	Disclosing party	Relation	Participant	Purchase/ Sale	Amount	Price €	Transaction volume | €
17.12.2014	Leiberich, Oliver		Member of SB	Purchase	524.00	10.755	5,635.62

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 2014.

Frankfurt am Main

Commerzbank Aktiengesellschaft
The Board of Managing Directors The Supervisory Board

[1] The directors' dealings were published on Commerzbank's website under "Directors' Dealings" during the year under review.

Details pursuant to Art. 315 of the German Commercial Code (HGB)

Details pursuant to Art. 315 (4) of the German Commercial Code (HGB) 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, 53a et seq., 118 et seq. and 186 of the German Stock Corporation Act (Aktiengesetz, AktG). The share capital of the company totalled €1,138,506,941.00 at the end of the financial year. It is divided into 1,138,506,941 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 (5) (Authorised Capital 2012/I) of the Articles of Association applicable on 31 December 2014. 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.

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 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 up to €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.

On the basis of the undertaking declared under agenda item 10 of the invitation to the Annual General Meeting of 19 April 2013, the Board of Managing Directors will make use of the above-mentioned approved capital and the conditional capital 2012/I during their terms and with the consent of the Supervisory Board only up to a maximum of 50% of the above-mentioned share capital.

For details of the authorised capital and conditional capital, particularly regarding maturities and terms and conditions of exercise, please refer to the explanations in Notes 74 and 75.

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 the Board of Directors to purchase and sell Commerzbank shares for the purpose of securities trading, pursuant to Art. 71 (1) No. 7 of the German Stock Corporation Act 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.

Equity holdings that exceed 10% of the voting rights

According to the notification of voting rights dated 4 June 2013, the Financial Market Stabilisation Fund holds a stake of 17.15% in the voting capital of Commerzbank AG.

There are no further facts that need to be declared under Art. 315 (4) of the German Commercial Code.

Details pursuant to Art. 315 (2) no. 5 of the German Commercial Code (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 107 to 144.

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, 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 minimises 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 cannot entirely rule out errors or fraud, and as such offer sufficient certainty but never absolute certainty.

Legal basis and guidelines

Art. 315 (2) No. 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
- and 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
- 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.

In accordance with the Minimum Requirements for Risk Management (MaRisk), responsibility for implementing, executing, applying, refining and reviewing the Bank's ICS lies primarily with the Board of Managing Directors; while the CFO is responsible for the reporting process. 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 ICS and ensuring that it is effective for financial reporting. He is responsible for the design of the ICS through appropriate and effective control steps and for embedding these into the various processes. The CFO is also responsible for ensuring that the parent company and Group financial statements are properly prepared.

The Supervisory Board is supported in its oversight of the financial reporting primarily by the Audit Committee set up for this purpose. It provides support in monitoring the accounting process and the effectiveness of the risk management system (especially the internal control system), compliance and internal audit. It also provides support in monitoring the performance of the annual audit, particularly with regard to the independence of the auditor and the services provided by the auditor. The Audit Committee also monitors prompt remediation of deficiencies identified by the auditor.

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 Finance (GM-F), which reports directly to the CFO, is responsible for ensuring that the financial statements are drawn up in compliance with the relevant laws and internal and external guidelines.

Within GM-F, Accounting Policies & Guidelines is the department responsible for drawing up Group-wide accounting guidelines and communicating them over the intranet. Implementation of these accounting guidelines supports consistent and correct reporting across the Group.

GM-F is supported in producing financial statements by other Group 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 evaluate the compliance, security and cost-effectiveness of Commerzbank's business processes and flag up potential for optimisation. GM-A supports the Board of Managing Directors by evaluating the appropriateness and effectiveness of risk management, the internal control system and business processes, providing support on key projects in an internal auditing capacity and issuing recommendations. In doing so, it contributes to the security of business processes and assets.

GM-A is directly accountable to the Board of Managing Directors and reports to that body. It performs its functions autonomously and independently. With regard to reporting and the assessment of audit results, it is not subject to any directives. Based on MaRisk, GM-A'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. GM-A's activities complement the work of the subsidiaries' audit departments within the framework of Group risk management. Auditing the suitability and effectiveness of the ICS covers the risk management and controlling systems, reporting, IT 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 an online data entry functionality directly into SAP EC-CS consolidation software, which has been adapted to 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, the individual reports can be finalised. Further plausibility checks are carried out using this data in GM-F. After these controls have been successfully completed, the Commerzbank Aktiengesellschaft parent company financial statements are drawn up and all the necessary steps are taken to produce the consolidated Commerzbank Group 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. The CEI is based on the GM-F "process map". This is a top-down representation of all key processes, which is refined with descriptions of procedures and in which the risks in relation to the reliability of financial reporting are determined, applying 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 notes to the financial statements: occurrence, rights and obligations, completeness, reporting and comprehensibility, accuracy and measurement.

Suitable controls are implemented to minimise the risks identified, and these in turn are also assigned to the ISA 315 categories and their various aspects. 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.

In respect of financial reporting, the ICS is strengthened through regular assessment of the effectiveness and efficiency of key controls and regular checks on how controls are implemented.

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

Other

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

Corporate Responsibility

64%

Further progress on reducing greenhouse gas emissions

€4.6bn

Expansion of the loan portfolio in renewable energy

12%

Decrease in annual energy consumption

No. 1

Became the only German bank in the CPLI in 2014

Commitment with impact

Commerzbank was added to the highly respected Climate Performance Leadership Index 2014 (CPLI) in October, and is Germany's only banking representative. CDP, the independent non-profit organisation behind the index, praised our commitment to the fight against climate change. We are on the home straight in implementing our stated CO_2 reduction target: the latest figures show that CO_2 emissions from banking operations are already 63.7% below the 2007 baseline. We are aiming for a total reduction of 70% by 2020.

Corporate Responsibility

We take our responsibility seriously

Commerzbank firmly believes that long-term economic success is dependent on the careful use of natural resources and preservation of the societal environment. We therefore strive to manage our business sustainably. That is why we have defined areas of action for sustainability management at Commerzbank, describing the primary challenges and establishing a framework for how we respond to these. We want to take every opportunity to avoid risks to our business and seize the potential to steer the business in a future-oriented direction.

Sustainable corporate governance

We consider acting properly and legitimately in all areas of the business as the cornerstone of our corporate responsibility. This includes, for example, preventing and combating financial crime and safeguarding customers' interests in all that we do. As business processes are constantly evolving and new legal requirements coming into force, we are always optimising and refining our compliance-relevant processes. 2014 was dominated, amongst other things, by the conflict between Russia and Ukraine, stricter requirements on the prevention of money laundering and terrorist financing and investigations into suspected price fixing. Accordingly, we focused on optimising processes and systems for complying with economic sanctions and preventing money laundering and terrorist financing, as well as on numerous regulatory projects. Given the constant growth in the volume and complexity of requirements, we have widened our focus to include strengthening our compliance culture, alongside specialist topics.

Reputational Risk Management is another Group unit central to defining the framework for our business activities. In 2014, the department assessed some 5,000 transactions, products and customer relationships, with sustainability a key criterion (2013: 2,800). The sharp increase in assessments is due most notably to the addition of new, sensitive topics and to the widening scope of application. In addition to Mittelstandsbank, the processes of Reputational Risk Management are now fully implemented in Private Customers, Corporates & Markets and Non-Core Assets and in the significant Group companies. Requests that are incompatible with our understanding of corporate responsibility received a negative evaluation due to social, environmental or ethical concerns. Examples include palm oil, mining, wood and textiles. In 2014, Reputational Risk Management also drafted assessment criteria for deliveries of textiles and raw timber.

Added-value products

The growing importance of sustainability is opening up numerous opportunities for Commerzbank: the use of renewable energies and reduction of greenhouse gas emissions require new technologies and products, which incur a lot of investment. At the same time, because of the growing interest in sustainable investment opportunities, we are developing products and services that respond to the change in demand for financing, new earnings opportunities and customer needs.

The turnaround in energy policy initiated by the German government also poses numerous challenges for Commerzbank customers. The Bank-wide "Energiewende@Commerzbank" project is our contribution to making this social project a success and helping our customers fulfil the tasks imposed on them by the energy policy reversal. Commerzbank has been playing a crucial role since the mid-1980s, especially by financing renewable energy projects. In 2014, the Energy Competence Centre's loan portfolio totalled around €4.6bn, compared with €4.5bn in the prior year.

Commerzbank has also been affiliated to the Green Bond Principles of the International Capital Market Association since July 2014. These guidelines define a voluntary standard process for issuing Green Bonds. The aim is to promote standardisation, integrity and transparency in the Green Bond market. Green Bonds enable investors to support sustainable projects by providing funding. As demand for socially responsible investments increases in the coming years, this fledgling market segment will grow further.

Corporate responsibility also means providing our customers with unrestricted access to our services, which is why we go to great lengths to design our branches without barriers. At the start of 2014, 65% of our branches met these requirements. We make sure to provide optimum access for all user groups whenever we renovate a branch or install an ATM. One of Commerzbank's longstanding services is providing personal advice in sign language. Since 2014, around 80% of all Commerzbank ATMs have been speech-enabled for the benefit of partially sighted customers.

› **Sustainable corporate management**
www.commerzbank.com > Our Responsibility > Governance

› **Responsibility for customers**
www.commerzbank.com > Our Responsibility > Market and Clients

Environmental impact

Operational environmental protection and systematic reduction of resource consumption at the Bank are key components of our sustainability concept. In order to reduce Commerzbank's environmental footprint, we continued working on the various measures in our Group-wide climate strategy and on refining our certified environmental management system in 2014. We achieved some excellent successes: the new climate target that Commerzbank defined in 2013, i.e. reducing CO_2 emissions by 70% compared with 2007, had already largely been achieved by the end of 2013, with a reduction of 63.7%. Moreover, Commerzbank entered the renowned Climate Performance Leadership Index (CPLI) in 2014, and is Germany's only banking representative. CDP, the independent non-profit organisation, described Commerzbank as playing "an exemplary role in curbing climate change." CDP assessed the climate data of just under 2,000 listed companies around the world in 2014. In addition to Commerzbank, the CPLI contains another 186 companies, 13 of which are from Germany.

Scope for improvement

The basis for long-term corporate success is dealing with employees fairly and as partners. Our HR work therefore focuses on training and motivating staff. The launch of the Commerzbank Expert Programme offers clearly structured paths for training and development to some 30,000 specialists that reflect their personal objectives and the company's requirements. In addition, the Competence Dialogue introduced in 2014 sets consistent standards across the Bank for discussions between managers and staff on opportunities for training and development. We also optimised our existing part-time working models in 2014. These allow staff to adapt working hours to suit their current personal circumstances. You can find full information on Commerzbank's HR activities on pages 94 onwards of this Annual Report.

Working hard to future-proof society

As part of the community, part of Commerzbank's remit is to positively influence its environment. We champion the common good through numerous cooperation and sponsorship projects, supporting volunteering by staff and the activities of nine foundations. For example, in 2014, for the third year in a row, some 500 Commerzbank employees took part in the Malteser Social Day, supporting 44 social projects in 17 towns and cities throughout Germany. Via a variety of non-profit organisations, they helped with renovation and gardening, looked after children, the elderly and the sick, or cooked meals for homeless people. Commerzbank releases employees from their work to take part in the Malteser Social Day and pays the associated costs.

Promoting sport is another key component of Commerzbank's social commitment. The projects that Commerzbank supports include the German football association's "DFB-Junior-Coach" initiative, as national project partner in its DFB Premium Partnership. The initiative was expanded considerably in 2014. It now enables schoolchildren from some 100 schools throughout Germany to become a licensed football coach. The DFB takes care of the sporting side of the training, while Commerzbank supports the trainee coaches in preparing to enter the profession; this includes providing a practical general education in finance, as well as training on how to apply for jobs and student internships in the branches. The junior coaches are assigned a Commerzbank employee as their mentor and contact person. The programme's objective is to encourage young people to take an active part as a volunteer in football, and give them a helping hand to make a start in their professional career.

Further information on sustainability management at Commerzbank can be found in the Corporate Responsibility Status Report 2014. 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. Up-to-date information is available on the "Our responsibility" internet portal, which was given a complete overhaul at the start of 2014, with the content now also available in English: www.nachhaltigkeit.commerzbank.com.

› Responsibility for the environment
www.commerzbank.com > Our Responsibility > Environment

› Responsibility for employees
www.commerzbank.com > Our Responsibility > Employees

› Social responsibility
www.commerzbank.com > Our Responsibility > Society

› Corporate Responsibility Status Report
www.commerzbank.com > Our Responsibility

Group Management Report

› In the Group Management Report, we outline the economic operating conditions and how these influence the Commerzbank Group's business activities. We also provide in-depth information about the Commerzbank Group's performance in the 2014 financial year and describe the outlook for the anticipated performance of the Commerzbank Group and the overall conditions expected.

› 2014 was another eventful year with considerable challenges. The Bank again made considerable progress in implementing the strategic agenda. We achieved further growth in the Core Bank, gaining market share and expanding our customer base. Customer satisfaction was up in both the Private Customers and Mittelstandsbank segments and we were able to increase customer confidence. Commerzbank also boosted its stability again in 2014 by continuing to reduce risk and strengthen the capital base. Against the backdrop of the persistently difficult market environment, the customer-oriented core segments Private Customers, Mittelstandsbank, Central & Eastern Europe and Corporates & Markets achieved total operating profits of €2.7bn, after €2.4bn the previous year.

Contents

Basis of the Commerzbank Group

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 15 million private customers and 1 million business and corporate customers worldwide. We aim to continue strengthening our 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, Central & Eastern Europe and Corporates & Markets. The Bank has merged all activities in commercial real estate and ship financing, in addition to public financing, into the new Non-Core Assets (NCA) run-off segment. The core segments are each overseen by a member of the Board of Managing Directors; responsibility for the Group divisions within NCA is divided between two Board members.

All staff and management functions are contained in Group Management: Group Audit, Group Communications, Group Compliance, Group Development & Strategy, Group Finance, Group Human Resources, Group Investor Relations, Group Legal, Group Treasury and central risk functions. The support functions are provided by Group Services. These include Group Banking Operations, Group Markets Operations, Group Information Technology, Group Organisation & Security, Group Delivery Centre and Group Excellence & Support. 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. Outside of Germany, the Bank has 6 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.

Commerzbank prepares Group financial statements which, in addition to Commerzbank Aktiengesellschaft as operating lead company, incorporate all material subsidiaries in which the Bank holds more than 50% of the voting rights or exercises control in another manner. The financial year is the calendar year.

Objectives and strategy

As part of an Investors' Day at the end of 2012, Commerzbank presented its strategic agenda for the period up to 2016. One core element involves adapting Commerzbank's business model to changing framework conditions. The goal is to regain the customer confidence lost in the financial and government debt crisis and establish a sustainably successful position in the market. Commerzbank wants to stand for fair and competent advice tailored without exception to the needs of customers and the real economy. "The bank at your side" – everything Commerzbank does is measured against this promise. Strategy 2016 targets focused growth, changes to the cost base and the optimisation of the capital base. The Bank is reinforcing its rigorous cost management and steadily reducing non-strategic activities. This permits targeted investments in new products and services to increase long-term profitability.

All in all, the path to achieving the quantitative objectives we targeted two years ago has become much steeper. The overall conditions for banks have changed significantly in the last two years and the market environment for broad-based, profitable banking business has become noticeably more difficult. The interest rate environment in particular has deteriorated considerably since the Bank communicated its financial goals in 2012. However, we continue to focus all our efforts on achieving the quantitative objectives announced for 2016.

We aim to achieve a return on equity after taxes of over 10% in our core business by 2016. The cost/income ratio should be cut to around 60%. Even under Basel 3, the Group's core Tier 1 ratio should be above 10% by the end of 2016. We are also aiming for our real estate and shipping portfolio in the Non-Core Assets run-off segment (NCA) to be around €20bn by 2016.

The banking business has changed a great deal in recent years. Regaining the trust of customers will be the most important task for all banks in the coming years. Commerzbank's strategic agenda shows how this can be achieved. We also have to integrate the technological advances of recent years into the advisory business and continue to offer informed customers incentives to use Commerzbank products and services. The goal of Strategy 2016 is for customers to perceive us as a fair and competent bank so that we can be successful in the market again. Commerzbank's income should be further boosted by 2016. The implementation of the strategic measures in the individual market segments is crucial.

In particular, the strategic realignment of the private customer business is set to play a key role in increasing earnings. Changes in the market and how customers behave make it necessary to reshape our business model. Our strategy for this is clear: positioning, modernisation, growth and greater profitability – in other words, investing in our business model while at the same time reducing our cost base. In total, Commerzbank aims to 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 by 1 million, generating an operating profit of over €500m in 2016. This should take the return on equity before taxes above 12%.

In the Mittelstandsbank, Commerzbank will continue its successful business model and further expand its market position in Germany and abroad. 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 and a move into economically attractive countries. Since 2014 Commerzbank has had six locations in Switzerland and is looking to significantly expand local corporate customer business with Swiss companies. At the same time, local corporate customer business is being won in Austria by expanding the Vienna office. KASIKORNBANK of Thailand has also been added to the international network of Mittelstandsbank, as have two further partner banks in India, further boosting the Bank's commitment to the ASEAN countries. 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, assuming a normalisation of loan loss provisions, we expect to achieve a return on equity before taxes of over 20%. Despite the investments, the cost/income ratio is expected to remain at less than 45%.

In the Central & Eastern Europe segment Commerzbank has one of the most modern direct banks in the industry in the shape of mBank. As part of its strategic reorientation, mBank is implementing the One Network project to harmonise its sales network. The aim of the project is to better meet the needs of private and corporate customers. To date there have been separate branches for private and corporate customers, but these are being replaced by advice centres. There will also be "light branches" in selected locations such as shopping malls. The first branches in the new format were opened in 2014. The target for Central & Eastern Europe is to achieve stable growth in its value contribution to the Group, with a return on equity before taxes of more than 15% and a cost/income ratio of less than 55% in 2016.

In the Corporates & Markets segment Commerzbank is positioning itself even more strongly as a large niche provider and will draw on the close integration with the private and corporate customer business. The segment is particularly focused on growing the state-of-the-art trading platforms to meet customer requirements at any time. The segment will continue to build on its strengths in debt capital markets and make these available to European multinationals. Cost discipline also remains a central issue. Further cost savings are planned in addition to those already made. Assuming the market remains stable, the aim is to achieve a cost/income ratio of below 65% and a return on equity before taxes of over 15% in investment banking by 2016.

The planned reduction of the Group divisions bundled together in Non-Core Assets (NCA), namely Public Finance, Commercial Real Estate and Deutsche Schiffsbank, was continued during the year with sales of commercial real estate and ship financing portfolios. We are aiming for our real estate and shipping portfolio to be around €20bn by 2016. The capital released as a result of the reduction process is to be reallocated to the Core Bank for growth. The job cuts planned at NCA will be implemented in line with the portfolio reduction.

Despite focused growth in the core business, loan loss provisions in the Group should be held at the 2014 level until 2016.

In the period to the end of 2016 we want to keep operating expenses stable 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 make up for the significant increase in costs from implementing regulatory measures and investing to grow profitability by making processes more efficient, launching the new branch structure and adjusting personnel capacities. Restructuring expenses will therefore be incurred.

In 2014 Commerzbank again reached key milestones in the strategic agenda announced at the 2012 Investors' Day. Information on the measures implemented this year in the segments can be found under Segment performance on pages 71ff.

Corporate management

Corporate management in the Commerzbank Group is based on a value-oriented control concept. This concept is based on ensuring that the risks entered into by the business units are in line with the external and internal guidelines on risk-taking capability and that an appropriate return is achieved over the long term on the capital employed. In this respect, the Bank regularly monitors the allocation of scarce resources to business units and actively adapts its business strategy to changing market circumstances in order to boost the enterprise value over the long term.

A key corporate management tool is the annual planning process whereby the Board of Managing Directors sets targets for the business units based on the business strategy. Existing resources such as capital and risk limits are allocated to the segments in a way that reflects the targets and risk profiles.

The management of the Bank takes account of both pillars of capital adequacy regulations. To ensure internal risk-taking capability at all times, planning includes allocating economic capital to the segments broken down by type of risk. Regulatory capital and the Basel 3 rules on risk backing are used as the basis for calculating the capital employed in the segments. The required return from a segment is based on this external capital concept. As is standard for value-based management concepts, the target minimum return on capital employed is derived from the expected return on the capital market.

The segments put the plan into operation based on the business strategy and the results of the planning process. The Board of Managing Directors carries out regular checks to ensure that business planning is being followed. In addition to monthly management reporting, a performance review of the business units is held quarterly. This ensures any deviations are identified at an early stage and countermeasures taken.

The key figures used for measuring success in the corporate management process are operating profit/loss and pre-tax profit/loss as well as return on equity, the cost/income ratio and economic value added. Segment return on equity is calculated as the ratio of operating profit/loss or pre-tax profit/loss to the average amount of capital employed. This shows the return on the equity invested in a given business segment. The cost/income ratio is used to assess cost efficiency and is defined as the ratio of operating expenses to income before loan loss provisions. Economic value added is a measure of the enterprise value created by the segments and is calculated as the difference between the operating profit/loss and the cost of capital before tax.

Group economic value added is defined as the amount by which the consolidated profit/loss attributable to Commerzbank shareholders exceeds the cost of capital. The cost of capital represents our shareholders' expectations for the minimum return on their capital employed. Commerzbank currently calculates its post-tax cost of capital to be 9%.

As Group figures, the controlling data listed above form part of a system of other segment-specific data that varies from segment to segment depending on the business strategy.

Remuneration Report

The Remuneration Report is part of the Corporate Governance Report in the Corporate Responsibility section. It forms part of the Group Management Report.

Details pursuant to Art. 315 (4) of the German Commercial Code (HGB) and explanatory report

Details pursuant to Art. 315 (4) of the German Commercial Code and explanatory report can be found in the Corporate Responsibility section. They form part of the Group Management Report.

Details pursuant to Art. 315 (2) no. 5 of the German Commercial Code (HGB)

Details pursuant to Art. 315 (2) no. 5 of the German Commercial Code (HGB) can be found in the Corporate Responsibility section. They form part of the Group Management Report.

Important staffing and business policy events

Commerzbank made further progress in implementing its strategic agenda in 2014. For example, the Bank further reduced its non-strategic commercial real estate portfolio and shipping portfolio. Commerzbank and BNP Paribas Personal Finance have also decided to continue their previously successful partnership in Germany. We successfully placed a mortgage Pfandbrief as part of the long-term funding of the core business in the Private Customers segment. Testimony to the successful restructuring of

Commerzbank in recent years, and confirmation that we are on the right track with our efforts to both reduce our non-strategic portfolio and expand our customer-focused business model, was our good performance in the Asset Quality Review and subsequent stress test conducted by the European Central Bank. There were some changes in the composition of the Commerzbank Supervisory Board.

Changes in the Supervisory Board

As proposed by the Supervisory Board, the Annual General Meeting on 8 May 2014 appointed Dr. Stefan Lippe and Nicholas Teller to the Supervisory Board of Commerzbank Aktiengesellschaft with a clear majority. Solms U. Wittig was also appointed by the Annual General Meeting as a substitute member for the two new members of the Supervisory Board. The changes in the Supervisory Board were necessary because Prof. Dr. Hans-Peter Keitel stepped down with effect from the end of the 2014 Annual General Meeting. In addition, Dr. Markus Schenk had earlier completed his term of office on the Supervisory Board on 10 September 2013.

Commerzbank sells commercial real estate financing portfolios in Spain and Japan and a non-performing loan portfolio in Portugal

In mid-June Commerzbank signed agreements for the sale of its CRE portfolios in Spain and Japan and the non-performing CRE loan portfolio in Portugal. The transactions involved commercial real estate loans worth a total of €5.1bn. Of these, the Bank classified €1.4bn as non-performing loans (Spain: €1.1bn, Portugal: €0.3bn).

The commercial real estate financing portfolio in Spain and the non-performing CRE loan portfolio in Portugal, worth a total of €4.4bn, was sold to a consortium of J. P. Morgan and Lone Star. Commerzbank retained the performing CRE loan book in Portugal. In Japan, the Bank has sold its subsidiary Commerz Japan Real Estate Finance Corporation to the PAG funds Secured Capital REP V and Pacific Alliance Special Situations Fund.

The loans of €0.7bn held by the company, mainly subordinated loans, were thus transferred to the buyer. They were classified by the Bank as higher-risk. The portfolio is now managed by PAG's Tokyo-based Secured Capital Investment Management Ltd.

The parties have agreed to maintain confidentiality about the details of the contracts. The transactions had a negative impact of around €71m on the result in the second quarter of 2014. The transactions led to a positive net capital effect of around €200m due to the release of €3.4bn of risk-weighted assets (RWA). All in all, therefore, the sales had a positive impact on Commerzbank's core capital position. The transactions brought about a substantial improvement in the risk profile of the CRE loan portfolio. The portfolio of CRE loans that the Bank classifies as higher-risk was reduced to almost zero by the sales. In addition, the volume of CRE problem loans was reduced by around a third as a result of the transactions.

Commerzbank and BNP Paribas Personal Finance continue their successful cooperation in the instalment credit business

At the beginning of July, Commerzbank and BNP Paribas Personal Finance, the market leader in the European consumer credit business, announced plans to continue their previously successful partnership in Germany. The cooperation under the Commerz Finanz GmbH joint venture began in January 2010 as the successor to Dresdner Cetelem Kreditbank. BNP Paribas Personal Finance has and will continue to have a 50.1% holding, while Commerzbank holds 49.9%. In the Commerzbank branch network, Commerz Finanz is the exclusive partner for the sale of Commerzbank instalment credits. Joint venture partner BNP Paribas Personal Finance's knowledge of point-of-sale and e-commerce business represents a useful addition to Commerz Finanz GmbH's product portfolio and creates the basis for a solid and broad-based growth platform. Under the ongoing partnership both companies have undertaken to provide intensive support for Commerz Finanz, enabling it to further expand its current business model and at the same time establish new technologies, new products and innovative sales channels.

For Commerzbank, successful cooperation with BNP Paribas Personal Finance is an important part of the new private customer strategy. The partnership will allow Commerzbank to further consolidate its position as a provider of instalment credit in Germany and exploit the growth opportunities in this business area.

Commerzbank agrees sale of nine container ships

At the end of August Commerzbank signed an agreement with a buyer and the owners for the sale of nine container ships financed by the Bank. The sales proceeds were used to redeem loans totalling some €160m. The entire portfolio was fully transferred to the buyer, a joint venture established between the KKR Special Situations Group of Kohlberg Kravis Roberts & Co. L.P. (USA) and Borealis Maritime Ltd. (UK), with Commerzbank not retaining any of the financing. The parties have agreed to maintain confidentiality about all other details of the contractual agreements. This transaction was the second successful capital markets portfolio transaction in the Deutsche Schiffsbank division within the space of one year, and was agreed despite the ongoing difficult market environment on the international shipping markets. The transaction is the next step in the value-preserving reduction of Commerzbank's NCA segment.

Commerzbank places €1bn mortgage Pfandbrief

Commerzbank Aktiengesellschaft issued a mortgage Pfandbrief on the capital market in mid-September. The benchmark bond has a volume of €1bn, a five-year term and a coupon of 0.375% p.a. The mortgage Pfandbrief placed is secured by Commerzbank's private retail mortgage loans in Germany. This provides long-term funding for the core business in the Private Customers segment.

Commerzbank passes comprehensive review by the ECB

Commerzbank has passed both the European Central Bank (ECB) Asset Quality Review (AQR) and the European Banking Authority (EBA) stress test. According to the results of the ECB's AQR, as at 1 January 2014 the common equity Tier 1 (CET 1) ratio under the Basel 3 transitional arrangements was 10.8%, and therefore significantly above the key hurdle of 8.0%. Under the baseline stress test scenario, taking the AQR results into account, Commerzbank recorded a CET1 ratio of 11.4% and was therefore significantly above the hurdle of 8%. The Bank's CET1 ratio was also well above the 5.5% hurdle under the adverse scenario, at 8.0%. Even with full application of Basel 3 and taking the AQR results into account, the CET1 ratio under the adverse scenario was a comfortable 6.9%.

The reference date for the ECB assessment was 31 December 2013. Since then Commerzbank has further increased its profits and systematically reduced its risks. The good result of the ECB's comprehensive assessment is testimony to the successful restructuring of Commerzbank over the last few years and the strength of our customer-focused business model. The stress test also clearly confirms the Bank's stability and resistance to stress.

Economic report

Economic conditions

Economic environment

Hopes for a global economic recovery in 2014 were not met. As in 2013, the world economy only grew by a below-average 3.3% last year. Growth was slowed mainly by the weakness in emerging markets, especially China, and the sharp downturn in Japan after the increase in VAT. Western industrialised countries, by contrast, picked up speed.

The US economic crisis is definitely over. The slowdown at the start of the year due to the weather was soon made good. All in all, the US economy grew by 2.4% in the year under review. In the second and third quarters of 2014, seasonally adjusted real GDP growth was more than 1% per quarter, while initial estimates put growth in the final quarter at 0.75%. The recovery in the US labour market is even more impressive. Employment last year rose 2%. This is the strongest increase since 2006. Unemployment is now 5.6%, not far off the level the US Federal Reserve regards as full employment. The Fed therefore suspended its bond purchase programme in October. By this point it had increased its total assets five-fold since the start of the financial market crisis to around $4,500bn.

The eurozone economy also returned to growth in 2014. The estimated increase was a very modest 0.9%, however, with only a slight decline in unemployment. As at the end of 2014 unemployment was still at a very high level of 11.4%. Unlike in the USA, some eurozone countries have not yet fully corrected previous excesses relating to the real estate market and excessive leverage among both companies and private households.

The German economy was again the locomotive of the eurozone economy in 2014. It achieved growth of 1.6%, significantly outperforming the other eurozone countries once more. The recovery in Germany clearly lost momentum over the course of the year, however. After a good start to the year, partly the result of the unusually mild weather, it marked time over the summer. Only in the final quarter did it pick up again modestly. The European Central Bank further expanded its stabilisation measures in 2014. Following the fall in inflation to just 0.5% early in the year, it decided in June on another comprehensive package of measures. These included cutting the refinancing rate to 0.15% and the deposit rate to –0.10% September saw another 0.1% cut to 0.05% and –0.20% respectively. The ECB also made targeted special funds available to the banks for a period of four years.

Tumbling oil prices have now pushed inflation well into negative territory. Long-term inflationary expectations have also fallen as a result. To stabilise the situation, the European Central Bank decided in January 2015 to buy government bonds on a large scale.

Financial markets were once again dominated in 2014 by the extremely loose monetary policies pursued by the leading central banks in industrialised countries. As a result, investors continued to be forced into riskier forms of investment such as equities, corporate bonds and the government bonds of periphery countries.

Sector environment

The markets took the view that the risk of a further escalation in the European financial and sovereign debt crisis fell further in 2014. This was driven primarily by the announcement and implementation of unusually extensive monetary activity, the creation of an institutional and organisational framework for banking union, greater transparency in the banking sector thanks to the ECB's comprehensive assessment, initial successes from fundamental reforms in crisis-hit countries and a return to at least moderate growth in the eurozone countries. Data from the European Central Bank (ECB) show that systemic tensions on the key financial markets for banks and governments have latterly dropped to their lowest level since the crisis erupted in 2007. Yields on most European government bonds again hit new lows, however, while the prices of credit default swaps on these bonds were also barely affected by crisis premiums and there was a further improvement in capital market financing terms for European corporates. Ongoing criticism of the weak earnings of German banks overall and their relatively high leverage contributed to financing costs for bank bonds remaining higher than those of non-banks, though, with bank shares again clearly underperforming the market as a whole.

However, the relaxation was only reflected in banking profits to a lesser extent in 2014. Bank profitability remained under pressure, in particular from structural trends (regulation and stiff competition) and the ongoing low level of interest rates. Persistently low rates and increasing reinvestment difficulties, combined with the expectation of new capital and liquidity rules, resulted in little improvement in banks' basic earnings power. The large fines and settlements for legal proceedings payable in the year under review also affected the profitability of the big banks.

Corporate capacity utilisation was normal at best and did not lead to any meaningful rise in lending business; in fact book credits to domestic non-financial companies have fallen sharply of late. Net interest income remained under pressure as interest rates stay low and the yield curve flattens. The German banking system again became more robust last year, however, thanks to much lower exposure to crisis countries, a reduction of other problem portfolios, a notable increase in core capital ratios and a decline in leverage. According to the Deutsche Bundesbank, the ECB's comprehensive assessment showed that the balance sheets of the participating German banks are resilient and the institutions would survive an economic shock.

Earnings performance, assets and financial position

In 2014 Commerzbank once again found itself in a difficult banking environment with continued low interest rates. Regulatory requirements for banks are becoming stricter and have to be implemented at ever shorter intervals, providing growing challenges and weighing correspondingly on earnings. Provisions for litigation and recourse risk in connection with investigations by US authorities also had an impact. The ongoing low level of loan loss provisions as the economy saw a stable performance had a positive impact on earnings performance in 2014

The Commerzbank Group's operating profit for 2014 came to €684m, a decrease of 6.4% on the previous year. Consolidated profit attributable to Commerzbank shareholders for the period under review came to €264m.

Total assets as at 31 December 2014 were €557.6bn, 1.4% higher than the figure for year-end 2013. Trading assets and financial investments were up, while claims on banks and customers fell from the previous year. Risk-weighted assets rose to €215.2bn in connection with the first-time application of Basel 3, mainly due to the increase in risk-weighted assets in market and credit risks.

The common equity Tier 1 ratio with full application of Basel 3 rose to 9.3% at end-December 2014.

Both new and amended IFRS requirements were implemented in the Commerzbank Group with effect from the start of 2014. Prior-year figures have been adjusted accordingly to ensure comparability. Detailed explanations about the changes are given in the notes to the Group financial statements on page 160 f.

Income statement of the Commerzbank Group

The individual items in the income statement were as follows in 2014:

Net interest and trading income fell 1.3% year-on-year to €6,000m overall. Net interest income fell 9.0% to €5,607m, while net trading income and net income from hedge accounting rose €475m to €393m. In the Private Customers segment, active and ongoing interest rate management in response to the environment of persistently low rates resulted in considerable progress in the interest margin. The segment saw a sharp increase in new retail mortgage financing activity thanks to low borrowing rates. The overall result was a rise in net interest income. The increase in lending volume in the Mittelstandsbank segment had a positive impact on net interest income, although this was partially offset by charges in the deposit business. The Central & Eastern Europe segment also recorded a significant increase in net interest income, thanks in particular to higher volumes of loans and deposits with both private and corporate customers. By contrast, the faster reduction of the lending portfolio in the Non-Core Assets segment cut net interest income sharply from the previous year. The sale of the CRE portfolio resulted in a charge of €173m on net interest income. Further information on the composition of net interest and trading income is given in the notes to the Group financial statements on pages 184 and 187.

At €3,205m, net commission income was at the same level as the previous year. The Private Customers segment was unable to fully make up for the decline in income from transaction-based securities transactions over the course of the year, so net commission income for 2014 was down slightly. Mittelstandsbank saw growth in documentary and corporate finance business in particular, more than compensating for the market-driven decline in income from interest rate and currency hedging. In the Central & Eastern Europe segment the sustained and pleasing rise in new customers and higher transaction numbers were behind a good commission income performance. By contrast, net commission income in Non-Core Assets was down year-on-year due to the cessation of new business.

Table 7

Statement of comprehensive income I €m	2014	2013[1]	Change
Net interest income	5,607	6,161	– 554
Loan loss provisions	– 1,144	– 1,747	603
Net commission income	3,205	3,206	– 1
Net trading income and net gain/loss on hedge accounting	393	– 82	475
Net investment income, income from at-equity investments and other net income	– 451	– 10	– 441
Operating expenses	6,926	6,797	129
Operating profit/loss	**684**	**731**	**– 47**
Restructuring expenses	61	493	– 432
Pre-tax profit/loss	623	238	385
Taxes on income	253	66	187
Consolidated profit/loss	**370**	**172**	**198**
Consolidated profit/loss attributable to Commerzbank shareholders	264	81	183

[1] Figures restated due to restatement of credit protection insurance plus other adjustments (see Notes, page 160 f.).

Net investment income was €82m, compared with €17m in the previous year. During the year under review, income from interest rate business was offset by impairments on the public finance exposure in the USA.

Other net income came to €–577m, compared with €–87m a year earlier. These charges resulted from net new provisions made above all in respect of litigation and recourse risks. Full details of the additions to provisions for litigation and recourse risk in the year under review can be found in the Notes to the Group financial statements on page 228 f.

During the reporting period the net allocation to loan loss provisions fell sharply by 34.5% to €– 1,144m. This decline was due to a lower need for provisions in both the Private Customers segment and at Mittelstandsbank. The Corporates & Markets segment once again reported a net reversal for the period. Non-Core Assets saw a significant fall in loan loss provisions. The improvement was helped by write-ups related to sales of commercial real estate portfolios. Overall, though, loan loss provisions remained high in the Non-Core Assets segment, especially in ship financing.

Operating expenses came to €6,926m in the period under review, compared to €6,797m in the previous year. Additional investment and higher regulatory costs were almost entirely balanced out by active cost management. Personnel expenses fell 1.2% year-on-year, due primarily to the lower headcount. Other operating expenses including depreciation rose by 6.0%. This was the result of higher IT and project costs and an increase in audit and consulting expenses, mainly in connection with the ECB's Asset Quality Review. Advertising costs also increased. Cost savings were achieved in rental and leasing expenses and other premises costs.

As a result of these developments, the Commerzbank Group posted an operating profit of €684m in 2014. This is a 6.4% decrease from the €731m recorded last year.

The €61m of restructuring costs for the year relate to further targeted cost savings at subsidiary Hypothekenbank Frankfurt. Last year we reported a figure of €493m in connection with the planned headcount reduction as staff capacity is adapted to the changed market environment by 2016.

Pre-tax profit came to €623m, compared with €238m in 2013.

Tax expense for the reporting period was €253m, compared with €66m for the previous year.

Profit after tax for 2014 rose to €370m, compared with €172m in the previous year. Net of non-controlling interests of €106m, €264m was attributable to Commerzbank shareholders, up from €81m in the previous year.

As Commerzbank Aktiengesellschaft is reporting its results for the 2014 financial year in accordance with the German Commercial Code (HGB), the plan is to service all profit-sharing certificates issued by Commerzbank Aktiengesellschaft for the 2014 financial year; no dividend will be paid.

The statement of comprehensive income, which includes both consolidated profit/loss and other comprehensive income for the period, showed a net total of €155m in 2014. Other comprehensive income of €–215m consists of the sum of changes in the revaluation reserve (€262m), the cash flow hedge reserve (€111m), the currency translation reserve (€–27m), companies accounted for using the equity method (€5m) and actuarial gains and losses (€–566m).

The operating profit per share was €0.60 and the earnings per share €0.23. In the prior-year period the comparable figures were €0.80 and €0.09 respectively.

Balance sheet of the Commerzbank Group

Total assets of the Commerzbank Group as at 31 December 2014 were €557.6bn. This was a rise of 1.4% or €8.0bn from the end of 2013. Claims on banks and customers declined, while trading assets and financial investments rose.

The cash reserve fell by €7.5bn compared with year-end 2013 to €4.9bn. This was largely because of a decline in credit balances with central banks contingent on the balance sheet date.

Claims on banks fell by €7.5bn to €80.0bn. This was primarily due to lower claims from secured money market transactions, which declined by €8.1bn. Claims on customers were 5.3% below the previous year's level at €232.9bn. The volume decline was mainly driven by lower claims on customers, largely the result of a decline in secured money market transactions in the form of reverse repos and cash collaterals, and lower mortgage business due to maturities and portfolio sales. The segments of the Core Bank, by contrast, witnessed growth in claims on customers.

As at the reporting date, total lending to customers and banks stood at €240.9bn, down 2.4% compared with year-end 2013. Although loans to banks increased by €2.6bn to €25.2bn, customer lending business declined slightly compared with year-end 2013 to €215.7bn. At the same time, the increase in lending volume in the core segments was more than offset by the reduction in non-strategic business in the NCA segment.

As at the reporting date, trading assets amounted to €130.3bn, a rise of €26.7bn or 25.8% compared with year-end 2013. The major contributors to this were the €4.7bn increase in holdings of equities, other equity-related instruments and investment fund units as a result of the positive market environment for equity products and associated higher customer demand, and a rise of €23.5bn in positive market values from financial derivatives.

Financial investments rose by 10.1% over the year to €90.4bn. Bonds, notes and other interest rate-related securities were up by €8.3bn to €89.1bn, while equities and other equity-related securities and participations were unchanged at €1.2bn.

Table 8

Assets I €m	31.12.2014	31.12.2013[1]	Change in %
Claims on banks	80,036	87,545	−8.6
Claims on customers	232,867	245,938	−5.3
Assets held for trading purposes	130,343	103,616	25.8
Financial investments	90,358	82,051	10.1
Other assets	24,005	30,504	−21.3
Total	**557,609**	**549,654**	**1.4**

Liabilities and equity I €m	31.12.2014	31.12.2013[1]	Change in %
Liabilities to banks	99,443	77,694	28.0
Liabilities to customers	248,977	276,486	−9.9
Securitized liabilities	48,813	64,670	−24.5
Liabilities from trading activities	97,163	71,010	36.8
Other liabilities	36,253	32,861	10.3
Equity	26,960	26,933	0.1
Total	**557,609**	**549,654**	**1.4**

[1] Prior-year figures after the restatement of credit protection insurance and the tax restatements (see Notes, page 160 f.).

On the liabilities side, liabilities to banks – especially repos and cash collaterals – rose sharply by €21.7bn to €99.4bn. In addition, liabilities from money market transactions increased by €3.5bn. Around three quarters of the increase in volume related to foreign bank liabilities. Liabilities to customers fell by 9.9% year-on-year to €249.0bn due to a decrease of €29.6bn in repos and cash collaterals. Securitised liabilities were €15.9bn lower year-on-year at €48.8bn. Bonds and notes issued fell by €15.7bn to €45.7bn. This was due in part to a decline of €8.6bn in mortgage and public-sector Pfandbriefe as a result of maturities at Hypothekenbank Frankfurt AG, and also to a reduction of €7.0bn in the volume of Commerzbank Aktiengesellschaft bonds, especially due to maturities. Liabilities from trading activities increased in volume by €26.1bn overall to €97.2bn. This was mainly the result of the rise in both currency and interest rate-related derivatives business.

Off-balance sheet liabilities rose year-on-year, with credit-related contingent liabilities rising by €1.9bn to €37.1bn and irrevocable lending commitments up €7.5bn to €59.9bn.

Capital and reserves

The equity capital (before non-controlling interests) reported in the balance sheet as at 31 December 2014 was €26.1bn, €0.1bn above the figure for year-end 2013. Information about the changes in the reporting of equity is given in the notes to the Group financial statements on page 160 f.

There was no change in the capital reserve compared with year-end 2013. As at the reporting date it stood at €15.9bn. Subscribed capital also remained unchanged at €1.1bn. Retained earnings were €0.3bn below the 2013 level, at €10.4bn. The revaluation reserve on the reporting date was €–957m, up by €0.2bn on year-end 2013. This was attributable in particular to a rise in the fair values of Italian government bonds. Together with the negative cash flow hedge reserves and the currency translation reserves, this amounted to a deduction of €–1.4bn from equity compared with €–1.7bn at year-end 2013.

Risk-weighted assets were up by €24.6bn as at 31 December 2014 to €215.2bn, primarily in connection with the first-time application of Basel 3, due mainly to the increase in risk-weighted assets in market and credit risks. Regulatory Tier 1 capital fell by €0.6bn to €25.1bn compared with year-end 2013 due to the first-time application of Basel 3. In conjunction with the higher level of risk-weighted assets, the Tier 1 ratio fell to 11.7 %. Common equity Tier 1 capital came to €25.1bn. Under Basel 3 phase-in rules, this is identical to core capital. The total capital ratio was 14.6% on the reporting date. The decrease of 4.6 percentage points is mainly due to changes regarding the eligibility of supplementary capital under Basel 3. As at the reporting date, the leverage ratio based on the revised CRD IV/CRR ("delegated act"), which compares Tier 1 capital with leverage exposure, was 4.6% ("phase-in"). Under the Capital Requirements Directive (CRD IV/CRR "phase-in") reported up to now, the leverage ratio is 4.3%.

The bank complies with all requirements set by the supervisory authorities. The reporting disclosures required by law include the consolidated profit attributable to Commerzbank shareholders.

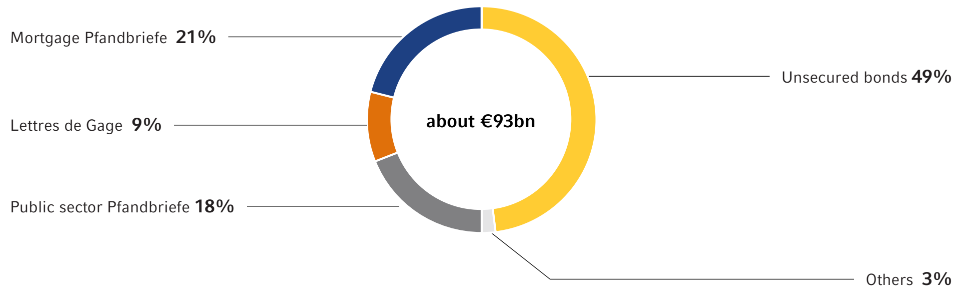
Funding and liquidity of the Commerzbank Group

The liquidity management of the Commerzbank Group is the responsibility of Group Treasury, which is represented in all major Group locations in Germany and abroad and has reporting lines in all subsidiaries. Liquidity management comprises both operational and strategic components. Operational liquidity management encompasses management of daily payment inflows and outflows, planning for expected payment flows and management of access to central banks. The division is also responsible for access to unsecured and secured sources of funding on the money and capital markets and the management of the liquidity reserve portfolio. Strategic liquidity management involves managing maturity profiles for liquidity-relevant assets and liabilities within specified limits and corridors. Additional information on this subject can be found in the "Liquidity risks" section in the Group Management Report.

Guidelines and limits for the funding profile and funds are derived from the business strategy and reflect risk tolerance. The Group's short and medium-term funding is appropriately diversified in terms of investor groups, regions, products and currencies. Top-level decisions about liquidity management are taken by the central Asset Liability Committee (ALCO), which meets at regular intervals. Liquidity risk is quantified using an internal model that Commerzbank revised last year, adapting it to the current business and regulatory framework. The limits set are monitored by the independent risk function. ALCO and the Board of Managing Directors receive regular reports on the liquidity risk situation.

Figure 3

Capital market funding structure
As at 31 December 2014



Commerzbank had unrestricted access to the money and capital markets throughout the reporting period, and its liquidity and solvency were also adequate at all times. It was always able to raise the resources required for a balanced funding mix and continued to enjoy a comfortable liquidity position in the period under review. Commerzbank raised a total of €5.9bn in long-term funding on the capital market in 2014.

In the collateralised area, Commerzbank Aktiengesellschaft issued a public-sector Pfandbrief at the start of the year with a volume of €500m and a five-year term, funding the long-term core business of Mittelstandsbank.

For this reason, export finance eligible for cover fund purposes and guaranteed by the export credit agency (ECA) Euler Hermes was included in the cover pool. A €1bn mortgage Pfandbrief, also with a five-year term, was placed at the end of September. The mortgage Pfandbrief is secured by Commerzbank's private retail mortgage loans in Germany. The Polish subsidiary mBank also issued private placements with a volume of €0.2bn.

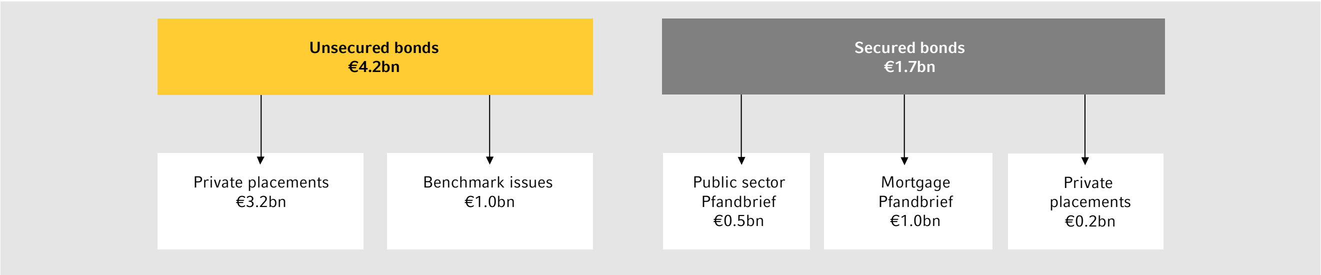
Unsecured private placements totalling €3.2bn with an average maturity of five years were issued. More than half of this related to structured bonds. mBank also issued two unsecured €500m benchmark bonds during the year under review, one with a five-year term and one running for seven years.

The funding spreads for unsecured bonds narrowed further over the course of the year.

As part of Group liquidity management, in the period under review Commerzbank Aktiengesellschaft transferred parts of the NCA public finance portfolio from Hypothekenbank Frankfurt to the Core Bank at current market values. This portfolio is largely made up of high-grade securities eligible for central bank borrowing purposes that count as "highly liquid assets" under the new Basel 3 liquidity rules. The portfolio transferred had a volume of around €12bn (exposure at default). The securities are mainly issued by banks and government borrowers in Germany, Austria, the Netherlands and the UK.

Figure 4

Group capital market funding of 2014
Volume €5.9bn



Based on its internal liquidity model, which uses conservative assumptions, at the period end the Bank had available excess liquidity of €83.4bn. Of this, €48.6bn is held in a separate liquidity reserve portfolio managed by Group Treasury to cover liquidity outflows should a stress event occur and ensure solvency at all times. The Bank also holds €9.7bn in its intraday liquidity reserve portfolio.

The regulatory liquidity requirements of the German Liquidity Regulation were met at all times in the reporting period. As at the reporting date, Commerzbank Aktiengesellschaft's key liquidity ratio calculated using the German Liquidity Regulation's standard approach was 1.37, still significantly higher than the minimum regulatory requirement of 1.00. Commerzbank's liquidity situation therefore remains comfortable given its conservative and forward-looking funding strategy. The Bank is not currently drawing on central bank liquidity facilities.

Summary of 2014 business position

2014 was another challenging year for the entire financial sector and the market environment remains difficult. The challenges include persistently low interest rates and rising and ever more frequent demands from regulators, which are placing a significant financial and staffing burden on those affected. Customer expectations and advisory needs are also growing in complexity. They are focused much more heavily than in previous years on their individual requirements and circumstances, or in the case of corporate customers on their competitive situation, and require banks to be highly flexible.

Performance was noticeably affected by the allocation to the provisions required for legal and recourse risk in connection with investigations by US authorities.

Nevertheless, and despite the challenges described above, Commerzbank's operating business performed well in 2014. We achieved further growth in the Core Bank, gaining market share and expanding our customer base. Customer satisfaction was up in both the Private Customers and Mittelstandsbank segments and we were able to increase customer confidence. Commerzbank also boosted its stability again in 2014 by continuing to reduce risk and strengthen the capital base. Particularly important was the fact that Commerzbank not only passed the Comprehensive Assessment of the European Central Bank (ECB) at the end of the year, but actually exceeded the requirements comfortably. All the findings gathered from the ECB's feedback on the Comprehensive Assessment have been included in our 2014 annual financial statements on an economic and risk-adjusted basis in consistent compliance with IFRS accounting rules. The good result of the ECB's Comprehensive Assessment is testimony to the successful restructuring of Commerzbank over the past few years and confirms that we are on the right track with our efforts both to reduce our non-strategic portfolios and to expand our customer-focused business model.

This can also be seen in the good performance of our customer-oriented core segments, which was in line with forecast expectations for 2014 and even exceeded them in some areas.

Operating profit in the Private Customers segment was well up on last year, an indication that the adjustments we have made to the relationship management model in the shape of new service and advisory offerings are being successful. This strong performance was shown in both a significantly improved operating return on equity and a lower cost/income ratio. In our profit forecast for the year under review we had not anticipated that the measures implemented would have already had such a clear impact on performance.

Operating profit in Mittelstandsbank exceeded our expectations and was mainly the result of higher lending volumes in all Group divisions; this was reflected in higher net interest income and a clear fall in loan loss provisions. The decline was chiefly due to lower additional loan loss provisions for specific commitments. Overall, the positive valuation effects from restructured loans last year were more than compensated for by Mittelstandsbank's good market positioning. As a consequence, profitability metrics comfortably exceeded our expectations in 2014.

In the Central & Eastern Europe segment, mBank continued its dynamic growth in the year under review with a steady stream of innovative products and technical solutions. A host of new or updated loan, deposit and investment products were introduced along with new processes to support sales. As forecast, operating profit was up on last year, albeit by a little more than expected, with a correspondingly positive impact on the operating return on equity and the cost/income ratio.

The performance of the Corporates & Markets segment in 2014 was driven by a market environment of historically low interest rates and occasional low volatility. The segment's broad base allowed the impact of lower activity in some areas to be partially offset by strong points elsewhere. This was an instance of our diversified business model paying off. Overall, though, reported operating profit and profitability metrics were lower than the previous year and below our expectations.

In the Non-Core Assets segment we made further progress in 2014 in winding down the portfolio. As expected, the segment still recorded an operating loss, but a much smaller one than in the previous year.

Against the backdrop of the persistently difficult market environment, at Group level we reported an operating profit of €684m, compared with €731m in 2012. Income before loan loss provisions was below the previous years' level at €8.8bn. Given the economic stability in Germany in particular, loan loss provisions fell more sharply than expected to €1.1bn. Operating expenses of €6.9bn were higher than in the previous year due to additional investments in growth and regulatory burdens, but in line with the budget.

The Core Bank, which includes Commerzbank's strategically significant customer-centric business, posted an operating profit of €1.5bn after €1.8bn in the previous year. The operating return on equity in the Core Bank was 7.5% (2013: 10.5%), and the cost/income ratio 77.1% (2013: 72.3%). As a result, the operating profitability metrics in the Core Bank – adjusted for the effects of the allocation to provisions for litigation and recourse risks - were somewhat behind our expectations.

The business expansion in the Core Bank also affected volumes, with total assets rising slightly by 1.4% year-on-year to €557.6bn. Commerzbank also boosted its stability again in 2014 by continuing to reduce risk and strengthen the capital base. Risk-weighted assets were up by 12.9% year-on-year to €215.2bn, primarily due to the effects of switching to Basel 3, despite continuing growth in the Core Bank. The Bank further built on its comfortable equity position. Hard equity under full Basel 3 rose by around €0.5bn year-on-year to €19.9bn. The common equity Tier 1 (CET1) ratio under full Basel 3 rose to 9.3%, from 9.0% at end-December 2013.

Consolidated profit attributable to Commerzbank shareholders improved to €264m, up from €81m last year. Profitability was therefore in line with what we had predicted for 2014.

Private Customers

»We are testing the banking of tomorrow at our flagship and city branches in Stuttgart and Berlin.«

+288,000

new customers won last year

+30%

in real estate financing

Strong growth in retail mortgage loans

46%

High customer satisfaction

Satisfaction levels among Commerzbank customers rose significantly again in 2014. Every month, the net promoter score, which measures customers' willingness to recommend the Bank, was well above the target of 30%. Indeed, the fourth quarter saw the highest value – 49% – among private, corporate and wealth management customers since measurements began.

Prizes and awards in 2014

€uro bank test
Award:
"Best Branch Network"

€uro am Sonntag
Bank test:
"Very good overall"

Focus-Money
City Contest: Overall winner
"Best Client Advice"

Segment performance

Private Customers

The Private Customers segment comprises the Private Customers, Direct Banking and Commerz Real Group divisions.

With a customer base of over 11 million, Commerzbank is one of Germany's leading banks for private customer business.

Performance

Table 9

€m	2014	2013	Change in %/%-points
Income before provisions	3,417	3,349	2.0
Loan loss provisions	–79	–108	–26.9
Operating expenses	2,918	3,017	–3.3
Operating profit/loss	**420**	**224**	**87.5**
Capital employed	3,956	3,972	–0.4
Operating return on equity (%)	10.6	5.6	5.0
Cost/income ratio in operating business (%)	85.4	90.1	–4.7

The Private Customers segment managed to sustain the recent positive trend in operating income in the final quarter. The business was refocused to help combat the still difficult market environment. The key aim in 2014 was to expand and refine the digital strategy as a key milestone on the way to becoming a multi-channel bank. Operating profit rose by €196m year-on-year to €420m.

Income before loan loss provisions increased by €68m in 2014 to €3,417m. Once again, interest rates remained at low levels. Rates for customer deposits fell to a historic low, but those looking to borrow benefited from low credit interest rates. New retail mortgage financing, for example, was up by more than 30% year-on-year in 2014. Ultimately, ongoing and active management of rates ensured that both factors had a positive impact on net interest income, which rose by €90m to €1,861m. The reorganisation of our securities business at the start of the second half of 2013 has allowed us to tailor investment opportunities in this area even more closely to the needs of our customers. In particular, the flat-fee premium custody account, asset management and asset management products resulted in a steady shift from transaction-dependent to volume-based commission income. The high level of customer acceptance of the new custody account models was particularly apparent in the final quarter of the year under review. The decline in revenues from transaction-dependent securities business recorded earlier in the year has yet to be fully offset, but this trend was counteracted by a rise in pension products business. Overall, net commission income was down 1.4% last year to €1,538m. The changes in current net income from companies accounted for using the equity method and other net income were mainly driven by provisions for litigation following the recent rulings of the Federal Court of Justice on loan processing fees.

Loan loss provisions in the private customer business remained low at €–79m, €29m lower than the previous year.

Operating expenses were down €99m or 3.3% to €2,918m. A marked reduction in personnel expenses more than offset the slight increase in other operating costs due primarily to investment activity as a key element of our growth strategy.

Pre-tax profit in the Private Customers segment increased by 87.5% overall in 2014 to €420m, compared with €224m in the previous year.

The operating return on equity based on average capital employed of €4.0bn was 10.6% (previous year: 5.6%) At 85.4%, the cost/income ratio was lower than in 2013 (90.1%).

Main developments in 2014

In 2014 the Private Customers segment again concentrated on further implementing the 2016 strategic agenda. The segment made good progress and continued the good performance of last year, achieving further growth in terms of customers, accounts and assets. For instance, around 288,000 net new customers were won in 2014, with the branch network attracting 221,000 of them. Customer satisfaction also reached new highs in 2014.

Private Customers

The Private Customers Group division covers Commerzbank's branch business in Germany for retail and business customers and Wealth Management.

Private customer strategy shows success

The private customer strategy announced in 2012 showed its first signs of success in 2014: new business volumes in retail mortgage financing and consumer credit business were well up on the previous year, while volumes of asset management products and premium custody accounts also grew strongly.

We are consistently pursuing the two thrusts of the private customer strategy: regaining the confidence of customers through new positioning, and expanding the Bank to become a modern multi-channel bank.

Regaining confidence:
customer satisfaction higher than ever before

A key part of the private customer strategy is our positioning as a fair and competent partner for customers. In 2014 Commerzbank adapted its relationship management model for retail and business customers in line with their changing advisory needs. For instance, the business customer segment was reinforced with its own management structure. The branch teams continue to be run in line with the three core objectives of quality, growth and profitability.

A key success factor for the quality objective is the Customer Compass, Commerzbank's IT-supported structured advisory application, which was launched for private customers in 2013. Since 2014 it has also been used to advise business customers, and was awarded five stars by Focus Money. In Wealth Management the "Strategic Dialogue" is used to identify customers' financial circumstances in a structured manner.

This also significantly improved advisory quality, as was again apparent in the 2014 customer satisfaction scores: in every month the Net Promoter Score, which indicates customers' willingness to recommend the Bank, was well above the target 30% level in both Retail and Business Customers and Wealth Management, with the third quarter of 2014 even seeing the highest scores since they were first measured. Commerzbank also did well again in independent test shopping. For example, the Bank was for the first time named Best Branch Bank in Germany in the banking test conducted by Euro magazine, and also triumphed once again in the CityContest, the national banking test run by Focus Money. The restructuring of complaint management also helped boost customer satisfaction: branches were given more scope to deal with complaints, and processes for customers were simplified. This is a way of demonstrating fairness and competence to customers even on the few occasions they are not satisfied.

Good progress was also made towards the core objective of growth: following the complete overhaul of the range of products and services in 2013 as part of the private customer strategy to focus on the brand values of fairness and competence, these improvements started to prove their worth in 2014. We continued to see growth in customers, accounts and assets. New customer gains were helped in 2014 by the marketing campaign around the Football World Cup, which focused on the free current account with a satisfaction guarantee. A total of over 420,000 new payment transaction accounts were opened in 2014. This boosted the total number by more than 160,000, while the number of premium account models being used by retail and business customers rose by 50,000 to over 80,000.

The investment advisory model with four custody account models, where each customer can select the one that best suits them, was expanded in 2014 to include the Start custody account designed specifically for young people under the age of 30. Around 21,000 customers signed up for this model in 2014. The other custody account models were also very well received by customers, especially the flat-fee premium custody account with no transaction costs or custody account charges. Retail, business and Wealth Management customers opened 8,200 premium custody accounts with an investment volume of €5bn in 2014.

The shift towards flat-fee investment models with no transaction costs and fully comprehensive packages is also reflected in the positive performance of Wealth Management products, Asset Management and premium custody accounts: Wealth Management recorded volume growth of €3.8bn, Asset Management currently has €8.8bn invested, and around €6.6bn is held in premium custody accounts. Assets under management in these custody account models rose by 51% overall compared with 2013.

Their good performance makes these investment models attractive to customers and locks in stable income for the Bank. Pensions had a strong fourth quarter in 2014: the lowering of the guaranteed interest rate for private retirement savings pushed up new business volumes by almost 60% compared to the same quarter of the previous year.

2014 was a good year for lending, especially retail mortgage financing, where Commerzbank has the innovative CobaHyp platform that lets customers compare over 250 mortgage providers. New real estate financing rose by more than 30%, taking our market share to 10%. Consumer lending also did very well in 2014, with new business volumes also up 30% on the previous year. Lending processes were significantly simplified for business customers. We now offer a basic loan, for example, where the customer has to submit less documentation than previously for a decision. There will be further simplifications in 2015 with the launch of a new application process and a financing application for personal and business loans.

The segment also made faster than expected progress with regard to profitability. Income was higher compared to 2013, while costs were further stabilised. Commerzbank announced in February 2013 that it was to cut around 1,800 jobs in the private customer business by the end of 2015. Just under 90% of the cuts had already been implemented by the end of 2014.

Modernising the Bank: direct bank capability achieved

One of the main thrusts of the private customer strategy is to expand to become a multi-channel bank. The aim is to make products and services accessible to customers on all channels, both personally in the branch and online. Here too the segment is on track, with direct bank capability achieved at the end of 2014. This means that Commerzbank customers can now carry out all major transactions online, and an increasing number are doing just that: around 10% of all cost-free current accounts were opened online in 2014. The online banking portal was completely redesigned in 2014. It is now much more modern and user friendly, and the range of services has been steadily expanded. Technical processes have also been improved and shortened, for example customers can now place their securities orders more quickly and conveniently online. Commerzbank is also trialling innovative functions such as legitimising customers by video when concluding sales transactions of selected products. Nearly 140,000 new online connections were set up for customers in 2014.

The offering for mobile devices was also further extended, with a new app specifically for tablets launched in 2014. We also released an app for quickly checking account balances without having to log in. Commerzbank apps had been downloaded some 1.1 million times by the end of 2014. The Bank plans to launch a digital budgeting application in 2015, allowing customers to manage income and expenses by type.

The modernisation of the Bank affects not only online banking but also the branches. Commerzbank is currently testing new branch models in Stuttgart and Berlin. The first test branch was opened at the end of 2013, with three more following in the first quarter of 2014. The flagship and city branches allow customers to experience a new type of banking, with a wider range of products and services and a new advisory approach. Ideas being trialled in the pilot branches include more points of contact between customer and advisor, for example by integrating the self-service area into the branch, entirely new services such as credit and debit cards to take away immediately, and advice and cashier services by video.

Direct Banking

The Direct Banking Group division covers the activities of the comdirect group (comdirect bank AG and ebase GmbH). With some 1.7 million securities custody accounts and 20 million securities transactions executed, the comdirect Group is the market leader in the online securities business for modern investors, and with over 1.1 million current accounts it is also one of Germany’s leading direct banks.

It was another successful year for the comdirect Group. It gained a lot of new direct banking customers with a further expansion of its offering. Trading saw a record number of orders executed, thanks in part to the heavy use of CFDs. In addition, net new money and positive price effects resulted in significantly higher portfolio volumes in Investing. Deposit volumes also rose markedly due to the higher number of current and call accounts in Banking. ebase, which caters for institutional partners, expanded its services for insurers, asset managers and small and medium-sized banks in particular. Custody account volumes rose moderately at ebase despite a slight decline in customer numbers.

With its focus on innovative financial services in Trading, Investing and Banking, the comdirect Group is aiming to win over increasing numbers of customers and help them make better financial decisions. “Better investing” was a major product innovation in the year under review and allows customers to invest in just a few steps in a quality-tested ETF or fund portfolio that meets their needs. Further product launches are imminent, mainly in mobile banking. The aim of these is to make the desired offering available to customers anytime, anywhere.

Commerz Real

2014 was a hugely successful year for Commerz Real. The 100% subsidiary is positioning itself squarely as a centre of excellence for physical assets. Assets under management at year-end amounted to €32bn; €20bn in investment products and €12bn in financing products. The fund range includes the open-end real estate fund hausInvest, institutional investment products and equity investments under the CFB Invest brand in real assets focused on aircraft, renewable energies and real estate. As the leasing company of the Commerzbank Group it also offers customised asset leasing plans and individual financing structures for physical assets such as real estate, big-ticket items and infrastructure projects.

With a volume of €9.6bn and net inflows of over €300m, hausInvest was once again one of the leading open-end real estate funds. Outstanding successes were achieved in both asset management and the transaction business, generating a 2.5% return for the year – excellent given the current low interest rate environment.

Commerz Real was one of the first market participants to receive a licence as a capital management company (KVG) to sell, manage and administer closed-end domestic retail alternative investment funds (AIFs) and closed-end and open-end domestic special AIFs. The licence covers a broad range of real assets. In November 2014 Commerz Real KVG placed its first product under the new regulations in the Capital Investment Code: CFB Invest Flugzeuginvestment 1 gives investors access to ownership of a Boeing 777-300 ER, the world's most popular long-haul aeroplane.

Commerz Real is also a leading address for institutional investors. Its comprehensive skills and many years of experience in structuring, financing and managing investments in individual real assets in Germany and abroad are an excellent basis for successful projects.

Commerz Real Asset Structuring GmbH (CRAS) focuses on financing and structuring solutions for infrastructure models, big-ticket items, outsourced current assets and property development with one-stop planning, construction and financing. Commerz Real Mobilienleasing GmbH (CRM) specialises in leasing machinery and equipment, sale and leaseback solutions and hire purchase models. Both companies significantly expanded their new business volumes last year despite major handicaps in the shape of an unwillingness to invest and regulatory and tax changes. CRM, which primarily distributes through Mittelstandsbank, enjoyed a hefty 30% rise, mainly in its core expertise of machinery and equipment.

Outlook for Private Customers

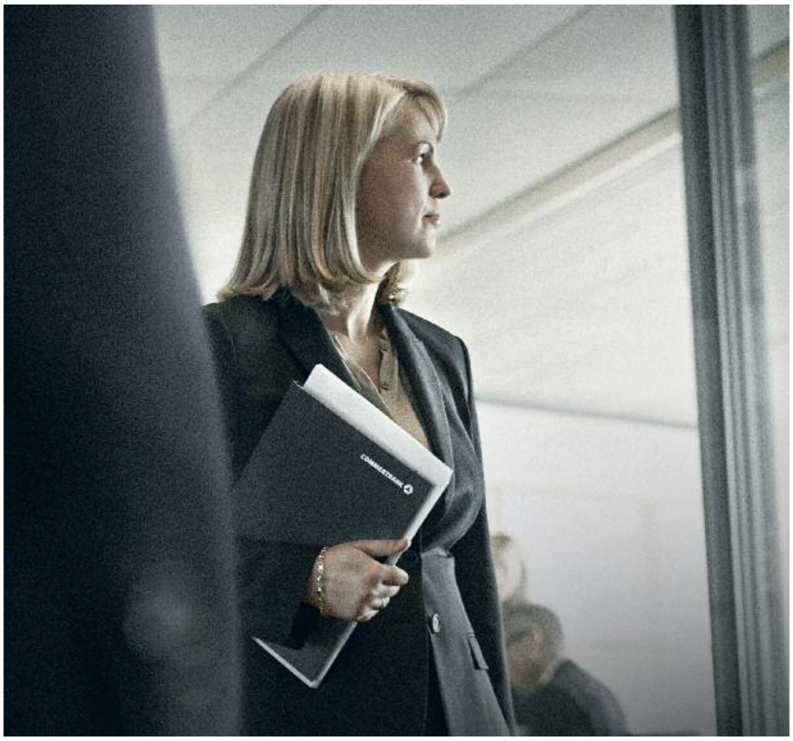
2015 will see profitable growth in customers, accounts and assets. The focus will be on expanding mandated investment advisory business, i.e. fee models that are not transaction-dependent. There will also be growth in lending to business customers. Marketing activities will be accelerated, especially on the internet, to win new customers. There will be a special focus on partnerships. The segment is looking to expand existing cooperations such as those with the Lufthansa frequent flyer programme Miles & More or the Commerzbank partner programme Company & More. This is aimed at companies and offers employees of selected firms special terms provided at least ten new customers per firm join. Winning new cooperation partners is also a target for 2015. Measures to strengthen customer retention will also be stepped up to reduce the number of customers leaving, permitting further growth in customers, accounts and assets.

In addition, we will drive forward the switch from being a branch network bank to being a multi-channel bank. The aim is to have online and mobile banking more closely integrated with branches, e.g. by using a shared technical platform. Organisational changes are also being made, with the sales structures in the Private Customers segment and Mittelstandsbank being brought into line with each other. This will create a shared market presence and improve our efficiency in the eyes of customers. Since 1 February 2015 Germany has been divided into five market regions, each headed up by a Divisional Board Member for Sales. The previous main branch structure will be replaced over the course of the year by 65 branches across the territories of the five Divisional Board Members. This will also remove a layer of management, cutting complexity.

€1.2bn

Operating profit

Operating profit up 10% year on year



+8%

Increase in lending volume

We significantly increased our average lending volume to both domestic and foreign corporate customers and financial institutions in 2014. This was achieved despite the market environment remaining tough and competitive pressure persisting. Our strong willingness to lend reflects our understanding of what a long-term business partnership in both sides' mutual interest means.

»We process 8% of German USD export payments.«

€–342m

for risk provisions

Prizes and awards in 2014

1st place
Best Mittelstandsbank

DISTINGUISHED PROVIDER 2014
EUR
EUR
FImetrix


The Trade Facilitation Programme Award
Commerzbank AG
Most Active Confirming Bank
in 2013

Dt. Institut für Service-Qualität
1st place
"Test Winner – Mittelstandsbank"

FImetrix
"Distinguished Provider 2014"
Global Transaction Banking

EBRD Award
"Most Active Confirming Bank in 2013"

Mittelstandsbank

The Mittelstandsbank segment is divided into the three Group divisions Mittelstand Germany, Corporate Banking & International and Financial Institutions. The Mittelstand Germany Group division serves small and medium-sized customers, the public sector and regional and small and medium-sized institutional customers in Germany. The Corporate Banking & International Group division serves corporate customers with a turnover of more than €500m that are not listed in the M-DAX or DAX and smaller groups with high capital market requirements, plus customers in the energy sector. The Financial Institutions Group division is responsible for managing relationships with German and foreign commercial and central banks via a global network of correspondent banks and supports other Group divisions and segments in their international activities and strategies.

Mittelstandsbank increased its operating profit year-on-year in 2014 despite the difficult market environment.

Performance

Table 10

€m	2014	2013	Change in %/%-points
Income before provisions	2,916	2,917	0.0
Loan loss provisions	−342	−470	−27.2
Operating expenses	1,357	1,337	1.5
Operating profit/loss	**1,217**	**1,110**	**9.6**
Capital employed	6,926	5,990	15.6
Operating return on equity (%)	17.6	18.5	−1.0
Cost/income ratio in operating business (%)	46.5	45.8	0.7

With market conditions still difficult, Mittelstandsbank once again provided the main contribution to profits within the Core Bank in 2014. The segment posted an operating profit of €1,217m in the year under review, compared with €1,110m in the previous year. Mittelstandsbank's earnings performance was boosted by a reduction in loan loss provisions for lending. There was another pleasing increase in lending volumes, up some 8% year-on-year.

Income before loan loss provisions was €2,916m, in line with the previous year.

At €1,792m, net interest income was up 3.5% on the previous year. Credit volumes rose in all Group divisions, and net interest income was also up. Net interest income from deposits declined, however, even though volumes were higher. Net commission income was slightly higher than in 2013, rising by 1.9% to €1,086m. Despite increases in certain areas, in particular documentary and corporate finance business, income from interest rate and currency hedging business was slightly down on the previous year due to market conditions. Net trading income was €–7m, compared with €29m in 2013.

Net investment income for the reporting period was €11m, compared with €54m in the previous year. The fall in both net trading income and net investment income was mainly due to measurement effects on restructured loans in the previous year. Other net income came to €25m, compared with €29m a year earlier.

Loan loss provisions for lending amounted to €–342m, compared with €–470m in 2013. The fall was mainly due to lower additions to loss loan provisions for individual commitments.

At €1,357m, operating expenses were on a par with last year's figure of €1,337m. A slight rise in personnel expenses and other operating expenses was offset by lower indirect costs.

Overall, the Mittelstandsbank segment posted a pre-tax profit of €1,217m for 2014, which represents a year-on-year increase of around 10%.

The operating return on equity based on average capital employed of €6.9bn was 17.6% (2013: 18.5%). The cost/income ratio was 46.5%, compared with 45.8% in 2013.

Main developments in 2014

Ten years ago, after 145 years in the corporate customer business, Commerzbank explicitly committed itself to the Mittelstand and became the first bank in Germany to set up a separate Board-level department: the Mittelstandsbank. German companies are increasingly rewarding this focus, giving top scores in customer satisfaction surveys. They rank us as the market leader in German foreign trade and the best bank for the Mittelstand. And we are steadily extending this lead.

Successful progress in internationalisation

As part of the expansion of our international strategy we are intensifying our business in selected core markets. We have had six locations in Switzerland since April 2014, and are seeing pleasing growth in new customers. We are now serving small and medium-sized businesses as well as large corporates, giving them access to the full range of products. We support our corporate customers in both their local and their international activities. After Switzerland, the service model has now been extended to Austria, with more and more business being done with Mittelstand customers at our existing location in Vienna. We are also strengthening our activities in growth markets worldwide. Commerzbank has signed an agreement with Bank of China in Frankfurt for the direct processing of renminbi payments in Frankfurt. The renminbi clearing centre in Frankfurt opened on 17 November 2014, giving Commerzbank's corporate customers a new way to transfer payments in the Chinese currency directly to the mainland without going through Hong Kong.

The bank at your side – even in cash management and international business

Our advisory skills, ability to process international business and strong presence abroad form the basis for us to accompany our customers in their international activities. We attach particular importance to looking at customers' entire value chain as well as that of their suppliers and customers, to ensure that financing, hedging and payments solutions are ideally coordinated. In 2014 we successfully provided our customers with customised advice on payments processing and the switch to the Single European Payments Area (SEPA), as well as giving smart and professional support with worldwide cash concentrating and treasury solutions. This involved analysing and optimising customers' national and international cash flows, both for smaller domestic companies and complex major firms with global operations.

Customer satisfaction increases again

According to our annual survey, the high level of satisfaction among our customers is based primarily on our competence, our commitment and the customised advice and support we provide. These allowed us to further improve on the already very good scores we achieved last year. We regard this high level of appreciation as an incentive to continue to grow the added value for our customers. Their trust is also reflected in the substantial rise in loan drawdowns seen over the past twelve months. Commerzbank has thus shown once again that it finances growth in the real economy.

We are the best Mittelstandsbank

The advisory quality and solution expertise provided by Mittelstandsbank mean our customers are very satisfied. This was demonstrated once again at the beginning of 2014 when the German Institute for Service Quality (DISQ) polled 300 financial decision makers in the Mittelstand about their satisfaction. The four largest full-service banks, the savings banks and the cooperative banks were rated. Commerzbank was ranked first in the survey with a score of "very good overall". The Bank's performance and strong customer focus were particularly praised. DISQ said employees "scored on credibility and expertise."

Main Incubator GmbH: promoting the banking of the future

Commerzbank has set up a separate 100% subsidiary called Main Incubator GmbH within Mittelstandsbank with the aim of identifying banking trends at an early stage, participating in innovation in financial services and developing and implementing trends as part of a company builder approach. 120 business concepts have been examined since the company began operating in March 2014. The first investment was announced in September, with Main Incubator acting as joint co-lead with Software AG in a financing round for Traxpay AG. This financing round was named Deal of the Year by UK financial magazine Acquisition International and M&A specialist data provider Deal Feed International. Further investments are currently being negotiated and individual cooperations with financial technology startups are already in place.

Mittelstand Germany

The Mittelstand Germany Group division serves small and medium-sized customers with a turnover of between €2.5m and €500m, public-sector customers and institutional customers in the Mittelstandsbank.

It provides tailored and efficient solutions to fit their individual situation and the best possible coverage from corporate customer advisers and product specialists at 150 locations in Germany.

Financing concepts that go beyond traditional loans

In Financial Engineering we develop sustainably viable financing concepts with our Mittelstand customers. These include, for example, club deals allowing customers to stabilise the number of banks they use. Our customers have made us one of the leading banks when it comes to distributing government subsidies to the German Mittelstand. For the fifth time in succession, Euromoney magazine named us Best Arranger of German Loans. The ongoing positive response to our Financial Engineering concept encouraged us to extend the product offering to Switzerland during the year.

Getting a grip on risks and investment requirements

Globalisation means that increasing numbers of companies are having to deal with manufacturing facilities and trading partners in countries with minor currencies. As an internationally active bank we work with our customers in all currencies. Our risk management services and solutions enable them to seize the opportunities in foreign business and reduce the associated risk. The German Risk Ranking 2014 had Commerzbank in first place overall, and customers rate it as the best bank for currency and risk management in particular. Companies continue to have significant amounts of funds to place, despite high capex and low interest rates. The low rates are encouraging our customers to seek higher returns. Companies are willing to accept longer maturities or invest in more complex products such as promissory note loans, bonds and funds. We offer customers the full range of investment management products.

Corporate Banking & International

In Germany, the Corporate Banking & International Group division serves corporate customers with a turnover of over €500m, plus some below this level that have capital market requirements, from seven corporate customer centres. Internationally, we have operational units in Western Europe, Eastern Europe, Asia and North America. We also work with customers in the energy sector.

Thinking and acting across borders

Commerzbank follows a cross-border relationship management approach to ensure that Mittelstandsbank customers are managed using the same model all over the world. The relationship manager responsible for a corporate group coordinates a client service team made up of product specialists and co-relationship managers in Germany and abroad. This rigorous relationship management model reduces complexity for customers when it comes to processing their banking transactions, not only in Germany but worldwide. The client service team operates internationally and has access to customised corporate banking products. The Commerzbank product range meets the local and international needs of globally active companies in a targeted manner.

Leaders in syndicated lending

A key part of the global client service team are the product units in Corporates & Markets, which specialise in large corporates. In 2014, for instance, Commerzbank maintained its position as a leading player in syndicated lending for large corporates and international customers, acting as a strong structuring and financing partner. The large number of repeat mandates we win from customers is a sign of our sustainability.

Strategic partner in the shift towards renewable energy

Commerzbank has been financing renewable energies projects since the mid-1980s. With this long track record and an energy competence centre, Commerzbank can act as a strategic partner for customers dealing with the challenges and opportunities presented by the shift towards renewable energy. Financing volumes for wind and solar parks rose sharply again in the year under review to €704m. In the current year we will continue to focus on expanding financing activities in Germany and core foreign markets, and on other business related to the shift towards renewables.

Financial Institutions

The skill and expertise of the Financial Institutions Group division lies in handling foreign payment transactions, hedging foreign trade risk and financing foreign trade deals via its global network of some 5,000 correspondent banks. The Group division also provides its customers with bilateral loans, supports them in syndicated loans and, together with the Corporates & Markets segment, offers solutions for active risk management.

Global presence

The Financial Institutions relationship management team based in Frankfurt follows a global service approach and has a worldwide sales network of 43 representative offices and Financial Institutions desks in all key economic areas. The Group division not only works with customers on opportunities that arise but also points out potential risks. Comprehensive coverage and advice is provided by a Financial Institutions relationship manager, who is supported by a host of qualified product and risk specialists, including those in other units of the Bank.

Extending the leading market position in the eurozone

According to SWIFT, Commerzbank was one of the leading institutions for handling foreign trade deals in the eurozone in 2014. It maintained its 8% share of the export payments market, while the market share for handling export documentary credits rose 3.5% year-on-year to 17.5%. This not only makes us the market leader for handling export documentary credits in Germany, but also further reinforces our significance for the eurozone. In October 2014 our product range in foreign documentary business was expanded with the FI-X-aminer, which gives banks the opportunity to have their documentary credit documents checked easily and efficiently by Commerzbank. FI-X-aminer is a logical extension of the Financial Institutions product range and reinforces Commerzbank's position as the leading trade service bank in Europe. Under the leadership of Financial Institutions, Commerzbank was named Most Active Confirming Bank by the European Bank for Reconstruction and Development for the tenth time in succession. This programme for promoting trade helps many German exporters, especially those trading with countries in Central and Eastern Europe.

Outlook for Mittelstandsbank

Based on our customer-focused relationship management model, we will continue to act as a strategic partner for our customers in 2015 and are planning for further growth in Germany and abroad, although we have to deal with persistently low interest rates and ever stricter regulation. The after-effects of the euro crisis will continue to curb growth rates. We nevertheless anticipate a steady increase in capex, however, especially in the Mittelstand.

We will continue to strengthen our leading position in corporate customer business, and with this in mind are planning to optimise Mittelstandbank's domestic sales and head office structure in 2015. Optimising the sales and head office structure in Germany is a key element of this and represents the first step in refocusing Mittelstandsbank on the customer. We want to meet the needs of our customers in an even more rapid and focused manner with simpler, direct structures. We are also investing in the quality of our advice and services and optimising operating procedures and sales processes. This will make the segment fit for future success in a changing environment for corporate business.

Our strategy at Mittelstandsbank is to offer a full range of services for corporate customers in Germany with a clear focus on financing the real economy. We will therefore add commercial real estate financing to our product range to ensure we can continue to meet all of our customers' needs. The public sector is a major growth segment for Mittelstandsbank. With a focused presence in nine locations across the country, we will in future be bundling our skills in this customer segment to intensify our customer relationships with municipalities and municipally-owned corporations and gain more new customers for our services. We wish to clearly increase our market share in the public sector in the coming years.

During the year under review Commerzbank laid the foundations for establishing a subsidiary in São Paulo, Brazil. This will target SMEs and large companies that use the capital markets. The company is due to start operating in 2015. Financial Institutions intends to access the growth potential in attractive markets by opening representative offices in Baghdad, Iraq and Abidjan, Côte d'Ivoire in 2015.

IT investments will focus in particular on digitisation to meet the need of our corporate customers for a modern infrastructure and on adaptations to reflect regulatory changes. Modernising our online presence will be a special feature. Customers will be able to access the new portal in the first half of 2015; this will consolidate the existing Mittelstandsbank applications and also offer new functionalities, providing corporate customers with an additional channel to complement our personal relationship management model. This is the first step towards becoming a modern multi-channel bank for corporate customers – one that will continue to focus on their needs.

Central & Eastern Europe

€364m

Operating profit

Rising income from the increased lending volume and larger number of customer transactions

The increase in total income was largely driven by higher core income, including net interest income and net commission income. The rise in lending volume, higher margins on credit products and increasing customer and transaction numbers made positive contributions to this trend. At the same time, the cost/income ratio decreased from 53.1% in 2013 to 47.2% in 2014, thanks to prudent cost management.

»mBank remains on a successful growth path.«

+4%

Increase in lending volume

+9%

Increase in deposit volumes

+approx. 320,000

net new customers last year

Prizes and awards in 2014

1st place
World's Best Internet Banks

1st place
The most friendly financial institution

Global Finance Award 2014
mBank: 1st place
"World's Best Internet Banks"

Forbes Magazine Award
mBank: 1st place
"The most friendly financial institution"

Distribution & Marketing Innovation Award by Efma
mBank: 1st place
„The most disruptive innovation category"

Central & Eastern Europe

The Central & Eastern Europe (CEE) segment comprises all of the Group's activities in universal banking and direct banking in Central and Eastern Europe. The segment is represented by the mBank brand, which provides retail, corporate and investment banking services for customers in Poland, and retail banking services for customers in the Czech Republic and Slovakia. At the end of 2014 mBank had a market share of around 8%, making it the fourth-largest bank in Poland.

Performance

Table 11

€m	2014	2013	Change in %/%-points
Income before provisions	923	808	14.2
Loan loss provisions	–123	–119	3.4
Operating expenses	436	429	1.6
Operating profit/loss	**364**	**260**	**40.0**
Capital employed	1,587	1,654	–4.1
Operating return on equity (%)	22.9	15.7	7.2
Cost/income ratio in operating business (%)	47.2	53.1	–5.9

Poland again enjoyed a better economic performance than the rest of the eurozone in 2014. The uncertainties associated with the crisis in neighbouring Ukraine scarcely affected economic performance during the year.

The segment improved its operating profit by €104m year-on-year to €364m.

Income before loan loss provisions totalled €923m in the period under review and was thus €115m higher year-on-year. The main driver was significant growth in net interest income, which was primarily attributable to increased volumes of loans and deposits from both private and corporate customers and active interest rate management at mBank, for example growth of higher-margin loans. In total, net interest income rose to €585m. Net commission income was up 8.6% year-on-year to €215m, although the fee reduction on cards in Poland in the middle of the year had a negative impact. All in all, the sustained and pleasing rise in new customers and higher transaction numbers were behind the good income performance. The number of customers at mBank rose 320,000 to 4.7 million in 2014.

Loan loss provisions were up slightly year on year by €4m to €–123m.

Operating expenses were €7m higher than the prior-year figure at €436m. This was largely due to the intensification of projects and advertising as part of the One Bank strategy.

The Central & Eastern Europe segment reported a pre-tax profit of €364m in 2014, compared with €260m in 2013, an increase of 40%.

The operating return on equity based on average capital employed of €1.6bn was 22.9% (2013: 15.7%). The cost/income ratio improved to 47.2%, compared with 53.1% in 2013.

Main developments in 2014

The most important strategic projects carried out during 2014 included the further implementation of the One Bank strategy adopted in 2012. This comprised a series of initiatives covering customer focus, capital and cost management, product competences and corporate culture. Some of these, such as giving the Group a consistent brand identity by merging the three former brands into the single mBank brand for the whole Group, simplifying and flattening structures and making organisational changes, like bringing corporate and investment banking together, have already been implemented. A start was also made on reorganising all branches for private and corporate customers so that every customer of the mBank Group can access the full range of services in every branch. This process should be completed by the end of 2018.

Of particular strategic importance for mBank were the alliance agreed in 2014 with Orange Polska (one of Poland's leading telecoms providers) and the intended cooperation with AXA Group in bancassurance.

One of mBank's strategic objectives is to increase the diversification of its funding sources: two eurobonds were successfully placed in 2014 as part of the Euro Medium Term Notes (EMTN) programme, both with a nominal value of €500m, maturing in 2019 and 2021 respectively. mBank Hipoteczny, a mortgage banking subsidiary of mBank, also issued PLN 1bn of Pfandbriefe.

Strategic alliance with Orange Polska

On 2 October 2014 mBank, one of the leading banks for transaction banking and mobile financial services, and Orange Polska launched a shared mobile banking project called Orange Finance. A team from both firms has designed a new offering for customers who expect to have easy access to their finances wherever they are. What is innovative about Orange Finance is the ability to use banking products exclusively via a mobile Android or iOS app. mBank products are also offered to Orange Finance customers online and through around 900 of the mobile phone provider's shops in Poland. The online banking platform was developed as an enhancement to the mobile app and gives customers innovative new functionalities such as an intelligent search engine that provides a rapid view of all account movements without having to enter large amounts of text. The platform also has a tool for planning spending and simple budgeting.

Cooperation with AXA Group

In September 2014 Aspiro, an mBank subsidiary and owner of insurer BRE Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji (BRE Ubezpieczenia TUiR) signed an agreement with AXA Group to sell 100% of the shares of BRE Ubezpieczenia TUiR. Once the necessary approvals have been given by the Office of Competition and Consumer Protection (UOKiK) and the Polish financial regulator (KNF), under the terms of the transaction mBank and AXA will sign agreements regarding a long-term cooperation of at least ten years for the sale of life and non-life insurance. The cooperation with AXA Group will give mBank customers access to an even broader range of services and even higher quality relationship management. The latest innovative insurance products will be offered via online and mobile platforms as well as through the traditional branch network. The strategic alliance with AXA is the next step towards making full use of the potential of mBank's online and mobile platforms.

Consolidation and reorganisation of the mBank sales network

As part of its strategic reorientation started in 2012, mBank is implementing the One Network project to harmonise its sales network. The aim of the project is to better meet the needs of private and corporate customers. To date there have been separate branches for private and corporate customers, but these are being replaced by advisory centres. There will also be "light branches" in selected locations such as shopping malls. Advisory centres will be set up in all cities where there is already an mBank branch. These will offer customers the full range of retail and corporate banking services, plus products from selected mBank subsidiaries like mLeasing, mFactoring and the broker Dom Maklerski mBanku. The first such branch opened in Szczecin on 16 June 2014. A total of 89 are planned. The reorganisation of the sales network will also see 44 "light branches" opened, where customers will be offered basic services such as cash transactions and products like account opening and loan or credit card applications. The reorganisation of the sales network will be implemented on a phased basis by the end of 2018.

Customer growth and product development

The number of private customers at mBank rose by 320,000 to 4.7 million in 2014. The sustained strong growth was also the result of continuous work on innovative products and technical solutions. mBank introduced a host of loan, deposit and investment products in 2014, both new and adapted to customer requirements, along with new processes to support sales. These include a new mobile banking app compatible with all standard operating systems such as Android, iOS, Windows Phone and Windows 8.1. Improved credit processes mean the processing time for deciding on electronic applications for loans not secured on property has been cut from 15 minutes to 30 seconds. No additional forms are documents are needed. mBank also offers instalment loans to customers of Allegro.pl, the largest auction platform in Poland. The offering for small and medium-sized companies has also been extended. An FX platform has been introduced that offers customers the full range of currency transactions to trade directly or with support from the Bank. The offering for corporate customers has also been optimised and extended. The new solutions for the 18,000 or so corporate customers of mBank include new functionalities in the mBank CompanyMobile application, which contains new FX platform services such as buying or selling foreign currency at a set rate.

It was thanks not least to these tailored product offerings that the Bank was able to expand its share of the SME market in the year under review.

Awards for mBank

mBank won more top banking sector awards in 2014. In Global Finance Magazine's competition to find the World's Best Internet Banks, mBank was awarded first prize for its transaction services for private and corporate customers.

Efma and Accenture also placed it top in their Distribution & Marketing Innovation in Retail Financial Services Awards in three categories: Most Disruptive Innovation (for an institution that generates new market value in the global banking sector), Most Promising Idea (for a loan within 30 seconds) and Everyday Banking. The jury at the BAI-Finacle Global Banking Innovation Awards, a global competition that recognises innovation in retail banking, ranked mBank number one in the Channel Innovation category for its modern e-banking system.

Outlook for Central & Eastern Europe

We expect the economic upturn in Poland to continue in 2015. Growth is likely to be boosted in particular by the recovery in the eurozone, supported by domestic demand and new public-sector investment. The performance of the Polish banking sector is likely to be affected by macroeconomic factors such as the low interest rate environment and by tighter regulatory requirements, including the current debate in Poland on the intended conversion of Polish mortgage loans denominated in Swiss francs. At the same time, however, the expected economic growth should boost credit volumes, and the improving position of private households and the corporate sector will be reflected in banks' risk costs – before one-off effects from the ongoing debate on the conversion of Swiss franc mortgages. The main drivers of this growth are set to be corporate loans, but an increase is also expected in the Private Customers segment thanks to higher disposable income and persistently low interest rates. Retail mortgage financing and consumer loans in particular will be positively affected by falling unemployment and improved market sentiment.

In 2015 mBank will continue its strategy of concentrating on improving potential earnings and profitability and extending strategic competitive advantages. In the private customer business, the innovative mBank platform will result in a rising number of accounts and transactions. The Bank will also further expand its operations in the Czech and Slovak markets, which have high growth potential. The One Network project to reorganise the branch network will be consistently implemented in 2015 through the opening of new advisory centres and "light branches". In Corporate Banking the Bank will continue its efforts to strengthen the Group's position among large corporates that offer high cross-selling potential. The Bank will also expand its position in the SME segment.

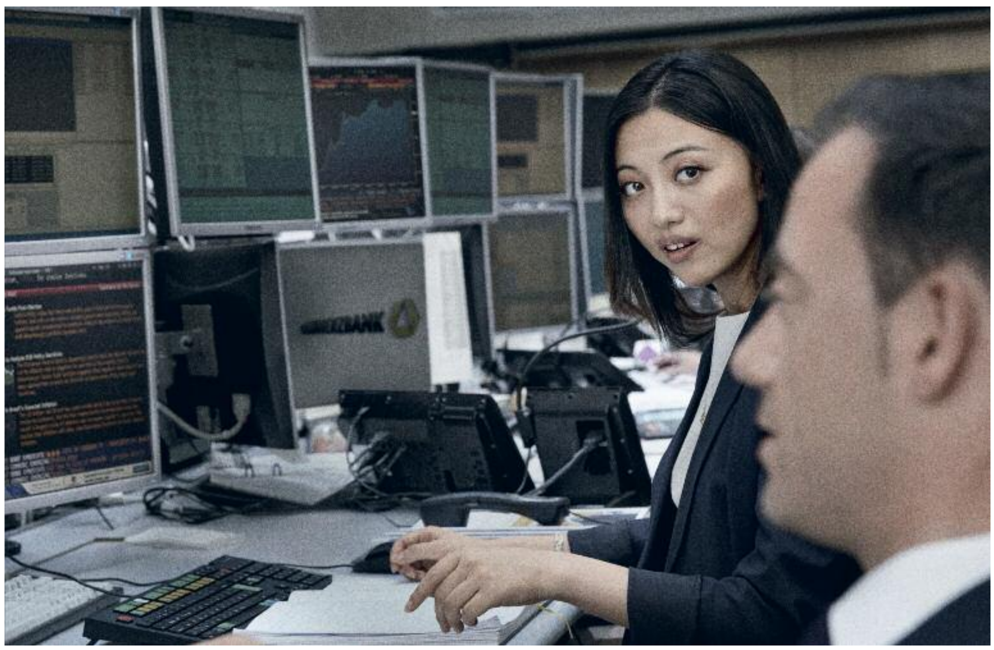
The mBank Group's funding basis will be further diversified and strengthened with issues and private placements. The intention is that mBank Hipoteczny will issue more Pfandbriefe in 2015 than 2014.

Corporates & Markets

»Focused international growth.«

€675m

Operating profit



16.1%

return on equity

Investment Banking once again exceeded its return objective in 2014, even though capital backing increased by more than 30%. Thanks to a sustained efficiency improvement programme, CM was able to find scope for investment and keep costs stable despite tougher regulatory requirements.

Strong position in equities, bonds, consortium loans and structured products

+23%

growth in corporate customers in the Americas

+26%

Corporate finance business with international corporate customers

Prizes and awards in 2014

Structured Products Asia Awards 2014
"Foreign Exchange House of the Year – Asia"

The Cover Awards 2014
"Most Improved Bank"

Structured Retail Products 2014 European Awards
"Best House, Europe", No. 3

Corporates & Markets

The Corporates & Markets segment combines Commerzbank's investment banking activities. The focus is on the sale of capital market products, advisory services and the preparation of market analyses for Group customers requiring capital market products. The segment comprises the Fixed Income & Currencies, Equity Markets & Commodities, Corporate Finance, Credit Portfolio Management and Client Relationship Management Group divisions, and ensures that not only Corporates & Markets customers but also customers of other Group segments, particularly Mittelstandsbank and Private Customers, have full access to the entire range of investment banking products and services.

The capital market environment in 2014 was marked by an improvement in customer confidence in some areas, although other areas remained challenging.

Performance

Table 12

€m	2014	2013	Change in %/%-points
Income before provisions	1,971	2,079	–5.2
Loan loss provisions	55	57	–3.5
Operating expenses	1,351	1,359	–0.6
Operating profit/loss	**675**	**777**	**–13.1**
Capital employed	4,193	3,063	36.9
Operating return on equity (%)	16.1	25.4	–9.3
Cost/income ratio in operating business (%)	68.5	65.4	3.2

The capital market environment in which the Corporates & Markets segment operated in 2014 was characterised by an increasingly expansive ECB monetary policy that pushed the yield on ten-year Bunds down to 0.55%, while positive economic indicators in the USA suggested that rates there may start to rise in 2015. European equity markets were largely stable in 2014, with occasional volatility due to growing concerns over geopolitical risks, the economy and the collapse of the oil price. Equity trading and issue volumes meant EMC business did well within Corporates & Markets, while fixed income volumes were down year-on-year owing to lower customer activity.

Corporates & Markets generated an operating profit of €675m in 2014, compared with a strong €777m in the previous year that included positive measurement effects from restructured loans. The profit figure includes both a positive measurement effect from counterparty risk of €37m and a negative effect from the measurement of own liabilities of €–56m (net effect of €–19m compared with €64m in 2013), giving an operating profit before these one-off effects of €694m, compared with €713m in the previous year.

In Corporate Finance, the primary market bonds and syndicated loans business made a sustainable contribution to the segment result, which was also boosted in particular by strong equity issuance business (Equity Capital Markets) and by Structured Capital Markets. Equity Markets & Commodities continued to benefit from high demand for structured products among institutional investors and from sales of investment products to private investors in 2014, boosting its income accordingly. Earnings in Fixed Income & Currencies are a direct reflection of the ongoing difficult market conditions, which resulted in income being much lower than last year. Credit Portfolio Management, which is responsible for managing and optimising the credit portfolios and counterparty risk, generated very satisfactory income, but this was due to write-ups on existing portfolios.

Income before loan loss provisions for the year was €1,971m, down €108m on the previous year. Adjusted for the change in measurement effects from counterparty risk and the measurement of own liabilities, income before loan loss provisions was almost in line with last year. At €1,560m, net interest and trading income was at the same level as in 2013. Net commission income was also steady at €368m, compared with €367m in the previous year.

Loan loss provisions saw a net release of €55m, after €57m in the previous year.

Operating expenses were down €8m year-on-year to €1,351m, producing a pre-tax profit of €675m (previous year: €777m).

The operating return on equity based on average capital employed of €4.2bn fell – partly in connection with Basel 3 effects – to 16.1% (previous year: 25.4%). The cost/income ratio was 68.5%, compared with 65.4% in the previous year. Adjusted for the effects of measurement of own liabilities and counterparty risk in derivatives business, the operating return on equity would be 16.5% (previous year: 23.3%). The adjusted cost/income ratio would be 67.9%, compared with 67.4% a year earlier.

Main developments in 2014

The performance of the various Group divisions in 2014 was driven by a market environment of historically low interest rates and occasional low volatility. The year was also challenging due to regulatory requirements and the operating conditions in certain business areas. The segment's diversified base paid off, with reduced activity in some areas made up for by strengths elsewhere.

Corporate Finance generally performed well, while Fixed Income & Currencies suffered from low customer hedging needs. Equity Markets & Commodities benefited from increased trading and the same sustained demand for structured investment products that was seen last year. Credit Portfolio Management made a solid contribution to the profit of Corporates & Markets.

Fixed Income & Currencies

Earnings at Fixed Income & Currencies were mainly driven by the sustained low level of rates in Interest Rates Trading, which kept customer activity low throughout the year. Low volatility in the currency markets also dampened activity in the second quarter, but there was a significant recovery in the third and fourth quarters, meaning that the demand for currency hedging was up overall. With interest rates low in Europe and a lack of investment alternatives available, Emerging Markets and Credit Trading achieved positive results. Overall, however, the Group division's profit was down year-on-year.

A market service offering was launched as an early response to increased regulatory requirements. This new division has been well received by customers, especially as regards knowledge of OTC derivatives and custody solutions.

In the year under review Commerzbank signed an agreement with Bank of China in Frankfurt for the direct processing of renminbi payments in Frankfurt. For this we were able to draw on our expertise and resources in Hong Kong and Singapore. Commerzbank now offers renminbi accounts in Asia and Europe, allowing reliable settlement for goods transactions and capital transfers to and from China. Mittelstandsbank will be working with Fixed Income & Currencies to develop the renminbi product offering in order to assist with the many questions customers have about this growth market.

We are well placed in this area, as the awards we have won show. Commerzbank came top in the German Risk Derivatives Ranking 2014. The Group division also placed first in the Forward Rate Agreements, Cross Currency Swaps, FX Swaps, FX Options, FX Forwards and Structured Products categories. Commerzbank was also ranked first and second as primary dealer for Germany and the Netherlands. Fixed Income & Currencies also received the Outperformer Award for Germany in the Global Custodian Agent Banks Survey. It was also named Foreign Exchange House of the Year – Asia for structured products.

Equity Markets & Commodities

Equity Markets & Commodities had a record year in 2014, profiting from the diversified nature of the business and strong customer demand. The steep rise in profit is attributable to a pleasing performance in equity-led business. Customers also made use of the combination of various product offerings in challenging commodity markets.

The performance in 2014 again confirmed the Group division's strong position as Germany's leading provider of equity and commodity products and market maker for structured securities. New products for corporate and institutional customers in Asset and Liability Management Solutions also contributed.

Our customer-focused business approach was rewarded with numerous prestigious honours. Commerzbank came top in the Structured Products and Commodities category in the survey of German derivatives customers conducted by Deutsche Risk magazine. At the Certificate Awards 2014, Commerzbank was the only bank to win two German retail awards: first place for Certificate of the Year, with almost 42% of the votes, for the Classic Chance reverse convertible product, and second place in the Certificate House of the Year category. Commerzbank also won several awards in a range of categories, in addition to coming top in both Discount Certificates and Index Tracker Certificates.

Corporate Finance

In an overwhelmingly positive market environment, Corporate Finance once again posted a solid performance, albeit falling short of the high level achieved in 2013 thanks to the positive impact of restructured loans. Equity Capital Markets profited from lower equity market volatility and a dividend yield in excess of bonds. The volume of equity issues in Germany and Europe was well up on previous years. We worked on numerous equity transactions such as IPOs and capital increases in the year under review. Income in this area almost doubled compared with the previous year. The sustained low level of interest rates triggered further demand for debt financing. Debt Capital Markets Bonds worked on a host of bond issues for German and international companies, banks and public-sector borrowers, further boosting income from the already high level recorded last year. The division continued its selective internationalisation in line with its business focus, adding renminbi bonds and green bonds to its product range. It featured in the top five of the Global Covered Bonds ranking for the first time and was rated Number One Most Improved MTNs Dealer by The Cover Awards. After a cautious start to the year, the market for syndicated loans saw a sharp rise in issue volumes compared with 2013, mainly driven by acquisition financing. In a competitive market, Debt Capital Markets Loans defended its market leadership in Germany based on number of transactions, and also won several honours in the Euroweek Awards, including Number One Best Arranger of Loans. We were able to reinforce our leading competitive position in the leveraged finance business in Germany and Europe in 2014. Leveraged Finance also maintained its position towards the top of the league tables in Germany in 2014 in terms of the number of transactions executed.

The strong market growth in mergers and acquisitions in Germany and the rest of Europe during the year under review was mainly attributable to large-scale international transactions, while SMEs were more cautious. M&A Advisory further strengthened its competitive position in the German Mittelstand segment, winning a series of advisory mandates. Structured Capital Markets successfully completed numerous transactions, including in aircraft financing, and once again made a good contribution to results.

Credit Portfolio Management

Within the Corporates & Markets segment, Credit Portfolio Management (CPM) is responsible for managing default risk on loans and trading transactions. Counterparty risk management also takes into account the expected cost of providing collateral for derivatives transactions (funding value adjustments). CPM's responsibilities also include the ongoing value-maximising reduction of the holdings of the former Portfolio Restructuring Unit, which have already been cut back significantly. Specific credit risks at Mittelstandsbank are also hedged in the capital market on request. A service level agreement is in place, under which CPM advises the NCA segment on reducing the Public Finance portfolio. CPM also helps NCA manage its Private Finance Initiative book. Despite higher regulatory capital costs for counterparty risk, the Group division nevertheless delivered a solid contribution to segment results once again in 2014. By focusing on prices for credit and counterparty risk that reflect the market and the level of risk, CPM makes a major contribution to ensuring customer relationships are properly valued in the international lending business at Corporates & Markets. Over the past year we primarily invested in refining our methodology and further expanding our systems for managing the risks and capital in derivative counterparty risk. Working with DCM Loans, CPM launched several initiatives to boost income from international lending.

Client Relationship Management

Client Relationship Management is responsible for providing global support to companies that use the capital markets, selected German family companies in all key industrial sectors and financial institutions outside the banking sector. The Group division also looks after leading private equity investors, sovereign wealth funds, asset managers, the Federal Government and the individual German states. In order to offer customers tailored solutions, the Group division works intensively with the relevant product specialists from all areas of the Bank in Germany and abroad. In 2014, Client Relationship Management once again stood by its customers as a strong and reliable partner in investment and corporate banking. The focus as regards the Group division's customers was on providing innovative answers to the challenges presented by the global financial markets in terms of funding their business activities and ensuring their liquidity.

Outlook for Corporates & Markets

In a business environment that remains challenging, mainly for regulatory reasons but to an extent also for market reasons, Corporates & Markets will further strengthen its position in individual Group divisions. It will seek to further increase its customer base, especially institutional customers and large corporates.

Corporates & Markets also plans to launch a new centre of competence model, bundling together product and market expertise in the different locations. The aim is to generate synergies by industrialising production processes internally. Front and back office units will be allocated to Frankfurt for standardised trading solutions and to London for complex structured trading solutions. Subject to negotiations with employee representatives, the intention is to shift jobs from London to Frankfurt. The Corporates & Markets offering will remain unchanged across all asset classes. Customers will still be able to benefit from the accustomed products and services in future.

Corporate Finance will also continue to develop its traditional strengths in debt capital markets, especially in financing European multinationals. Thanks to its integrated business approach, Equity Markets & Commodities will continue to successfully exploit synergies within Commerzbank and offer a high-quality range of products to all Group customers. Special attention is being paid to strengthening the relationships with customers served by Commerzbank's Private Customers segment. We will also continue to work on expanding our trading platform. In Client Relationship Management, both existing customers and new asset management customers will be offered a comprehensive service approach geared to their needs. In Fixed Income & Currencies, the centre of competence approach will see standardised interest rate and currency trading concentrated in Frankfurt to allow closer integration with the existing process expertise in electronic trading (as is already the case with equities) and a bundling of back office support functions.

There will again be a special focus on cost discipline in Corporates & Markets in 2015. The major cost initiative launched in 2012, which has already delivered savings, is expected to produce further large reductions this year, thus creating scope for necessary investment. There will be particular challenges in 2015 from market-sensitive customer behaviour, the efforts of customers to generate returns in a low interest rate environment and the changes that have to be made to processes and IT systems to keep up with the ongoing major changes in the regulatory environment. 2015 will also see more measures to optimise our customer-focused model in the product areas.

Corporates & Markets is mainly looking to continue growing business with large corporates in Western Europe and with Mittelstandsbank customers, and to build up business in the USA and Asia as a strong partner for subsidiaries of German companies. Overall, this provides a sound basis for the further solid development of the Corporates & Markets segment.

Non-Core Assets

»We have successfully reduced holdings with the greatest risks.«

€–32bn

Further portfolio reduction in 2014. We have already passed the reduction target of €93bn set for 2016; the level at the end of the year under review was €84bn.

–28%

Reduction in the overall portfolio

The speed of reduction in the NCA segment remains high, coming after a decrease the previous year of 23%.

–40%

Loan loss provision expense cut

–16%

Ship financing portfolio reduced

–44%

Reduction in the CRE portfolio

Non-Core Assets

The Non-Core Assets segment (NCA) groups together the Commercial Real Estate portfolio (CRE), the ship financing portfolio (Deutsche Schiffsbank, DSB) and the Public Finance portfolio (PF) in the respective Group divisions.

The CRE portfolio principally relates to Hypothekenbank Frankfurt AG (HF). The PF portfolio is split between Hypothekenbank Frankfurt AG, the Commerzbank subsidiary Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg S. A. (EEPK) and Commerzbank Aktiengesellschaft. The non-core parts of the retail banking portfolio of Hypothekenbank Frankfurt AG and assets and equity stakes belonging to Commerz Real that cannot currently be placed are also allocated to the NCA segment, along with a few infrastructure portfolios from Commerzbank's former Portfolio Restructuring Unit (PRU).

The NCA reduction strategy aims to systematically unwind the individual segment portfolios in a way that preserves value and minimises risk. The objective over time is to release capital by running down assets and make it available to higher-yielding, lower-risk areas of the Group, thus strengthening Commerzbank's capital position and opening up new growth prospects for the Core Bank.

Performance

Table 13

€m	2014	2013	Change in %/%-points
Income before provisions	182	359	–49.3
Loan loss provisions	–654	–1,082	–39.6
Operating expenses	314	350	–10.3
Operating profit/loss	**–786**	**–1,073**	**–26.7**
Capital employed	7,606	9,488	–19.8
Operating return on equity (%)	–10.3	–11.3	1.0
Cost/income ratio in operating business (%)	172.5	97.5	75.0

NCA further improved its operating performance in 2014, but still posted a loss of €–786m. The operating loss in 2013 was €–1,073m.

NCA once again managed to substantially reduce assets and risk in all of the segment's main divisions. The portfolio reduction was made easier by relatively favourable overall conditions, such as falling risk premiums on bonds in our public finance portfolio and continued strong investor demand for international commercial real estate, which made several large-volume portfolio transactions possible. The situation remains tough in the shipping market, however, with no signs of a sustained market recovery as yet. The €32bn reduction in the portfolio to €84bn at year-end (exposure at default, including non-performing loans) once again exceeded our ambitious targets for the NCA segment. Income before loan loss provisions fell by 49.3% to €182m, compared with €359m in 2013. The collapse in net interest income, which fell by 97.5% to €13m, was the result of the ongoing portfolio reduction and a one-time effect largely caused by the sale of all operating CRE activities in Spain and Japan. No new business is being written, so net commission income fell by 52.5% to €28m. Net trading income is volatile and largely affected by the measurement of derivatives under IAS 39 and counterparty risk; this moved from €–53m in the previous year to a positive contribution of €215m in 2014. Lower losses on disposal resulted in higher net investment income of €–81m, compared with €–164m in 2013.

Loan loss provisions were down 39.6% to €–654m. The clear improvement was helped by write-ups related to sales of commercial real estate portfolios. Loan loss provisions remained high overall, however, especially in ship financing.

Operating expenses fell 10.3% to €314m. This was mainly due to lower staff costs, but other operating expenses also declined.

The €–61m restructuring provision for the year relates to further targeted cost savings at subsidiary Hypothekenbank Frankfurt and the full winding up of HF.

Our successful reduction measures enabled us to free up a total of €776m in capital in 2014. This includes an opposing one-off effect of €–756m from the first-time application of Basel 3 in 2014. The capital released therefore almost completely offset the operating loss of €–786m. Pre-tax earnings remained negative at €–847m, but were much improved on last year's loss of €–1,073m.

The operating return on equity based on average capital employed of €7.6bn was –10.3%, compared with –11.3% in the previous year.

Main developments in 2014

Reduction strategy continued

The aim is to fully wind down all the assets grouped in this segment in a way that preserves value. A comprehensive management plan has been put in place that provides for reduction of all NCA portfolios at the individual asset level.

The focus is on reducing exposure at default (EaD) including non-performing loans (NPL). EaD guidelines have been set up for this purpose. One key management element of the portfolio reduction is the risk matrix. This is the main management tool and determines that priority will be given to reducing assets that are riskier in terms of EaD and RWA.

The management of NCA also have an efficient toolkit for reducing the portfolio. These include active restructuring and making use of market opportunities. Increased access to investors and capital markets in recent years has made it possible to reduce assets in a selective manner by selling sub-portfolios, thereby freeing up capital without hurting profits. One example of this is the disposal of the entire commercial real estate portfolio in Spain and Japan in July 2014, which saw a full operating withdrawal from these markets. The transactions, which included the sale of a non-performing loan portfolio in Portugal, involved some €5.1bn of loans and associated derivatives.

The value-preserving portfolio reduction in 2014 is reflected in the 28% fall in EaD (including NPLs) year-on-year in the NCA segment to €84bn. The internal transfer of a large portfolio of liquid public finance assets worth some €12bn to Group Treasury contributed to this further sharp decline. NCA has thus achieved and in fact exceeded the EaD target of €93bn initially set for the end of 2016 two years ahead of schedule. Risk-weighted assets (RWA) fell by €9bn year-on-year to €45bn. Since mid-2012 the NCA portfolio has halved from €167bn to €84bn. From the high point in 2008, the reduction is more than €200bn or 70%.

The secured funding for NCA's activities derives in particular from mortgage and public-sector Pfandbriefe, lettres de gage publiques and ship Pfandbriefe. Repo transactions also play a role in refinancing the portfolio. Optimising the refinancing structure – through active cover pool management, for example – is an important component of the reduction strategy.

The NCA segment still has sufficient numbers of highly qualified staff with many years of experience in the different asset classes. The operating stability of the units within the NCA segment remains assured.

Commercial Real Estate

The reduction of the commercial real estate financing portfolio continues apace. In 2014, the total CRE volume (EaD, including NPLs) declined by €15.6bn or 44% to €20.0bn. In CRE Germany, which holds around 61% of the total exposure, EaD declined by about a third to €12.2bn. In CRE International, which accounts for around 39% of the portfolio, EaD fell by an above-average 57% over the course of the year to €7.8bn, partly as a result of large transactions. Through active management we were able to sell commercial real estate financing portfolios in Spain, Japan and Portugal and a host of smaller positions. The breakdown of the overall portfolio by type of use is as follows: the main components of the exposure are the sub-portfolios office (€5.5bn), retail (€7.4bn) and residential real estate (€1.9bn).

Deutsche Schiffsbank

Deutsche Schiffsbank AG (DSB), which had previously been a 100% subsidiary of Commerzbank Aktiengesellschaft, merged with Commerzbank Aktiengesellschaft in May 2012. The previous business area Ship Finance was renamed Deutsche Schiffsbank (DSB) as part of this process. In 2012 Commerzbank also decided to transfer the ship financing portfolio to the NCA segment and wind it down over time in a way that preserves value.

In 2014 the volume of the portfolio (EaD including NPLs) was reduced by €2.3bn from €14.4bn to €12.1bn. This 16% cut in the portfolio, which is mainly denominated in US dollars, was partially offset by the depreciation of the euro over the year, especially against the greenback. At constant exchange rates the portfolio reduction would have been €1.2bn greater. This was again the result of a portfolio transaction, along with a great deal of active encouragement from us to repay individual loans. The sale of nine smaller container ships in August 2014 led to the repayment of Commerzbank financing worth some €160m, all of which had been classified as non-performing.

One of the factors on which the future speed of portfolio reduction will depend is the performance of the shipping markets, the general condition of which did not significantly improve in 2014 after the preceding years of crisis.

The portfolio is divided principally between three standard types of ship, namely containers (€4.4bn), tankers (€3.3bn) and bulkers (€2.3bn). The rest of the portfolio (€2.1bn) consists of various special tonnages which are well diversified across the various ship segments.

Public Finance

Public Finance business mainly involves funding sovereign states, federal states, municipalities and other public-sector bodies as well as supranational institutions.

In the year under review we continued on the reduction course we have pursued since autumn 2010. Maturities combined with active sales and a large internal transfer of liquid assets to Group Treasury cut EaD by €14bn over the year to €52bn. The main public finance exposure is in Germany and the rest of western Europe. The Public Finance portfolio in the NCA segment also includes claims on banks (€8.6bn EaD), where the focus is again on Germany and the rest of western Europe (86%). Most of the bank portfolio comprises securities and loans which to a large extent are covered by guarantee/maintenance obligations or other public guarantees, or were issued in the form of covered bonds.

Outlook for Non-Core Assets

The reduction strategy in the NCA segment will be rigorously pursued in the coming years. Conditions will be affected by both tighter regulation and the economic environment. The aim of the value-preserving reduction strategy is to make use of opportunities to sell assets or portfolios where it is economically sensible to do so. A further key criterion for sales of assets and portfolios is the risk reduction the transaction involves. Reduction planning for the CRE and DSB portfolio is regularly updated for all significant single assets in Germany and abroad. By 2016 NCA plans to further substantially cut back the commercial real estate financing and Deutsche Schiffsbank portfolios to a total of €20bn. The winding up process at HF will also continue.

The vast majority of real estate markets where Commerzbank still holds commercial real estate portfolios continue to profit from extremely low interest rates and the associated strong demand for properties that offer a relatively high yield. The underlying economic trend remains restrained, however, meaning that the sluggish recovery on the CRE rental markets is likely to continue. The markets for container ships, bulkers and tankers are still plagued by overcapacity, as seen in very low charter rates. As a result, some of the loans for ships affected by the crisis can no longer be serviced as contractually agreed. No substantial change is currently in sight, so a lasting recovery in the shipping market in 2015 is unlikely.

The future performance of the Public Finance portfolio is dependent on how the sovereign debt crisis and the related political decisions in Europe develop. The Public Finance division will therefore continue to seek out and make use of opportunities that arise to reduce the portfolio in a risk-focused manner without hurting profits. We are expecting Public Finance to make a further loss in 2015.

Overall the NCA segment is expecting to make an operating loss again in 2015, albeit a smaller one than in the year under review.

Others and Consolidation

The Others and Consolidation segment contains the income and expenses which are not attributable to the business segments. Reporting for this segment under "Others" comprises equity participations that are not assigned to business segments, overarching Group matters such as costs for Group-wide projects, effects resulting from the purchase price allocation in connection with the Dresdner Bank takeover, specific individual matters that cannot be allocated to the segments, and Group Treasury. The costs of the service units, which – except for restructuring costs – are mainly charged to the segments, are also shown here. Consolidation includes income and expense items that represent the reconciliation of internal management reporting figures shown in segment reporting with the Group financial statements in accordance with IFRS. Also shown here are the costs of the Group management units, which – except for restructuring costs – are also mainly charged to the segments.

The segment recorded an operating loss of €–1,206m in 2014 compared with €–567m in the previous year. This decrease of €639m was due to the performance of Group Treasury, which was unable to repeat the very good result achieved in the previous year, and also to overarching Group matters and one-off effects. These include the positive effect of the first-time application of the CVA/DVA concept in the first half of the previous year and signifiicantly higher net new provisions when compared to the previous year in respect of litigation risks. Others and Consolidation recorded a pre-tax loss of €–1,206m for 2014, compared with a loss of €–1,060m in 2013. The prior-year result included restructuring expenses of €493m.

Our employees

Our employees are a decisive factor in our success. In the branches they advise our customers, assist them in their transactions with a full service and innovative products, and ensure that business runs professionally and smoothly. To achieve this and guarantee Commerzbank's long-term economic success we need employees who are motivated, suitably qualified and work where they can best deploy their talents. The banking industry is constantly changing, and our HR approach creates an environment in which people are able to develop and gain the qualifications this requires – and also stay on top professional form over the long run. This goes hand in hand with a corporate culture that promotes fair and competent interactions with colleagues, our customers, investors and business partners.

Table 14

Actual number employed	31.12.2014	31.12.2013
Total staff Group	52,103	52,944
Total staff parent bank	38,196	39,579

At year-end 2014, the Commerzbank Group employed 52,103 members of staff. This was a decrease of 841 employees compared with year-end 2013. The number of full-time equivalents was 46,294, compared with 47,375 in the previous year. The following table shows full-time employees at year-end by segment:

Table 15

Full-time personnel	31.12.2014	31.12.2013
Private Customers	15,525	16,569
Mittelstandsbank	5,487	5,424
Central & Eastern Europe	6,328	6,085
Corporates & Markets	1,896	1,923
Non-Core Assets	476	587
Others and Consolidation	16,582	16,787
Group total	**46,294**	**47,375**

Most employees in the Commerzbank Group (76%) work in Germany. Their average length of service with Commerzbank Aktiengesellschaft (Germany) is around 18 years; 24.3% have worked for the Bank for up to 9 years, 30.1% for between 10 and 19 years, and 45.6% for 20 years or more. The employee turnover rate in 2014 was 4.8%, compared to 4.3% in 2013.

The process requires employees to assess their own technical and personal skills. Managers also appraise the skills of their employees, creating the basis for a regular skills dialogue and enabling every employee to boost their professional fitness as required. Employees can also actively shape their professional future with their line manager.

Uniform standards for employee training and development

During the year under review we focused our efforts on employee training and development, with a view to reinforcing the technical and personal skills of our staff. By launching the Commerzbank Academy in 2013 we grouped together all our offerings for systematic and forward-looking lifelong learning. The Competence Dialogue introduced this year is another important step in setting uniform Bank-wide standards for training and development.

Professional career track opens up horizons for specialists

The launch of the professional career track in 2013 emphasised the importance of our 30,000 or so specialists for the success of the Bank. It completes our career track model and gives staff the ability to extend their own skills In April 2014 we also set up the Commerzbank Expert Programme (CEP), giving our specialists access to systematic training. This cross-divisional training programme fills the gap between management and project management training and gives specialists the opportunity to extend and add to their personal skills.

Customised management development and promotion

Promoting women to management positions remains high on our agenda. There has been a steady increase at management levels two to four since 2010, with 30% of managers set to be female by the end of 2015. Measures to encourage this, both for new recruits and for women who already work for the Bank, have been further extended. For example, over 600 female Commerzbank managers have taken part in the internal mentoring programme. We also launched a six-month training programme aimed specifically at level three and four managers in our international locations in September 2014. The International Management Programme (IMP) aims to provide participants with focused support in carrying out their management duties. The programme covers management methods and tools for leadership. These classroom sessions are held in London, New York, Singapore and Frankfurt for local participants.

Staff-oriented corporate leadership

Employees value the fact that these opportunities open up new horizons to the people at our Bank, making them more competitive and helping their careers. This can be seen in the Commerzbank Monitor, which regularly analyses the views of our employees in Germany and abroad on an anonymised online basis. The employee survey conducted in autumn 2014 showed significant improvements compared to 2011, and not just in areas relating to professional development. Employee commitment also shot up by 73 index points. This puts us four index points above the most recent benchmark for the financial services industry calculated by GfK Trustmark in 2012. Our staff gave us top marks for culture and cooperation. Compared to other financial services companies, Commerzbank is now at or above the benchmark in nearly all individual areas. The results on leadership quality showed a double-digit rise from 2011 and are now very good. The brand values of fairness and competence enjoy high acceptance across the Bank. Compared to 2011, even more employees are proud to work for Commerzbank. All segments and board areas scored better than three years ago. The biggest rise was in Private Customers, where the growth rate was in double digits across all areas examined. The next comprehensive employee survey is scheduled for 2016.

We also count on our employees' involvement in the company's operations with regard to our ideas management platform. The platform, which has won numerous awards, ensures that our procedures are optimised and creates a high level of transparency. This is made possible by WikIdee, an online platform where all employees are able to submit suggestions and join in discussions. Over 3,000 ideas were submitted last year.

Added-value HR tools

The positive feedback from our employees is also the result of an HR approach that focuses on people and develops effective tools to provide strategic assistance both to the divisions and to the Bank as a whole. We continued the strategic human resources planning pilot project in the year under review. The aim is to introduce medium and long-term HR management in the sales and service units. The development of each division is simulated via a structured comparison of current and required headcount in order to identify the strategically relevant areas that HR needs to concentrate on. This makes it possible to spot staff shortages and take countermeasures in good time.

HR tools that employees feel provide genuine added value include opportunities such as sabbaticals. In the year under review we concluded a works agreement that allows time to be "saved" and used for extended career breaks. This is implemented via a special part-time working agreement that can be tailored to individual requirements. The sabbatical works agreement sends out a signal among German companies that young talents and employees in special situations particularly appreciate.

We are also at the cutting edge when it comes to part-time working models. Commerzbank offers employees various models and options, such as limited-period "trial part-time working" and job sharing. This is where one position is divided between two part-time workers. These offers are making good headway, and around 25.5% of our employees now work part-time.

Mammoth undertaking: restructuring the private customer business

Flexible working models are just one example of our needs-oriented HR approach. Another is acting as a competent strategic partner in restructurings. Last year saw permanent changes in the private customer business.

Primarily this involved cutting some 1,800 jobs and setting up a new advisory model with new functions for our customers. By 1 April 2014, a total of 12,000 employees had been allocated to their function or transferred, with 2,230 changing their place of work. This was the biggest HR challenge we have had to deal with since the Dresdner Bank integration.

Networks reflect diversity

Because we have such a wide range of people in our Bank, we have concentrated our HR work on global diversity management. For many years we have been making it easier for our staff to combine work and family life. We offer pioneering childcare and full support for those caring for relatives. This is based on our innovative care works agreement for the head office, which has been extended to run indefinitely.

The employee networks that made presentations at the second Diversity Day held at head office in June are firmly established. Around 1,000 employees belong to Arco (LGBT), Courage (women), Focus Fathers, Horizon (burn-out), Kulturwerk, Cross Culture (intercultural) and Network Care. These networks run their own events and projects to raise awareness of their existence and what they do. Commerzbank has launched a company-wide Fathers Network in Frankfurt, Berlin and Hamburg, which stages talks, workshops and father and child weekends.

High standards in healthcare management

The healthcare management system was again certified by TÜV-Süd in the year under review. This underlines our systematic and sustainable approach to keeping our employees healthy. Focus issues include stress management, mobility, preventing addiction and nutrition. Programmes such as "Cycling to work", which has been running for over ten years, also contribute to this. This year we took part for the first time in the Global Corporate Challenge, a programme in which participants had a common goal of walking at least 10,000 steps on 100 days. Voluntary commitment to company sports activities also helps keep people healthy. In 2014 Commerzbank had 164 company sports groups in Germany, with 16,472 members. Staff and their families have access to the nationwide Employee Assistance Programme (EAP), which was again popular in 2014. The programme provides specialists who advise and support our staff and managers in difficult professional and private situations and arrange help for them where necessary. Under the terms of our works agreement on conducting risk assessments, we run regular surveys and implement corresponding follow-up measures.

Good take-up of additional offers for employees

Commerzbank offers its employees a wide range of additional company services. These include pension provision, employee recognition, mobility, technology and risk insurance. For example, we lease high-value IT equipment for private use at attractive rates. Two years after it was first launched, this is still an innovation in the banking sector. Since the start of 2014 we have also provided bicycles, pedelecs and electric bikes nationwide through the "BikeLease" model.

Successfully rising to training challenges

The re-orientation of our banking business poses new and different challenges for school students wishing to do a banking apprenticeship. Workshops across the Bank looked at the skills applicants need to be able to offer if they want to complete an apprenticeship or vocational training course at the Bank. Working with trainees, specialists and managers, we have defined an up-to-date and forward-looking profile of requirements for each professional apprenticeship on offer at Commerzbank. As a result, we have been using a multi-stage selection procedure for initial training since the summer. From the outset, therefore, we are laying the foundations for a successful start to working life, ensuring that the Bank has a healthy pipeline of future managers.

Remuneration

As a result of the increased significance arising from greater regulation, employee remuneration is disclosed in a separate report. This is published annually on the Commerzbank website at www.commerzbank.de.

Thanks to our employees

We would like to thank our employees at all levels and in all functions for their remarkable commitment and performance. Their trusting and constructive collaboration contributed to the success of our HR work in 2014.

Report on events after the reporting period

Changes to the sales structure in the Private Customers and Mittelstandsbank segments

In mid-January 2015 Commerzbank announced plans to realign its sales structure in the core Private Customers and Mittelstandsbank segments over the course of the year. New growth initiatives should help the Bank move further along its chosen path.

In the Mittelstandsbank segment we will therefore continue to implement our strategy rigorously. We are investing in the quality of our advice and services, optimising our operating and sales processes and sharpening the profile of Mittelstandsbank among customers and the market. This will make the segment fit for future success in a changing environment for corporate business. Optimising the sales and head office structure in Germany is a key element of this and represents the first step in refocusing Mittelstandsbank on the customer. We want to meet the needs of our customers in an even more rapid and focused manner with simpler, direct structures.

The same applies to the planned new sales structure in the Private Customers segment. Here we are modernising the business with a mix of powerful multi-channel banking services and personal advice that will continue to be provided in-branch, especially in the case of complex issues such as investments, pensions and retail mortgage financing. We want to win customers across all channels in future, both online and in our branches. The business will become more tightly focused, with the aim of becoming our business customers' principal bank and gaining new market share. We also want to strengthen our position in wealth management using the good market position enjoyed by Mittelstandsbank.

The planned changes are still subject to approval by the employee representatives.

Further development of the customer-focused business model in the Corporates & Markets segment

Also in mid-January, the Corporates & Markets segment presented plans to roll out a new centre of competence model to bring together product and market expertise in the different locations. The aim is to generate synergies by industrialising production processes internally. Front and back office units will be allocated to Frankfurt for standardised trading solutions and to London for complex structured trading solutions. Subject to negotiations with employee representatives, the intention is to shift jobs from London to Frankfurt. Our customers will still be able to access all products and services from all locations.

Restructuring in Group Finance

At the start of February Commerzbank announced that as part of the regular review of its business processes it had decided to restructure the Group Finance division, which is the central managing and reporting unit for accounting, controlling, regulation and tax. In an environment of increasing regulation, the aim is to bundle tasks more closely together so they can be completed more cost-effectively. The Group Finance locations in Berlin and Duisburg will be closed by the end of 2017 and their responsibilities reallocated within the Group. Jobs will also be cut at the head office in Frankfurt. This will take place in several stages and is due to be completed by the end of 2018.

Ruling of the Federal Labour Court (Bundesarbeitsgericht) concerning the adjustment test in relation to occupational pension funds

In the middle of February, the Federal Labor Court published a ruling concerning the adjustment test in relation to indirect company pension payments. Commerzbank is presently evaluating the impact on the financial and personnel policy of the Bank. Commerzbank was not a party to the proceedings. Even so an impact of the Supreme Court Ruling on the indirect pension commitments made via the BVV Versicherungsverein des Bankgewerbes a.G. is possible, because contrary to the legal interpretation so far, an adjustment has to be made in principle also by occupational pension funds. A reliable estimate of the related contingent liability is not possible at present.

Moratorium on payments in relation to the liabilities of HETA ASSET RESOLUTION AG (HETA)

On 1 March 2015 the Austrian Financial Markets Authority (FMA) stated that no further capital- or liquidity measures would be taken in relation to HETA further to the Financial Market Stability Act.

The trigger is the result of an asset test and asset valuation with the proviso that a sale of assets can be realised in the larger part within 2 or 3 years. The result was communicated to the FMA at the end of February 2015. The result signifies that the equity capital of HETA will presumably not suffice to cover the losses and that herewith the obligations to creditors can no longer be met in full. In applying the BaSAG (Austrian Bank Restructuring Act), the FMA has therefore put HETA under its control and imposed a payment moratorium. Further to this, payments due until 31 May 2016 on securities issued by HETA, have been suspended.

The exposure of the Commerzbank Group to HETA consists primarily of securities reported on the balance sheet at amortised cost, for which the Bundesland Kärnten has issued a fallback guarantee. The nominal values and amortised cost amount to around €0.4bn.

At the beginning of March 2015, prices for the securities in the market were quoted at between 40% and 50%. Commerzbank is presently evaluating its commercial and legal options.

There have been no other events of particular significance since the end of 2014.

Outlook and opportunities report

Future economic situation

Global economic growth is unlikely to be much faster in 2015 than it was in 2014. The biggest risks are expected to come from emerging markets. In China, real estate prices and borrowing have shot up in recent years, but the state has sufficient means to cushion the impact of the excesses. While this should prevent a collapse in economic growth, it will also support "lame" companies, which is likely to affect economic momentum in the years to come. We expect economic growth to slow from 7.4% to 6.5% in 2015.

The USA should see further decent growth of around 3.2% in 2015. No new spending cuts or tax hikes are planned that might hurt growth as they did in 2013. The US economy also profits from falling oil prices. Unemployment is likely to fall further, while wage growth should gradually accelerate. This will probably be a signal for the Federal Reserve to start normalising monetary policy, most likely by starting to raise its benchmark rate in stages in the second half of the year. We expect the Fed Funds rate to reach 1.0% by the end of the year.

Table 16

Real gross domestic product – Change from previous year	2014	2015[1]	2016[1]
USA	2.4%	3.2%	2.8%
Eurozone	0.8%	1.1%	1.2%
Germany	1.5%	1.5%	1.7%
Central and Eastern Europe	1.9%	0.2%	2.8%
Poland	3.3%	3.5%	3.5%

[1] The figures for 2015 and 2016 are all Commerzbank forecasts.

Unlike the USA, the eurozone economy is likely to still see only a slow recovery. Real GDP growth is projected to be 1.1% in 2015, which is below average. While the huge fall in oil prices and the weaker euro will support the economy, the ongoing real estate excesses in some countries and the unresolved structural problems, especially in France and Italy, will continue to hold back growth.

The German economy is likely to once again outperform the eurozone as a whole in 2015. The marked depreciation of the euro improves the price competitiveness of German companies and boosts margins for foreign business. With demand from emerging markets unlikely to return to anywhere near former growth rates and the economies in the other eurozone countries continuing to stutter, German growth in 2015 will probably not exceed the 1.5% seen in 2014.

The weak eurozone recovery and in particular the rate of inflation which turned negative at the end of 2014 may encourage the European Central Bank to further increase the scale of its bond purchase programme during the course of 2015.

The divergence in monetary policy between the USA and the eurozone suggests that the euro/US dollar exchange rate will come under further pressure. Yields on 10-year Bunds should rise slightly in the second half of the year as the Fed Funds rate increases, but this change in direction by the Fed is likely to hurt equity performance. Overall, though, German and European stocks should benefit from the fact that the ECB's zero interest rate policy continues to drive investors into riskier assets.

Table 17

Exchange rates	31.12.2014	31.12.2015[1]	31.12.2016[1]
Euro/US-dollar	1.21	1.04	0.99
Euro/Sterling	0.78	0.71	0.69
Euro/Zloty	4.27	4.30	4.20

[1] The figures for 2015 and 2016 are all Commerzbank forecasts.

Future situation in the banking sector

Our views regarding the expected development of the banking sector over the medium term have not changed since the statements published in the Interim Report as at 30 September 2014.

After brightening considerably in the previous year, the banking environment on the capital markets and in the real economy remained surprisingly robust on the whole in 2014. The basic economic tempo has slowed considerably, however, due not least to global geopolitical tensions, with even the German economy temporarily shifting onto a noticeably flatter growth trajectory in the middle of the year. Despite trending sideways over the summer, most major asset classes and financial markets ended the year with a gain (considerable gains in some cases), although volatility has to some extent picked up since the middle of the year. There was appreciable growth in acquisition and IPO business, while the number of corporate insolvencies in Germany fell to its lowest level since 1999. It is still too soon to sound the all-clear, however, since the euro crisis – with its complex interplay between government debt and financial and structural factors – is not so easily overcome. The recent political crisis in Greece has shown that uncertainty and volatility may increase again even if the stability of the system itself is not in doubt. The weakness of the eurozone recovery and the debt reduction required on the part of governments, companies and private households continues to weigh on the profitability of European banks.

The eurozone banking sector is in the middle of a long-term structural transformation triggered by the crisis of the last few years and more stringent regulatory requirements. The different rules for capital, liquidity, derivatives and bank structures could lead to further setbacks for global financial market integration. The new, stricter regulatory framework based on rules rather than principles leaves banks little time to adapt their business models.

A now stronger capital base may in future be offset by reductions in implicit government guarantees. The ECB's Asset Quality Review and the bank stress test reduced the potential for major jitters in the banking environment, but a further reduction in debt levels and an improvement in asset quality are still key preconditions if the banking sector is to meet the tougher requirements of banking supervisors and fulfil investor expectations.

The pressure on the banking sector has strengthened as a result of regulation, structural transformation and competition, and this will be even more difficult to deal with because major profit drivers of the past, such as high economic and lending growth and a sharp decline in credit default rates, will be significantly less evident. Corporate investment activity should gradually boost the demand for loans in Germany this year after a pause in the capex upturn in 2014, but increased use of internal and alternative external funding sources is impeding a strong revival in lending to corporate customers. The expected revival in German foreign trade for full-year 2015 will surely be positive for corporate customer business provided global trade does indeed power ahead. Corporate insolvencies have been declining for five years, but this trend is likely to stall in 2015, meaning that loan loss provisions will no longer be so cushioned. In the private customer business, the sustained preference for highly liquid investments that pay little commission and an unwillingness to buy securities directly mean net commission income will only see slight growth, especially as the performance of the capital markets may well be more modest in 2015 after six good years in a row. Impulses for the sector are coming from employment, which is at an all-time high, and the still good prospects for real estate lending.

Historically low interest rates, which have fallen further since 2012, together with increasing price sensitivity on the part of customers and tougher competition from online banks and technology-driven players with banking licences, are a fundamental hindrance to the expansion of earnings potential. All in all, eurozone banks will have rather limited scope for boosting earnings in 2015.

The outlook for banking in our second core market, Poland, remains better than in the eurozone. The Polish economy will again grow significantly faster than the EU in 2015, while the size of the domestic market and the recovery of the labour market make the country an attractive place to invest and sell goods.

In general, the financial crisis will continue to leave its mark in the shape of growth curbed by deleveraging, still relatively low interest rates, spreads that have recently tightened again, moderate growth in lending, and caution and a preference for cash among customers. Against this background, competition in the national banking market will intensify further, particularly as regards internationally active corporate customers and German SMEs. For the time being, however, there will be no change in Germany's market structure, which is fragmented and in some cases also suffers from overcapacity.

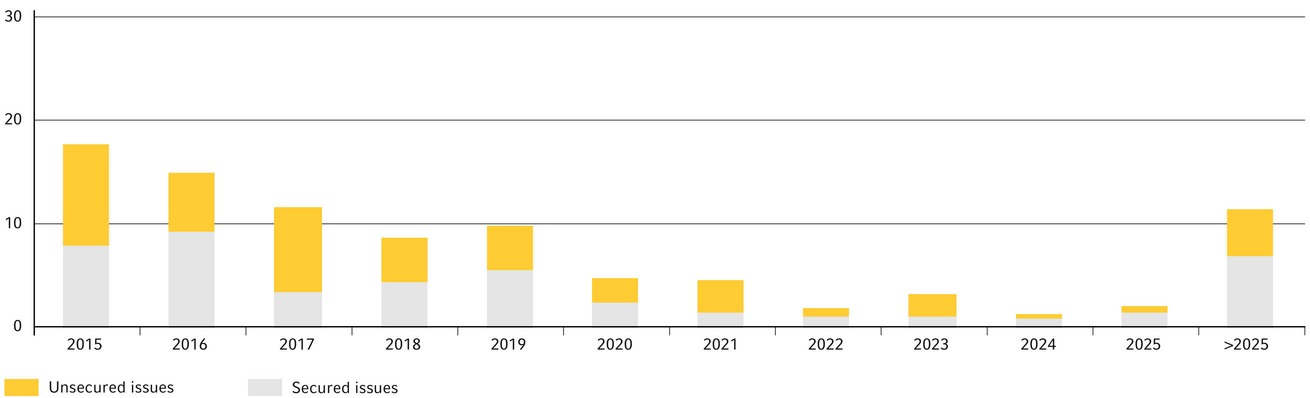
Financial outlook for the Commerzbank Group

Planned financing measures

Commerzbank forecasts a low capital market funding requirement over the coming years. The Bank is able to issue mortgage Pfandbriefe, public-sector Pfandbriefe and structured covered bonds secured by SME loans. These secured funding instruments in particular give us stable access to long-term funding with cost advantages compared to unsecured sources of funding. Such issues are a key element of Commerzbank's funding mix. Commerzbank also intends to launch unsecured capital market issues in the future, mainly private placements to meet demand from customers, and where necessary to further diversify the Bank's funding base.

Figure 5

Group maturity profile of capital market issues as at 31 Dezember 2014
€bn



Hypothekenbank Frankfurt AG was not active in the capital market in the year under review due to the reduction strategy.

By regularly reviewing and adjusting the assumptions used for liquidity management and the long-term funding requirement, Commerzbank will continue to respond actively to changes in the market environment and business performance in order to secure a comfortable liquidity cushion and an appropriate funding structure.

Planned investments

Commerzbank invested a total of around €700m in growth initiatives in the Core Bank in 2014, in the Private Customers, Corporates & Markets and Central & Eastern Europe segments. Some €1.3bn has been invested since 2013.

Commerzbank will again be investing in the selected growth path in 2015 and 2016. The Bank is targeting focused growth by adapting the business model to the new environment in the financial sector and investing a total of over €2.0bn in the earnings power of the core business.

Along with targeting growth the Bank will also pursue strict cost discipline, with the aim of keeping operating expenses stable up to 2016 despite the investments in the core business and anticipated increases in salary and other operating costs.

In the Private Customers segment the focus in 2014 continued to be on reorienting the business model towards the new strategy Investments mainly went into sharpening the brand profile and marketing new product and service offerings such as premium payments and investment products and new accounts for business customers. Advisory and service quality was enhanced by investing in broader and better availability and refining the Customer Compass. A huge amount was also invested in modernising online and mobile digital channels, e.g. the new private customer portal, the mortgage bank platform and the new tablet and account balance apps. The segment is also developing pioneering branch models and has already started piloting flagship and city branches in Berlin and Stuttgart. The aim of these measures is to further boost quality and growth and sustainably improve segment profitability. By 2016 the private customer business will have been converted to a multi-channel bank which combines modern technologies with values such as fairness and competence. In total, the segment will invest around €1bn in its platforms, its product and service offering, the advisory process and employee training. Around half of this had already been spent between the start of 2013 and the reporting date.

The Mittelstandsbank invested in its existing strategic areas in 2014: quality leadership, IT and internationalisation. Commerzbank has added five locations to its presence in Switzerland, laying the foundations for future growth. Expanding local corporate business with Swiss companies is a major building block for the growth planned. To ensure quality leadership we will continuously improve advisory quality, solutions and services in 2015 in order to further consolidate our current position as a leading bank for corporates. Investment continues to focus heavily on modernising the IT platform, particularly improving and optimising online portals and payment transactions.

We feel it is essential for a modern corporate customer bank to expand innovative multi-channel banking and offer customers a range of opportunities for online interaction. In the internationalisation strategic area we will continue to expand our international presence, which consists of branches with corresponding connectivity potential, representative offices and bank partnerships. A subsidiary in São Paulo (Brazil) and two representative offices in Baghdad (Iraq) and Abidjan (Côte d'Ivoire) are scheduled to open in 2015.

The Corporates & Markets segment launched a four-year cost-cutting campaign in 2012, and as planned this again delivered savings in 2014. Operating expenses were therefore stable, despite investments. In the product areas, further extending/increasing the efficiency of the IT landscape remains a key investment focus, in order to steadily boost Commerzbank's attractiveness as a trading partner for our customers. The Equity Markets & Commodities Group division is investing in improving customer platforms and further optimising downstream trading processes. In the year under review the Fixed Income & Currencies Group division invested in the platform for the market services offering that has already proven popular with customers. The focus is on client clearing, custody and collateral services. We are also concentrating on electronic trading platforms for trading interest rates, bonds and currencies, seeking to improve and enhance customer functionality. The Credit Portfolio Management Group division will continue to invest in expanding its trading systems.

In the Central & Eastern Europe segment, Commerzbank will place particular emphasis on the organic growth of mBank. In the private customer business the main focus is still on continuing to invest in modern technologies for customer-oriented transaction solutions. Corresponding implementation measures were implemented in 2012 and the new mBank internet platform launched in 2013; these measures will be further developed over the next few years. The main focus of investment is the targeted acquisition of new customers and the expansion of cross-selling activities. For example, mBank has entered into a strategic partnership with Poland's leading telecommunications provider, Orange Polska. The corporate customer business is being even more tightly focused on the Mittelstand by improving the organisational integration with investment banking.

Moreover, as part of the One Bank strategy, once all customer-related activities have been grouped together under the mBank brand, the branch network will gradually be made available to all customer groups. Some €85m was invested in 2014.

Commerzbank will also continue with the strategic investment projects it has already started:

Work will continue as planned on the Group Finance Architecture (GFA) programme to redesign the process and system architecture of the Commerzbank Group finance function. The main thrust of the programme includes developing a multi-GAAP solution, integrating financial accounting and management accounting with the aim of achieving significantly faster processes, and improving the analysis options. Development of the accounting and controlling functions at Commerzbank Aktiengesellschaft Germany was completed on schedule and approved for parallel operation at the end of 2014. Further projects are planned to complete the target architecture.

As a result of increasingly stringent regulatory requirements, Commerzbank will continue to have to make substantial investments in order to comply with national and international standards. Complex transition arrangements and new comprehensive reporting requirements (COREP, FINREP, Pillar 3 disclosure, IFRS 9) will increase the cost of evaluating information and reporting it to the banking authorities. In the areas of market risk and counterparty risk management, internal models and processes are constantly having to be adjusted to take account of changes in the capital markets or in supervisory law.

Anticipated liquidity trends

In the period under review the eurozone money and capital markets were characterised by the monetary policy measures implemented by the ECB to support the economic recovery in the eurozone. Following another ECB rate cut in September 2014, the main refinancing rate is now 0.05% and the deposit facility rate –0.20%. The ECB also agreed further targeted longer-term refinancing operations (TLTROs) and announced a programme to purchase asset-backed securities (ABS) and covered bonds. The initial further decline in liquidity due to the ongoing repayment of the existing three-year tenders (LTROs) by the banks was largely offset by the first TLTRO in September 2014, although the banks made much less use of this TLTRO than forecast by the market.

The second TLTRO was allocated in December 2014 and the money market now has sufficient liquidity, although the ongoing repayment of LTROs is giving rise to a degree of uncertainty about the trend for liquidity going forward. An additional positive for the liquidity situation is the steady purchase of asset-backed securities and covered bonds by the ECB. The announcement of the government bond purchase programme should further increase the excess liquidity in the market.

Money market rates are largely fluctuating within the corridor set by the ECB between the deposit facility rate and the main refinancing rate. As this corridor is so tight the money market is displaying little volatility and is mostly slightly in negative territory, especially at the short end. For the first quarter of 2015 we assume money market rates will continue to move sideways at a low level.

The large volume of government bonds from peripheral countries has so far been funded without any problems. Combined with investment pressure on the part of investors, the hunt for yield and the latest ECB measures, this resulted in credit spreads for GIIPS countries such as Italy and Spain continuing to tighten in the fourth quarter of 2014.

Greece is not following this trend due to the unfavourable political conditions. How credit spreads move in 2015 will mainly be driven by the impact of further QE measures by the ECB. A new government bond purchase programme would be particularly significant. This would likely cause credit spreads to tighten further, although it is not clear what maturity segments would be targeted.

The implementation of additional regulations such as the liquidity coverage ratio (LCR), the bank levy and the leverage ratio will continue to impact market performance as market participants bring their business models into line with them.

Commerzbank's liquidity management is well prepared to cope with changing market conditions and is set to respond promptly to new market circumstances. The Bank has a comfortable liquidity position which is well above internal limits as well as the currently applicable requirements prescribed by the German Liquidity Regulation and MaRisk.

The Bank holds a liquidity reserve portfolio to provide a cushion against unexpected outflows of cash, made up of highly liquid assets that can be discounted at central banks.

Our business planning is done such that a liquidity cushion can be maintained commensurate with the prevailing market conditions and related uncertainties. This is supported by the Bank's stable franchise in private and corporate customer business and its continued access to secured and unsecured loans in the money and capital markets.

Managing opportunities at Commerzbank

Commerzbank is reacting to the ongoing challenging conditions such as tougher regulation, low interest rates, changing customer behaviour and new technology-driven players discussed in "Future situation in the banking sector" by pursuing its growth path in the Core Bank and strict cost management and continuing the successful value preserving reduction strategy in the Non-Core Assets segment. By consistently orienting its business model to the needs of its customers and the real economy, the Bank should be able to increase its profitability, even if the economy only grows modestly. This should enable Commerzbank to reinforce its position as a leading bank for private and corporate customers in Germany and Poland, even though the environment remains challenging.

Because the Bank is winding down non-strategic portfolios while preserving value, and keeping costs steady, it can invest in new products and services and further stabilise its earnings power. The focus is on being a multi-channel bank with processes, products and service offerings tailored to the needs of customers and their traditional values. The Bank is also aiming to increase market share by slashing bureaucracy, delegating responsibility to the regions and streamlining management structures. The good result in the ECB's comprehensive assessment and the confirmation of resilience and stability in the stress test are encouraging signs for the Bank's strategic direction.

In the private customer business, it is reacting to the persistently challenging conditions described above by building a modern multi-channel bank with the emphasis on customer satisfaction and developing its successful product offering, for example in retail mortgage financing and securities business. The Bank will seize the opportunities offered by digitisation to gain new customers and modernise its organisation with faster communication, shorter consultation paths and more responsibility in local teams.

The Mittelstand business will maintain its successful business model and invest in expanding its international presence, advisory quality and services, with the aim of defending and reinforcing its market leadership in the German Mittelstand with unparalleled regional coverage. Flatter hierarchies and greater regional market responsibility will make the Bank even more customer-focused, efficient and responsive.

The Central & Eastern Europe business area will continue its successful organic growth path and build on the proven universal bank model. Having launched a modern online banking platform and a new image, mBank is modernising its branch network to focus rigorously on being close to customers.

In Corporates & Markets, the Bank has opportunities from the expansion of its Group-wide investment banking model for Core Bank customers and from closely interlinking its capital market orientation and corporate customer relationship approach. It will focus on core strengths and further optimise efficiency and profitability.

The specific opportunities identified by the individual segments are presented in the various "Segment performance" sections.

Anticipated performance of the Commerzbank Group

The pleasing performance in 2014 is a sign that the strategic reorientation of Commerzbank is on track to achieve sustainably higher profitability by 2016 by developing the business model. Although we expect conditions to remain challenging in 2015, a combination of growth initiatives and sustained tight cost and risk control should allow us to achieve further progress in 2015. This year we are aiming to further boost business volumes in the Core Bank and increase operating income in both the core segments and the Group as a whole. The low (and now even lower) level of interest rates and modest economic growth forecast for Germany and Europe is likely to act as a drag for large parts of the year, however, restricting the planned growth in customer business volumes and the income base. The expected slight increase in overall Group income is therefore mainly due to the improved market position we have achieved in the core business, which we feel is sustainable.

Anticipated performance of individual earnings components

Net interest income in 2015 will largely be determined by the extent to which the impact of extremely low interest rates and a yield curve which grew flatter over time can be offset by rising lending volumes and active countermeasures.

In the Core Bank, Commerzbank intends to exploit the improved competitive position achieved last year in the private and corporate customer business to gain more market share and boost growth in retail mortgages and Mittelstand loans in particular. Companies' unwillingness to invest, which is reflected in low demand for credit, should gradually lessen as the year progresses. We will cut deposit funding costs again by adjusting conditions, although there is less and less scope to do so. We anticipate a decline in income from asset/liability management, since many forms of liquidity are now paying negative interest rates. We anticipate higher net interest income in the Non-Core Assets segment despite the good progress made in reducing the portfolio. Firstly, we are countering the decline in interest-bearing assets by raising margins when loans are rolled over. Secondly, liquidity costs are likely to fall as the pace of reduction slows slightly and segment assets and liabilities follow a steadier path. A non-recurring negative effect incurred last year in connection with a portfolio transaction will also not be repeated. Overall, we expect a slight rise in net interest income at Group level for the current year.

We are targeting a slight increase in net commission income in 2015. Income in the private customer business is now increasingly steady, and we expect further positive effects from our more customer-focused advisory approach. If capital market volatility remains as expected, the trend towards increased customer activity in securities business should persist. We expect higher commission income from Mittelstand customers, including in foreign business and cash management, because of the strong international market position. It is difficult to forecast net trading income because of the unpredictability of developments on the global financial markets. Especially in view of the sharp rise in capital market volatility in the second half of 2014, however, Commerzbank's risk-oriented approach of deliberately not engaging in proprietary trading activities should pay off.

We believe loan loss provisions in 2015 for the Group as a whole will be in line with last year. We are expecting a normalisation, i.e. higher loan loss provisions, in the Core Bank. Although net releases of provisions as reported in the Corporates & Markets segment in 2014 are unlikely to be repeated, provision expense should remain relatively low in historic terms. The improvement in the quality of the NCA portfolio and much smaller holdings of commercial real estate and shipping financing should permit a further significant reduction in loan loss provisions compared with 2014. As was the case last year, most of the risk cost relates to ship financing, where there is no sign as yet of a broad-based and sustainable recovery in the difficult environment.

There will be no let-up in Commerzbank's strict cost management in 2015. This should enable us to compensate for investments to increase future profitability and the rising costs involved in implementing regulatory measures. All in all, operating expenses (including the significantly higher burden anticipated from the banking levy) should remain stable this year at around €7.0bn.

At the tax line we anticipate a negative effect this year due to plans announced in the UK to restrict the offsetting of tax loss carryforwards against future profits.

Anticipated segment performance

All activities in the Core Bank are focused on constantly developing the business model. In the NCA segment we want to continue reducing the portfolio in line with our objectives in terms of speed, risk reduction and operating income.

We reached a modernisation milestone in the private customer business last year by achieving direct bank capability. We have a competitive advantage on the road to becoming a genuine multi-channel bank, one that, along with the recognised high quality of our service and advice, we are keen to exploit to gain additional market share among private and business customers. We wish to continue our above-average growth in lending business by focusing on real estate financing. We are aiming to grow our income base through a combination of deeper penetration of existing customers and growth in net new customers similar to the level seen in 2014. We expect operating profit in the Private Customers segment to rise again in 2015, but not by as much as in 2014. Operating return on equity should rise slightly year-on-year, but as income is expected to rise the cost/income ratio should decline sharply again.

Mittelstandsbank will also focus on business growth, primarily by gaining new customers, particularly smaller SMEs. Given our strong market position we also intend to further intensify our close relationships with customers, seeking growth in international business in particular. In 2014, for instance, Commerzbank significantly expanded corporate business with Swiss companies by setting up local offices. Given the higher income base, we anticipate we can increase operating profit slightly year-on-year in 2015. Operating return on equity should improve slightly this year, while the cost/income ratio should stabilise at its current good level.

In the Central & Eastern Europe segment we see further scope for profitable growth in the medium term. In Poland, which is delivering a better economic performance than Western Europe, Commerzbank has the leading direct bank platform and an attractive and still growing customer base thanks to its majority stake in mBank. In our view, rising income from lending and deposit business with corporate and private customers will make up for a potential tightening of interest rate margins as the Polish central bank continues to cut rates. The marked improvement in the cost/income ratio last year will probably not be repeated and will be slightly higher year-on-year due to planned greater investments to strengthen and expand the market position. We therefore believe that operating profit may decline slightly year-on-year, and this will be reflected in a somewhat lower operating return on equity.

The comparatively large share of total income attributable to volatile measurement effects and persistent, sometimes unpredictable, regulatory trends makes forecasting the income of the Corporates & Markets segment a relatively uncertain task. In the absence of any unexpected major volatility on the capital markets, however, we do not expect customer activity on the primary and secondary markets to be materially different from last year. Income from capital markets business should therefore also be relatively stable compared with 2014. On the cost side, we anticipate an impact from efficiency measures launched last year. We expect a cost/income ratio on the level of 2014. After net releases of loan loss provisions in 2014, we expect a return to net additions this year. This normalisation of loan loss provisions is the main reason why we expect operating income to fall slightly in 2015. The possibility that the segment will need more regulatory capital cannot be ruled out, so the operating return on equity could fall more sharply than the change in earnings.

Even though the reduction in interest-bearing assets has been much faster than planned over the last two years, we still anticipate a significant improvement in operating profit in the Non-Core Assets segment this year. One reason for this is the sharp improvement in portfolio quality, which we expect will result in a further major reduction in loan loss provisions. Higher margins on the existing portfolio are also likely to increase the income base.

We will again cut operating expenses slightly. As part of the value-preserving reduction strategy we expect further significant progress in 2015 towards our objective of cutting the commercial real estate and shipping financing portfolios to a total of some €20bn by the end of 2016. This forecast does not include any large portfolio transactions of the type seen in each of the past two years. We are assuming that the speed of portfolio reduction will slow overall in 2015, but we will not be relaxing our efforts to continue to improve portfolio quality.

General statement on the outlook for the Group

The progress that has been made in the strategic reorientation of the Commerzbank business model and the associated increased resilience to the still very challenging overall conditions for banking business is reflected in our forecast for the full year.

Despite the challenging economic and capital market environment in the current year, we expect a slight increase in the operating return on equity for the Core Bank due to the planned internal equity allocation following the continued reduction of non-strategic portfolios. The cost/income ratio will probably fall slightly year-on-year.

Table 18

Group outlook	Actual figure 2014	Forecast for 2015[1]
Pre-tax profit/loss	€623m	significant increase
Consolidated profit/loss	€370m	significant increase
Operating return on equity	2.5%	significant increase
Cost/income ratio in operating business	79.1%	slight decrease

[1] Definitions: slightly = ~0-3%, significantly = ~4-5%.

For 2015 we expect consolidated profit to be significantly above 2014, both before and after tax. The increase will be slightly less than at the operating profit level, because the expense for banking levies will be sharply higher in 2015. We therefore expect the consolidated return on equity to also improve significantly, while the cost/income ratio should fall slightly. In the year under review the Commerzbank Group posted a sharp improvement in economic value added compared with 2013. This was largely the result of the significantly higher consolidated profit. We expect this trend to continue in 2015.

Following the improvement of 30 basis points in the Basel 3 core capital ratio last year to 9.3% (on a “fully phased-in” basis, i.e. according to our interpretation of the rules that will apply from 2019), we are assuming that in 2015 we will take a step towards our aim of achieving a ratio of over 10% by the end of 2016. This forecast does not rule out fluctuations in the ratio over time. Changes in the interpretation of existing rules and the structure of the norms that have to be implemented in future may have a temporary impact on capital ratios.

Commerzbank has become much more resistant to negative external influences in recent years. Nevertheless, at the start of 2015 numerous risk factors can be identified that could have a major but currently unquantifiable impact on the profit forecast for the year should events take an unfavourable turn. These include the still uncertain economic situation in Europe, where the sovereign debt crisis could flare up again following political changes in Greece. Geopolitical tensions have also risen owing to the military conflict in Ukraine.

The increased global risk of terrorism should also be mentioned. Significant turbulence on capital markets is possible, for instance in the event of divergent international interest rate trends. Yields on some government bonds in Germany, Switzerland and Japan, for example, have fallen into negative territory, whereas the economic situation in the USA could potentially allow interest rates to start moving steadily upwards. Major interest rate differentials between the major economies could also lead to further strong currency volatility and considerable turbulence in other asset classes.

Group Risk Report

The Group Risk Report is a separate reporting section in the annual report. It forms part of the Group Management Report.

Group Risk Report

› In the Group Risk Report, we give a comprehensive presentation of the risks we are exposed to. We provide a detailed insight into the organisation and key processes of our risk management. Our primary aim is to ensure that all risks in Commerzbank are fully identified, monitored and managed based on adequate procedures at all times.

› From a risk perspective, the focus in financial year 2014 was still on the accelerated reduction of the Non-Core Assets portfolio in the areas of Deutsche Schiffsbank and Commercial Real Estate. For instance, the sale of the real estate portfolio in Spain and Japan made an important contribution to risk reduction. We are planning to reduce the exposure at default in the areas of Commercial Real Estate and Deutsche Schiffsbank to €20bn until the end of 2016.

Contents

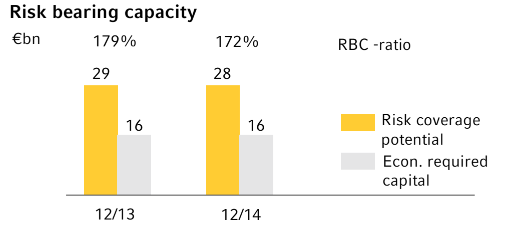
The following Group Risk Report is also part of the Group Management Report. Due to rounding, numbers and percentages may not add up precisely to the totals provided.

Executive summary 2014

Solid capitalisation and high risk-bearing capacity

- The risk coverage potential was kept virtually stable at €28 bn.
- The risk-bearing capacity ratio was on a high level at 172%.

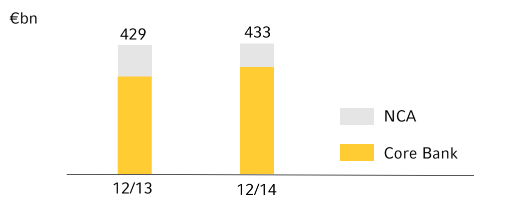
Risk bearing capacity



Significant exposure reduction in Non-Core Assets

- The NCA exposure in the performing loan book was reduced by €28bn to €78bn in the course of the year.
- In contrast, the exposure in the Core Bank could be increased from €323bn to €355bn. Thus 80% of the total exposure are associated with the Core Bank now.

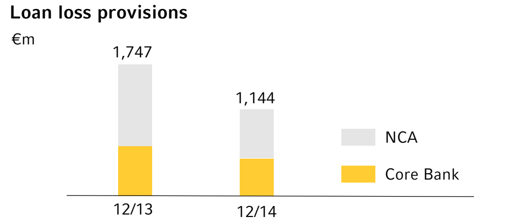
EaD



Loan loss provision for the Group decreased by more than one third to €1,144m

- The loan loss provision in NCA was significantly reduced, particularly in CRE.
- The decrease in the Core Bank mainly occured in the Private Customers and Mittelstandsbank segment.

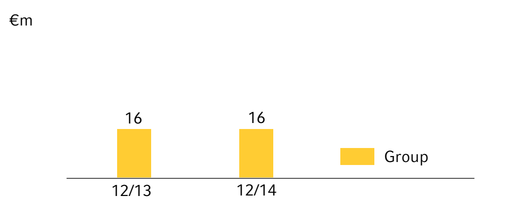
Loan loss provisions



Market risk in the trading book stable in the course of the year 2014

- The VaR in the trading book remained stable in the course of the year at €16m.
- The increase in FX risks was compensated by lower credit spread risks.

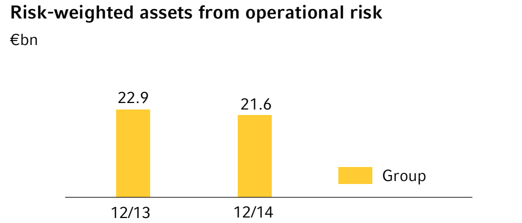
VaR



Decrease in operational risks year-on-year

- Risk-weighted assets from operational risks slightly decreased from €22,9bn to €21,6bn.
- Accordingly, at €1.8bn, the economically required capital for OpRisk is slightly below the previous year's level.

Risk-weighted assets from operational risk



Risk-oriented overall bank management

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 and non-quantifiable types of risk. Quantifiable risks are those to which a value can normally be attached in financial statements or in regulatory capital requirements, while non-quantifiable types of risk include reputational and compliance risk.

Risk management organisation

Risk Management in Commerzbank is an overarching bank mission and follows the principle of the "three lines of defense". Each unit (segments and functions) forms the first line of defense within its framework of operative responsibility. For credit, market and liquidity risk the responsibility for the second line of defense lies with the Chief Risk Officer (CRO). The CRO is responsible for implementing the Group's risk policy guidelines laid down by the Board of Managing Directors, and for the controlling of operational risks. For other risks (e.g. IT risks or legal risks) the responsibility for the second line of defense is located predominantly outside the risk function. The third line of defense is comprised of internal and external control bodies (e.g. internal audit and external auditors).

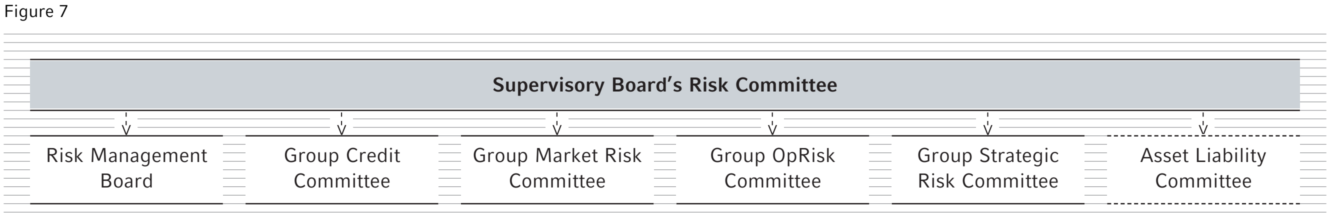
The CRO is responsible for the risk controlling and regularly reports to the Board of Managing Directors and the Risk Committee of the Supervisory Board on the risk situation within the Group.

The responsibilities within the risk function are split between Credit Risk Management Core Bank, Credit Risk Management Non-Core Assets (NCA), Intensive Care, Market Risk Management and Risk Controlling and Capital Management. In the Core Bank segments, credit risk management is separated into a performing loan area and Intensive Care, while in the NCA segment it has been merged into a single unit across all rating classes. All divisions have a direct reporting line to the CRO. The heads of these five risk management divisions together with the CRO make up the Risk Management Board within Group Management.

Figure 6

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.

Figure 7



The **Supervisory Board's Risk Committee** comprises the Chairman of the Supervisory Board and at least four further Supervisory Board members. The Risk Committee is charged, among other tasks, with monitoring the risk management system and dealing with all risks, particularly with regard to market, credit, operational risk as well as reputational risk. The Board of Managing Directors informs the Risk Committee about the Bank's risk situation on a regular basis (four meetings a year).

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. It is chaired by the CRO or his deputy. The Group Credit Committee operates on the basis of the credit risk strategy. It takes decisions in line with the competencies delegated to it by the Board of Managing Directors.

The **Group Market Risk Committee** 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** (OpRiskCo) is responsible for managing operational risks within the Group and in this regard acts as the highest escalation and decision-making committee below the Board of Managing Directors. The OpRiskCo also addresses all important regulatory issues that arise in connection with the management of operational risks and the implementation of the advanced measurement approach (AMA) within the Group. In addition, it deals with standards on governance and assessing the functioning of the Internal Control System (ICS) within the Commerzbank Group.

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 the Commerzbank Group committee responsible for the Group-wide and integrated management of financial resources, namely capital, liquidity and balance sheet structure as well as interest surplus, in accordance with the regulatory framework. The central Asset Liability Committee monitors in particular the Group's risk-bearing capacity and, as such, plays an important part in 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, reputational risks and legal risks. The Chief Financial Officer (CFO) assumes responsibility for controlling compliance risk with particular regard to investor protection, insider trading guidelines and money laundering. The Chief Operating Officer (COO) is responsible for monitoring personnel and IT risks.

Risk strategy and risk management

The overall risk strategy, together with the business strategy, defines the strategic risk management 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 without exposing itself to existential threats over and above the risks inherent in the business. The guiding idea is to ensure that the Group holds sufficient liquidity and capital. Based on these requirements, suitable limits for the risk resources capital and liquidity reserve available to the Group are defined. The overarching limits of the overall risk strategy are consistent with the recovery indicators of the recovery plan.

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, in view of its business model, these inherent existential threats include the default of Germany, Poland, one or more of the other major EU countries (France, Italy, Spain or the UK) or the long-term default of the USA. Others include a deep recession lasting several years with serious repercussions for the German economy, the collapse of the financial markets, the collapse of global clearing houses or a bank run. These existential threats are taken on board deliberately in the pursuit of the business targets. It may be necessary to adjust the business model and hence the business and risk strategies if the Board of Managing Directors' assessment of these threats to Commerzbank changes substantially.

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. By means of the risk inventory process – which is to be carried out annually or on an ad hoc basis as required – we ensure that all risks of relevance to the Group are identified and their materiality is assessed. 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 adjustments are made where required. In addition, further qualitative and quantitative early warning indicators are established in the overall risk strategy and recovery plan. Potential negative developments can be identified at an early stage with the help of these indicators.

One of the primary tasks of risk management is the avoidance of risk concentrations. These can arise from the synchronous movement of risk positions both within a single risk type (intra-risk concentrations) and across different risk types (inter-risk concentrations). The last one results from common risk drivers or from interactions between different risk drivers of different risk types.

By establishing adequate risk management and controlling processes, we provide for the identification, assessment, management, monitoring and communication of substantial risks and related risk concentrations. Therefore we 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. We use a combination of portfolio and scenario analyses to manage and deal with Commerzbank-specific inter-risk concentrations. Stress tests are used to deepen the analysis 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 that is not restricted to the risk function. Each unit (segment or function) forms the first line of defence within its area of operational responsibility and is responsible for identifying and managing risks within it while complying with the prescribed risk standards and policies. For example, the front office forms the first line of defence in all business decisions and has to take risk aspects into account in reaching them. The second line of defence for each type of risk lays down standards for appropriate management of risks of that type, monitors this and ensures the application of such standards, and analyses and evaluates the risks. The risk function forms the second line of defence against credit and market risks associated with business decisions. Particularly for credit risk, this includes the involvement in the credit decision process through means of a second vote. Units outside the risk function (Group Compliance and Group Finance) also operate as the second line of defence for certain risk types. The third line of defence is made up of internal and external control bodies (e.g. internal auditors and external auditors).

Under the previous provisions of the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung), every year Commerzbank identified those employees who have a material impact on Commerzbank's overall risk profile (risk takers). These risk takers are identified on the basis of their function within the organisation (including management level) and their function-related activities that have a potential influence on the Bank's overall risk profile. 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. The EU Delegated Regulation, specifying qualitative and appropriate quantitative criteria for identifying categories of staff whose professional activities have a material impact on an institution's risk profile, entered into force on 26 June 2014. As a result, more Commerzbank employees were identified as risk takers.

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 one day) and a confidence level (such as 97.5%). The VaR value then denotes the relevant loss threshold that will not be exceeded within the holding period with a probability 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 to credit risk measurement. Credit VaR is an estimate of the amount by which losses from credit risks could potentially exceed the expected loss within a single year, i.e. unexpected loss. The idea behind this approach is that expected loss simply represents the long-term average of lending losses, but this may vary (positively or negatively) from actual credit losses for the current business year.

In relation to 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. It is independent of statistically modelled parameters and comprises internal as well as external credit lines.

Risk-bearing capacity and stress testing

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. The gone concern analysis is supplemented here by elements aimed at ensuring the institution's continuing existence (going concern perspective).

When determining the economically required capital, allowance is made for potential unexpected fluctuations in value. Where such fluctuations exceed forecasts, they must be covered by the available economic capital to absorb unexpected losses (economic risk coverage potential). The quantification of the economic risk coverage potential is based on a differentiated view on the accounting values of assets and liabilities and involves economic valuations of certain balance sheet items.

The capital requirement for the risks taken is quantified using the internal economic capital model. When assessing the economic capital required, allowance is made for all the types of risk at Commerzbank Group that are classified as material and quantifiable in the annual risk inventory. The economic risk approach therefore also comprises risk types that are not included in the regulatory requirements for banks' capital adequacy. It also reflects diversification effects incorporating all types of risk. 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 quantifiable risks in the economic capital model can be divided into default risk, market risk, operational risk and (although not shown separately in table 19 below) business risk, property value change risk, investment portfolio risk and reserve risk. Business risk is the risk of a potential loss resulting from discrepancies between actual income and expense and the respective budgeted figures. Business risk is considered as a deductible amount in risk coverage potential. Investment portfolio risk indicates the risk of an unexpected fall in the value of unlisted investments, while property value change risk is the risk of an unexpected fall in the value of owned property (especially real estate). Reserve risk is the risk of additional charges being incurred on the portfolio of loans already in default through the creation of additional loan loss provisions. Allowance is made for the above risks when considering risk-bearing capacity by means of a risk buffer. 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.

The risk-bearing capacity is monitored and managed monthly at Group level. Risk-bearing capacity is deemed to be assured as long as the RBC ratio is higher than 100%. In 2014, the RBC ratio was consistently above 100% and stood at 172% on 31 December 2014. The RBC ratio remained stable at a high level over the course of the year.

Table 19

Risk-bearing capacity Group | €bn	31.12.2014	31.12.2013
Economic risk coverage potential[1]	**28**	**29**
Economically required capital[2]	**16**	**16**
thereof for default risk	12	12
thereof for market risk	3	4
thereof for operational risk	2	2
thereof diversification effects	–2	–2
RBC ratio[3]	**172%**	**179%**

[1] Including potential deductible amounts for business risk.
[2] Including property value change risk, risk of unlisted investments and reserve risk.
[3] RBC ratio = economic risk coverage potential/economically required capital (including risk buffer).

Commerzbank uses macroeconomic stress tests to review the risk-bearing capacity in the event of assumed adverse changes in the economic environment. The scenarios on which they are based take into account the interdependence in development between the real and financial economies and extend over a time horizon of at least two years. They are updated quarterly and approved by the Asset Liability Committee (ALCO). The scenarios describe an extraordinary but plausible adverse development in the economy, focusing in particular on portfolio priorities and business strategies of relevance to Commerzbank. The simulation is run monthly using the input parameters of the economic capital requirements for all material and quantifiable risk types. It reflects the forecast macroeconomic situation. In addition to the capital required, the profit and loss calculation is also subjected to a stress test based on the macroeconomic scenarios. Based on this, changes in the risk coverage potential are simulated. In the same way as the RBC ratio is incorporated into Commerzbank's limit system, explicit limits on risk-bearing capacity are set as an early warning system in the stressed environment. The ongoing monitoring of the limit for the unstressed and stressed RBC ratio is a key part of internal reporting. Defined escalations are triggered if the limit is breached.

In addition to the regular stress tests, so-called reverse stress tests are implemented annually at Group level. Unlike regular stress testing, the result of the simulation – a sustained threat to the Bank – is determined in advance. The aim of the 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. On this basis, for instance, action fields in risk management including the regular stress tests can be identified and taken into account in the ongoing development efforts.

In addition to the internal stress testing of the economic risk-bearing capacity, Commerzbank also participated in the comprehensive assessment carried out by the European Central Bank (ECB) and passed the associated regulatory stress test. On the basis of an asset quality review (AQR) as at 31 December 2013, a stress test was conducted throughout the EU. Under the baseline stress test scenario, taking the AQR results into account, Commerzbank recorded a CET1 ratio of 11.4% and was therefore significantly above the hurdle of 8.0%. The Bank's CET1 ratio at 8.0% was also well above the 5.5% hurdle under the adverse scenario in the stress test. Additional information on this can be found in the "Important human resources and business policy events" section in the Group Management Report.

In 2014, the risk-weighted assets resulting from Commerzbank's business activities increased from €191bn to €215bn. This increase was primarily attributable to the first-time application of Basel 3. The increase in volume in the Core Bank targeted under the business strategy is countered by the ongoing reduction of Non-Core Assets (NCA). The reduction in NCA included in particular the disposal of commercial real estate financing portfolios in Spain and Japan and of a non-performing loan portfolio in Portugal.

Table 20 below gives an overview of the distribution of risk-weighted assets, broken down by segment and risk type:

Table 20

Risk-weighted assets as at 31.12.2014 | €bn	Default risk	Market risk	Operational risk	Total
Core Bank	**135**	**15**	**20**	**170**
Private Customers	18	0	9	28
Mittelstandsbank	67	1	3	71
Central & Eastern Europe	13	0	0	14
Corporates & Markets	20	11	5	36
Others and Consolidation	17	3	3	22
Non-Core Assets	**39**	**5**	**1**	**45**
Commercial Real Estate	12	0	1	13
Deutsche Schiffsbank	11	0	0	11
Public Finance	15	5	0	20
Group	**174**	**20**	**22**	**215**

Regulatory environment

With Basel 3, the Basel Committee on Banking Supervision published among other things comprehensive rules on the components of shareholders' equity and ratios as well as the management of liquidity risk. The Capital Requirements Directive (CRD) IV package of measures, constituting the European implementation of Basel 3, has been in force since 1 January 2014. The more stringent capital requirements will be phased in by 2019. During 2014, the European Banking Authority (EBA) published numerous supplementary regulations (RTS, ITS, guidelines, etc.), which will gradually enter into force. This will continue in 2015 and onwards. Commerzbank has prepared itself for the more stringent capital adequacy requirements by taking a number of steps.

In addition, under Basel 3 the leverage ratio is being introduced as a new and non-risk sensitive indicator of indebtedness. Final calibration of the leverage ratio is intended to be completed by 2017, and the ratio is expected to become a minimum supervisory requirement under pillar 1 from 2018 onwards. However, there has been a requirement to report the leverage ratio to the supervisory authority since the CRR entered into force. Commerzbank has set its own leverage ratio targets and applies them in its capital management process.

As part of the liquidity requirements, the reporting expectations of supervisory authorities will be more specified by including particularly two liquidity ratios, namely the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). The LCR was adopted by the European Union as part of the “delegated act” on 17 January 2015 and will be binding on all European banks with effect from 1 October 2015. The Basel Committee approved the final version of the NSFR in October 2014, and it is expected to enter into force on 1 January 2018. Its transposition into European law is pending. The consultation on the disclosure requirements relating to the NSFR will end on 6 March 2015. Commerzbank is already calculating both ratios as part of its regulatory reporting processes and will communicate them in its internal reporting.

The principles for risk data aggregation and internal risk reporting, published by the Basel Committee on Banking Supervision in early 2013, are being implemented as part of a Group-wide project in Commerzbank. Banks of global systemic relevance, along with certain other selected banks, will be obliged to comply fully with the principles from the beginning of 2016. In the year under review, Commerzbank has in particular developed and extended a system of “data trees” for documenting the data on which reports are based and laid the foundations for the data governance applicable to them.

The Group-wide recovery plan has been adapted in line with the Minimum Requirements for the Design of Recovery Plans (MaSan), which was available since April 2014 and was put into effect in January 2015. In the recovery plan, we describe in detail for instance the courses of action and recovery potential available to the Bank in the event of a crisis and which specific recovery measures, in various stress scenarios, will enable the Bank to complete its recovery. As the European and German regulations and requirements are finalised, we will further develop our recovery plan accordingly.

On 4 November 2014, following the completion of the comprehensive assessment (AQR/stress test, additional information on this can be found in the “Important human resources and business policy events” sub-section in the Group Management Report), direct supervision of Commerzbank was transferred from BaFin/Bundesbank to the ECB as part of the Single Supervisory Mechanism (SSM). To perform its supervisory functions, the ECB has set up Joint Supervisory Teams (JSTs) for each financial institution group that it directly supervises, made up of its own staff and officials from the national supervisory authorities.

In 2014, a start was also made on finalising the Single Resolution Mechanism, which is intended to complement the Single Supervisory Mechanism. Thus, from 2016 onwards, a “Single Resolution Board” will take over responsibility for reorganising the affairs of at-risk banks supervised by the ECB. In addition, from 2016 onwards, banks in the area covered by the SSM will start to finance the Single Resolution Fund.

Commerzbank is also monitoring and evaluating other current developments as regards regulatory projects. Particularly worthy of note at global level are the efforts of the Basel Committee on Banking Supervision to address interest rate risk in the banking book, to limit national discretion and to revise disclosure under pillar 3. At the European level, during 2015 Commerzbank will monitor the ongoing consultation process on the evaluation of “other systemically important institutions” (O-SIIs) and the resulting stipulation of an O-SII buffer.

The Enhanced Disclosure Task Force (EDTF) has published a number of fundamental principles and recommendations for improved reporting across all areas of risk management. Commerzbank has largely taken these recommendations into account in this Annual Report 2014 and in the Disclosure Report 2014. The scope and timing of implementation are still being reviewed for certain areas.

Commerzbank operates in markets subject to national and supranational regulation. In addition, it is subject to the overarching requirements imposed by accounting standards. Changes in regulatory requirements and accounting standards, which have grown increasingly frequent and material in recent years, may have lasting implications for – and even threaten the survival of – the financial industry in general and Commerzbank’s business model in particular. Commerzbank participates actively and at an early stage in the consultation processes aimed at preparing for the constant changes in the operating environment.

Default risk

Default risk refers to the risk of losses due to defaults by counterparties. For Commerzbank, the concept of default risk embraces not only the risks associated with defaults on loans, but also counterparty and issuer risks as well as country and transfer risk.

Strategy and organisation

The credit risk strategy is derived from the overall risk strategy and is the partial risk strategy for default risks. It forms a central anchor point for the Group-wide management of default risk and is embedded in the ICAAP process of the Commerzbank Group. As such, it makes an important contribution to maintaining the risk-bearing capacity.

It 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.

The credit risk strategy is a link 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 the Core Bank and the NCA portfolio.

Quantitative management is carried out using clearly defined economic and regulatory indicators at Group, segment and portfolio level. The aim is to ensure 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. 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.

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 Core Bank customers are handled by specialist Intensive Care areas. The customers are moved to these areas as soon as they meet defined transfer criteria. The principal reasons for transfer to Intensive Care areas are criteria relating to number of days overdrawn, together with event-related criteria such as rating, insolvency, third-party enforcement measures or credit fraud. This ensures that higher-risk customers can continue to be managed promptly by specialists in defined standardised processes.

In the NCA segment, by contrast, there is no separation of responsibilities between the performing loan area and Intensive Care. Credit risk management here has been merged into one unit across all rating classes.

The aim is to fully wind down all the assets grouped in this segment in a way that preserves value. To this end, EaD-based guidelines have been established and an asset management programme has been implemented. This is carried out through regular asset planning and is based on a risk matrix for Commercial Real Estate and Deutsche Schiffsbank. The parts of the portfolio shown within the risk matrix serve as a guideline for differentiated risk management within the overarching portfolio reduction mandate. The main aim here is to prioritise the winding down or mitigation of those parts of the portfolio and individual loans for which the capital requirement is particularly high. Opportunities for selling sub-portfolios in a way that preserves value may also be used to free up capital as part of the systematic portfolio reduction.

For business in Public Finance, the reduction is primarily through regular maturities of assets. Market opportunities that arise are used in a targeted way for the sale of individual assets. The transfer of assets to the Core Bank is also regularly reviewed for the purposes of liquidity management.

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 and measures required for the operational process of risk management are based on overarching Group objectives. They 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 Core Bank's operational credit risk management still aims to preserve the good portfolio quality achieved. We focus not only on supporting growth in the Core Bank's granular lending business but also on limiting concentration risks and reducing risks in the non-investment grade area. We also continually carry out checks of our credit processes to identify possible improvement measures. Our concern is not only to provide our staff with ongoing training and development, but also to reinforce a uniform risk culture throughout the Group.

Commerzbank's rating and scoring methods, which are used 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. An annual recalibration of the methods is carried out on this basis.

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, which makes it possible to directly identify issues at total and sub-portfolio level, track them down to the individual loan level and implement appropriate measures. This has led to major progress in terms of the speed and efficiency of preventative measures and forecasting quality in respect of the development of risk.

Critical events and constantly changing regulatory requirements make responsive credit portfolio management essential, and so ensuring that the credit portfolio is highly flexible remains one of our key strategic action fields in credit risk management.

Management of economic capital commitment

Economic capital commitment is managed in order to ensure that Commerzbank Group holds sufficient capital. With this object in view, all risk types in the overall risk strategy for economically required capital (ErC) are given limits on a Group-wide basis, with, in particular, a CVaR limit being specified. 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, medium-term forecast values of capital ratios play a key role in ongoing management. When updating forecasts, it has to be ensured that keeping to them results in limits being met. At segment and business area level, deviations from the forecast are monitored and adjustments made when necessary. There is no cascaded limit concept for credit risk below Group level, i.e. the Group credit limit is not allocated to segments or business areas.

Figure 8

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-risk 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)[1] 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 review or HAP analyses[1]	Deal team structures Institutionalized exchange within the risk function, also taking account of economic developments Sector-wise organization of domestic corporate business

[1] Description refers to Core Bank; analogue procedure based on a specific risk matrix used in NCA segment.

Rating classification

The Commerzbank rating method comprises 25 rating classes 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 validated and recalibrated annually so that they reflect the latest projection based on all actual observed defaults. The default ranges assigned to the ratings are the same for all portfolios and remain stable over time. This ensures internal comparability consistent with the master scale method. For the purpose of guidance, the Commerzbank master scale also shows external ratings. However, a direct reconciliation is not possible, because external ratings of different portfolios show fluctuating default rates from year to year.

The credit approval authorities of both individual staff and the committees (Board of Managing Directors, credit committee, credit sub-committees) are graduated by size of exposure and rating class.

Figure 9

Commerzbank master scale

Commerzbank AG rating	PD and EL mid-point %	PD and EL range %	S&P	S&P	
1.0	0	0	AAA	AAA	Investment grade
1.2	0.01	0–0.02			
1.4	0.02	0.02–0.03	AA+	AA	
1.6	0.04	0.03–0.05	AA, AA–		
1.8	0.07	0.05–0.08	A+, A	A	
2.0	0.11	0.08–0.13	A–		
2.2	0.17	0.13–0.21	BBB+	BBB	
2.4	0.26	0.21–0.31	BBB		
2.6	0.39	0.31–0.47			
2.8	0.57	0.47–0.68	BBB–		
3.0	0.81	0.68–0.96	BB+	BB	Non-investment grade
3.2	1.14	0.96–1.34	BB		
3.4	1.56	1.34–1.81			
3.6	2.10	1.81–2.40	BB–		
3.8	2.74	2.40–3.10	B+	B	
4.0	3.50	3.10–3.90			
4.2	4.35	3.90–4.86	B		
4.4	5.42	4.86–6.04			
4.6	6.74	6.04–7.52			
4.8	8.39	7.52–9.35	B–		
5.0	10.43	9.35–11.64			
5.2	12.98	11.64–14.48	CCC+	CCC	
5.4	16.15	14.48–18.01			
5.6	20.09	18.01–22.41	CCC to CC–		
5.8	47.34	22.41–99.99			
6.1		>90 days past due			
6.2		Imminent insolvency			
6.3	100	Restructuring with recapitalisation	C, D-I, D-II		Default
6.4		Termination without insolvency			
6.5		Insolvency			

Management of risk concentrations

The avoidance of risk concentrations is a core strategy of risk management. Risk concentrations are actively managed in order to identify at an early stage and to contain the increased potential for loss in the synchronous movement of risk positions. In addition to exposure-related credit risk concentrations (bulk risks), default risk also includes, among others, country and sector concentrations. Segment-specific features are taken into account here.

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.

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

Risk mitigation

The collateral taken into account in risk management is mostly assigned to portfolios at Commerzbank Aktiengesellschaft and Hypothekenbank Frankfurt AG. It totals around €90bn for the exposures in the performing book and over €6bn 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 and in Corporates & Markets, 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. In the Non-Core Assets segment, collateral in the Commercial Real Estate sub-segment 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

At Commerzbank, the business activities are divided into the four core segments Private Customers, Mittelstandsbank, Central & Eastern Europe and Corporates & Markets. The run-off segment Non-Core Assets (NCA) comprises – besides the Public Finance business – all activities of commercial real estate and ship financing. These exposures should be completely wound down over time.

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 the Commerzbank Group are distributed in the rating classes 1.0 to 5.8 as follows over the Core Bank and Non-Core Assets:

Table 21

Credit risk parameters as at 31.12.2014	Exposure at default €bn	Expected loss €m	Risk density bp	CVaR €m
Core Bank	355	944	27	8,064
Non-Core Assets	78	553	71	3,612
Group	**433**	**1,497**	**35**	**11,675**

When broken down on the basis of PD ratings, 79% of the Group's portfolio is in the internal rating classes 1 and 2.

Table 22

Rating breakdown as at 31.12.2014 EaD | %	1.0 –1.8	2.0 –2.8	3.0 –3.8	4.0 –4.8	5.0 –5.8
Core Bank	31	49	15	4	1
Non-Core Assets	28	43	17	7	5
Group	31	48	15	4	2

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 risks are managed and limited on the basis of 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 corresponds to the Bank's strategic direction and reflects the main areas of its global business activities.

Table 23

Group portfolio by region as at 31.12.2014	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	216	528	24
Western Europe	107	290	27
Central and Eastern Europe	41	217	52
North America	25	33	13
Asia	20	49	25
Other	25	381	153
Group	**433**	**1,497**	**35**

Around half of the Bank's exposure relates to Germany, a further third to other countries in Europe and 6% to North America. The rest is broadly diversified and is split among a large number of countries where we serve German exporters in particular or where Commerzbank has a local presence. In view of the current developments in Ukraine, the exposures in Ukraine and Russia are a particular focus of risk management at present. As at the end of December 2014, the Russia exposure amounted to €5.7bn. Here, a great portion of the exposure is related to foreign trade financing, interbank trading and loans to subsidiaries of German companies in Russia. The Ukraine exposure is €0.1bn and is almost fully collateralised. The expected loss of the Group portfolio is mainly divided between Germany and Western Europe. A main driver of the expected loss in the region "Other" is ship finance.

Table 24 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.

Table 24

	31.12.2014					31.12.2013
EaD[1] €bn	Sovereign[2]	Banks	CRE	Corporates/ Other	Total	Total
Greece	0.0	0.1	0.1	0.1	0.3	0.3
Ireland	0.6	0.4	0.0	1.6	2.6	1.7
Italy	9.3	0.5	1.0	2.3	13.2	13.7
Portugal	1.3	0.4	0.9	0.2	2.9	2.8
Spain	4.8	3.9	0.1	2.2	11.0	11.3

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

Loan loss provision

The loan loss provisions relating to the Group's credit business in 2014 amounted to €1,144m. This figure includes a one-off charge of €28m net arising from the regular annual update of risk parameters. Loan loss provisions totalled €603m, a decrease of more than one-third on the previous year's level.

Write-downs on securities are not considered as loan loss provisions but as income from financial assets. Note (36) to the consolidated financial statements gives further details on this.

For 2015, we expect loan loss provisions for the Group to be in line with the previous year's level. However, in the event of a huge, unexpected deterioration in economic conditions, for instance due to a negative development in the crisis in Ukraine or in the case of defaults of huge individual customers, significantly higher loan loss provisions may become necessary under certain circumstances.

Table 25

	2014					2013				
Loan loss provisions | €m	**Total**	**Q4**	**Q3**	**Q2**	**Q1**	**Total**	**Q4**	**Q3**	**Q2**	**Q1**
Core Bank	490	104	90	192	104	665	134	249	190	92
Non-Core Assets	654	204	251	65	134	1,082	317	243	347	175
Group	**1,144**	**308**	**341**	**257**	**238**	**1,747**	**451**	**492**	**537**	**267**

Default portfolio

The default portfolio stood at €11.8bn as at the reporting date, representing a significant decrease of €3.7bn compared with the previous year. This reduction was largely due to successful restructuring measures in the NCA segment: for example, the sale of the real estate financing portfolio in Spain resulted in a net reduction of €3.3bn.

The following table shows claims in default in the category LaR.

Table 26

	31.12.2014			31.12.2013		
Default portfolio category LaR | €m	**Group**	**Core Bank**	**NCA**	**Group**	**Core Bank**	**NCA**
Default volume	11,843	5,610	6,233	15,563	6,024	9,540
Loan loss provisions	5,145	2,950	2,196	6,241	3,066	3,175
GLLP	822	513	309	933	523	410
Collaterals	5,526	1,454	4,072	7,407	1,308	6,100
Coverage ratio excluding GLLP (%)[1]	90	79	101	88	73	97
Coverage ratio including GLLP (%)[1]	97	88	105	94	81	102
NPL ratio (%)[2]	2.7	1.6	7.4	3.5	1.8	8.2

[1] Coverage ratio: total loan loss provisions, collateral (and GLLP) as a proportion of the default volume.
[2] NPL ratio: default volume (non-performing loans – NPL) as a proportion of total exposure (EaD including NPL).

The default portfolio is divided into five classes based on the nature of the default:

- Rating class 6.1: Over 90 days past due.
- Rating classes 6.2/6.3: Imminent insolvency, or the Bank is assisting in financial rescue/restructuring measures at the customer with restructuring contributions.
- Rating classes 6.4/6.5: The Bank recalls the loan and the customer has become insolvent respectively.

Table 27 below shows the breakdown of the default portfolio based on the five default classes:

Table 27

Rating classification as at 31.12.2014 | €m	**6.1**	**6.2/6.3**	**6.4/6.5**	**Group**
Default volume	937	6,590	4,316	11,843
Loan loss provisions	213	2,552	2,381	5,145
Collaterals	717	3,326	1,482	5,526
Coverage ratio excl. GLLP (%)	99	89	90	90

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. Table 28 below shows overdrafts outside the default portfolio based on the exposure at default as at end of December 2014.

Table 28

EaD €m	**> 0 ≤ 30 days**	**> 30 ≤ 60 days**	**> 60 ≤ 90 days**	**> 90 days**	**Total**
Core Bank	3,220	184	67	0	3,471
Non-Core Assets	348	97	32	0	478
Group	**3,568**	**281**	**99**	**1**	**3,949**

In 2014, total foreclosed assets decreased year-on-year by €34m to €69m (additions 0, disposals €40m, cumulative change from valuation €6m). All of these assets related to mortgages and were allocated to our subsidiary Hypothekenbank Frankfurt. The properties are serviced and managed in companies in which Hypothekenbank Frankfurt owns a majority stake through subsidiaries. This is normally HF 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.

In 2013, Commerzbank founded a stand-alone restructuring platform for ships, called "Hanseatic Ship Asset Management GmbH". This new company will acquire individual ships that have potential, remove them from their existing, impaired credit relationships, operate them on the new platform and sell them when the market recovers. As at the end of 2014, the volume of ships recognised as self-operated ships in the Bank's tangible assets was €232m.

Core Bank

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

Credit risk parameters

The Core Bank's exposure in rating classes 1.0 to 5.8 as at 31 December 2014 rose to €355bn (31 December 2013: €323bn); risk density decreased from 29 to 27 basis points.

Table 29

Credit risk parameters as at 31.12.2014	Exposure at default €bn	Expected loss €m	Risk density bp	CVaR €m
Private Customers	88	183	21	944
Mittelstandsbank	134	398	30	3,861
Central & Eastern Europe	26	140	54	652
Corporates & Markets	60	179	30	1,680
Others and Consolidation[1]	47	45	10	925
Core Bank	**355**	**944**	**27**	**8,064**

[1] Mainly Treasury positions.

Some 80% of the Core Bank's portfolio are allocated to the investment-grade area, corresponding, on the basis of PD ratings, to our internal rating classes 1.0 to 2.8.

Table 30

Rating breakdown as at 31.12.2014 EaD | %	1.0–1.8	2.0–2.8	3.0–3.8	4.0–4.8	5.0–5.8
Private Customers	33	48	15	3	1
Mittelstandsbank	13	60	20	5	2
Central & Eastern Europe	5	61	22	10	2
Corporates & Markets	51	39	8	1	2
Core Bank[1]	31	49	15	4	1

[1] Including Others and Consolidation.

Loan loss provisions

Loan loss provisions in the Core Bank amounted to €490m in the financial year 2014. The charge was therefore much lower than in the previous year, falling by €175m.

Table 31

	2014					2013				
Loan loss provisions | €m	**Total**	**Q4**	**Q3**	**Q2**	**Q1**	**Total**	**Q4**	**Q3**	**Q2**	**Q1**
Private Customers	79	11	16	16	36	108	15	31	27	35
Mittelstandsbank	342	107	36	142	57	470	139	106	147	78
Central & Eastern Europe	123	27	37	38	21	119	36	41	36	6
Corporates & Markets	–55	–41	0	–5	–9	–57	–55	43	–19	–26
Others and Consolidation	1	0	1	1	–1	25	–1	28	–1	–1
Core Bank	**490**	**104**	**90**	**192**	**104**	**665**	**134**	**249**	**190**	**92**

Default portfolio

The Core Bank's default portfolio was reduced further compared with 31 December 2013, down by €414m. The Core Bank benefited in this respect from outflows due to successful restructurings and repayments, especially in the Corporates & Markets and Private Customers segments.

Table 32

Default portfolio Core Bank | €m	31.12.2014	31.12.2013
Default volume	5,610	6,024
Loan loss provisions	2,950	3,066
GLLP	513	523
Collaterals	1,454	1,308
Coverage ratio excluding GLLP (%)	79	73
Coverage ratio including GLLP (%)	88	81
NPL ratio (%)	1.6	1.8

Overdrafts in the performing loan book

Table 33 below shows the volume of overdrafts outside the default portfolio based on the exposure at default as at end of December 2014:

Table 33

EaD €m	> 0 ≤ 30 days	> 30 ≤ 60 days	> 60 ≤ 90 days	> 90 days	Total
Private Customers	385	51	34	0	469
Mittelstandsbank	2,038	82	17	0	2,138
Central & Eastern Europe	507	52	15	0	575
Corporates & Markets	289	0	0	0	289
Core Bank[1]	**3,220**	**184**	**67**	**0**	**3,471**

[1] Including Others and Consolidation.

Private Customers

The Private Customers segment comprises the activities of Private Customers, Direct Banking and Commerz Real. Private Customers consists of Commerzbank's branch business in Germany for private and business customers as well as Wealth Management.

The risks in the private customer business depend mainly on the economic environment, trends in unemployment levels and real estate prices. We manage risks by the use of defined lending standards, active monitoring of new business, close observation of the real estate market and IT-based overdraft management, as well as by other means. We also identify any irregularities in loans by using selected triggers. These loans are dealt with in our area of early risk identification.

Table 34

Credit risk parameters as at 31.12.2014	Exposure at default €bn	Expected loss €m	Risk density bp
Residential mortgage loans	51	88	17
Investment properties	5	7	13
Individual loans	13	36	28
Consumer and instalment loans/credit cards	10	28	30
Domestic subsidiaries	4	8	23
Foreign subsidiaries and other	6	15	24
Private Customers	**88**	**183**	**21**

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 the financing of real estate capital investments (residential mortgage loans and investment properties with a total EaD of €56bn). We provide our business customers with credit in the form of individual loans with a volume of €13bn. In addition, we meet our customers' day-to-day demand for credit with consumer loans (consumer and instalment loans, credit cards to a total of €10bn).

There was continued growth in the private customer business, particularly in residential mortgage loans, in the fourth quarter. Risk density was reduced by 4 basis points compared with year-end 2013 to stand at 21 basis points.

Loan loss provisions for private customer business fell by €29m compared with the previous year, remaining at a very low level.

The default portfolio in the segment was reduced by €189m compared with 31 December 2013.

Table 35

Default portfolio Private Customers | €m	31.12.2014	31.12.2013
Default volume	754	943
Loan loss provisions	258	311
GLLP	113	121
Collaterals	361	445
Coverage ratio excluding GLLP (%)	82	80
Coverage ratio including GLLP (%)	97	93
NPL ratio (%)	0.8	1.1

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 banks and financial institutions in Germany and abroad, as well as with central banks. We are seeking further growth in German corporate customers and international corporate customers connected to Germany through their core business. Thus we are investing in certain new markets. The risk appetite is oriented towards the assessment of the relevant sector, but also towards a company's economic and competitive conditions. For each and every exposure, we analyse the future viability of the company's business model, its strategic direction and its creditworthiness.

Table 36

Credit risk parameters as at 31.12.2014	Exposure at default €bn	Expected loss €m	Risk density bp
Corporates Domestic	86	258	30
Corporates International	20	39	20
Financial Institutions	28	101	36
Mittelstandsbank	**134**	**398**	**30**

The credit volume increased over the year, particularly as a result of the credit initiative initiated by Mittelstandsbank. Thus the EaD in the Mittelstandsbank segment was increased by €13.6bn to €134bn. The economic environment in Germany remains stable, and this is reflected in the Corporates Domestic sub-portfolio's risk parameters, which remain good. The risk density in this area was 30 basis points as at 31 December 2014. In Corporates International, the EaD was €20bn as at 31 December 2014, and risk density was 20 basis points. For details of developments in the Financial Institutions portfolio please see page 130.

Loan loss provisions in Mittelstandsbank were €342m and therefore much lower than the previous year's figure of €470m. The reduction was largely attributable to smaller loan loss provisions for new defaults.

The Mittelstandsbank's default portfolio was reduced by a total of €72m compared with 31 December 2013.

Table 37

Default portfolio Mittelstandsbank | €m	31.12.2014	31.12.2013
Default volume	2,583	2,655
Loan loss provisions	1,429	1,487
GLLP	276	265
Collaterals	441	387
Coverage ratio excluding GLLP (%)	72	71
Coverage ratio including GLLP (%)	83	81
NPL ratio (%)	1.9	2.2

Central & Eastern Europe

The Central & Eastern Europe (CEE) segment contains the Group's universal banking and direct banking activities in Central and Eastern Europe. Since the merger of the previously separate brands BRE Bank, Multibank and mBank (all of the BRE Bank Group), to form a "new" mBank in the second half of 2013, the segment has been represented by the single mBank brand. It provides retail, corporate and investment banking services for customers in Poland, and retail banking services for customers in the Czech Republic and Slovakia. The Central & Eastern Europe segment's strategic focus lies on organic growth in Polish small and medium-sized businesses and private customer business in mBank's core markets.

Table 38

Credit risk parameters as at 31.12.2014	Exposure at default €bn	Expected loss €m	Risk density bp
Central & Eastern Europe	**26**	**140**	**54**

The EaD of the Central & Eastern Europe segment as at 31 December 2014 was almost unchanged year-on-year at €26bn. Risk density in this area was 54 basis points as at 31 December 2014. The Swiss franc exposure is approximately €4bn. These are mainly mortgage-secured engagements with private customers. More details are given in the segment reporting of the Group Management Report in the section "Outlook for Central & Eastern Europe".

The Central & Eastern Europe segment's loan loss provisions rose slightly by €4m to €123m.

The default volume increased by €86m compared with 31 December 2013.

Table 39

Default portfolio Central & Eastern Europe | €m	31.12.2014	31.12.2013
Default volume	1,212	1,126
Loan loss provisions	604	517
GLLP	67	71
Collaterals	649	463
Coverage ratio excluding GLLP (%)	103	87
Coverage ratio including GLLP (%)	109	93
NPL ratio (%)	4.5	4.0

Corporates & Markets

This segment covers client-driven capital market activities (Markets) and commercial business with multinationals, institutional clients and selected large corporate customers (Corporates) of Commerzbank Group.

The regional focus of our activities in this segment is on Germany and Western Europe, which account for just under three-quarters of the exposure, while North America accounted for around 14% at the end of December 2014. The EaD as at December 2014 was €60bn, around €2bn above the figure as at year-end 2013.

Table 40

Credit risk parameters as at 31.12.2014	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	19	85	46
Western Europe	25	59	24
Central and Eastern Europe	2	5	33
North America	9	11	12
Asia	3	4	15
Other	4	14	37
Corporates & Markets	**60**	**179**	**30**

Corporates & Markets provides its customers with long-term support in all financial matters, especially through its underwriting and issuances services (e.g. of equities, bonds, or syndicated loans). Stringent guidelines and defined limits keep the underwriting risk for all product types under control. 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 increasing momentum in the leveraged buyout market in particular is currently very challenging for credit risk management.

There is also a focus on close monitoring of counterparties (such as banks and broker dealers) in countries with higher risks, particularly in terms of backed trading activities. The aim is to continue supporting our customers in these countries and to focus on supporting highly flexible business. The strategy of Corporates & Markets with large corporate customers in these critical countries remains unchanged. Credit risk management is focusing in particular on the increasingly critical geopolitical situation in Russia and Ukraine at present.

In the course of 2014 selective new purchases of bonds of the asset classes consumer (auto) ABS, UK-RMBS and CLOs, securitising corporate loans in the USA and Europe, were made. This volume totalled €1.2bn at the end of 2014. In general, we invest in bonds of senior tranches of securitisation transactions, the structures of which showed low losses or a moderate risk profile before, during and after the crisis. During the financial crisis, CLOs and auto ABSs in particular remained stable in terms of structure and performance. We focus particularly on the development of the macroeconomic environment of the underlying credit portfolio when we decide on new business, and continue to do so when monitoring and extending existing business.

In contrast, the existing Structured Credit portfolio was reduced by another €0.8bn to €6.5bn over the year. At the same time the risk values[1] fell by €0.8bn to €2.4bn. A large part of the portfolio is still made up of CDOs securitising corporate loans in the USA and Europe (CLOs) and US sub-prime RMBSs (CDOs on ABSs), and of other structured credit positions made up of Total Return Swap positions. RMBSs are instruments that securitise private, largely European, real estate loans.

Loan loss provisions in the Corporates & Markets segment are heavily influenced by movements in individual exposures. In the 2014 financial year, the segment once again benefited from successful restructuring measures that resulted in the net release of €55m in loan loss provisions. Loan loss provisions therefore remained almost unchanged compared with the prior-year figure.

The default portfolio in the Corporates & Markets segment was run down significantly by €251m year-on-year in 2014. This reduction is attributable to successful restructurings and repayments.

Table 41

Default portfolio Corporates & Markets | €m	31.12.2014	31.12.2013
Default volume	972	1,223
Loan loss provisions	625	722
GLLP	56	64
Collaterals	3	14
Coverage ratio excluding GLLP (%)	65	60
Coverage ratio including GLLP (%)	70	65
NPL ratio (%)	1.6	2.0

[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.

Non-Core Assets

Commercial Real Estate (CRE), Deutsche Schiffsbank (DSB) and Public Finance are bundled in the Non-Core Assets run-off segment. The intention is that all these portfolios should be completely wound down over time.

The exposure at default of the segment's performing loan book totalled €78bn at the end of 2014, which is €28bn less than the comparative figure for the NCA portfolio at the end of 2013.

Table 42

Credit risk parameters as at 31.12.2014	Exposure at Default €bn	Expected loss €m	Risk density bp	CVaR €m
Commercial Real Estate	17	123	74	
Deutsche Schiffsbank	9	325	354	
Public Finance	52	105	20	
Non-Core Assets	**78**	**553**	**71**	3,612

Loan loss provisions in the Non-Core Assets segment stood at €654m, representing a substantial reduction of €428m compared with the previous year.

Table 43

	2014					2013				
Loan loss provisions I €m	**Total**	**Q4**	**Q3**	**Q2**	**Q1**	**Total**	**Q4**	**Q3**	**Q2**	**Q1**
Commercial Real Estate	73	1	82	−72	62	491	139	73	240	38
Deutsche Schiffsbank	588	205	173	137	74	596	177	170	110	138
Public Finance	−7	−2	−3	0	−2	−5	0	0	−3	−2
Non-Core Assets	**654**	**204**	**251**	**65**	**134**	**1,082**	**317**	**243**	**347**	**175**

The default volume fell sharply compared with year-end 2013, down €3.3bn. This decline is mainly attributable to portfolio transactions, the sale of assets and back payments, actively encompassed by the Bank.

Table 44

Default portfolio NCA category LaR I €m	**31.12.2014**	**31.12.2013**
Default volume	6,233	9,540
Loan loss provisions	2,196	3,175
GLLP	309	410
Collaterals	4,072	6,100
Coverage ratio excluding GLLP (%)	101	97
Coverage ratio including GLLP (%)	105	102
NPL ratio (%)	7.4	8.2

Commercial Real Estate

Considerable reductions were achieved in 2014, in part through the systematic exploitation of market opportunities for transactions, primarily at Hypothekenbank Frankfurt AG. The EaD decreased by €13bn to €17bn, a significantly faster reduction than predicted. The relative composition of the performing portfolio by type of uses remained unchanged. The main components of exposure continued to be the sub-portfolios retail (€6bn), office (€5bn) and residential real estate (€3bn). The significant decline in exposure is amongst others attributable to the sales of the entire real estate financing portfolios in Spain and Japan and the sale of large parts of the US portfolio.

The reduction in 2014 improved the risk profile and also significantly simplified the complexity of the remaining CRE loan portfolio.

Unlike in the US, the economic recovery in the eurozone is slow and heterogeneous. Nevertheless, the aim for 2015 is to continue the value-preserving reduction strategy, with a focus on reducing the higher-risk sub-portfolios.

Table 45

CRE portfolio by region EaD | €bn	**31.12.2014**	**31.12.2013**
Germany	10	15
Western Europe	4	10
Central and Eastern Europe	2	3
North America	0	1
Other	0	1
Commercial Real Estate	**17**	**30**

Loan loss provisions in the Commercial Real Estate Group division were down year-on-year in 2014, falling by €417m to the low level of €73m. This figure includes one-off net releases of €112m due to portfolio transactions recognised in the second quarter of 2014.

For 2015 we are expecting a moderately higher net risk provision than in the previous year, which benefited from exceptional circumstances as mentioned above.

The default portfolio for Commercial Real Estate was run down by €2.3bn to €3.3bn compared with 31 December 2013. The main drivers of the reduction were portfolio transactions, in particular the sale of the real estate financing portfolio in Spain and the default portfolio in Portugal.

Table 46

Default portfolio CRE | €m	**31.12.2014**	**31.12.2013**
Default volume	3,335	5,662
Loan loss provisions	900	1,882
GLLP	80	119
Collaterals	2,523	3,847
Coverage ratio excluding GLLP (%)	103	101
Coverage ratio including GLLP (%)	105	103
NPL ratio (%)	16.7	15.9

Deutsche Schiffsbank

Compared with 31 December 2013, exposure to ship finance in the performing loan book fell from €10.5bn to €9.2bn as a result of our asset reduction strategy. This portfolio reduction was achieved despite an adverse foreign exchange effect of €977m resulting from the trend in the US dollar rate.

Our portfolio is mainly made up of financings of the following three standard types of ship: containers (€3bn), tankers (€3bn) and bulkers (€2bn). The rest of the portfolio consists of various special tonnages which are well diversified across the various ship segments.

The markets for container ships, bulkers and tankers continued to be dominated by excess capacity during the year. However, the level of ship values, after a clear consolidation of values for bulkers and a slight positive trend in container ship values towards the end of 2013, could not be maintained in 2014. There was, however, a distinct increase in the value of tankers and of the number of them being chartered in the course of 2014, and especially towards the end of the year; this was a consequence of developments on the crude oil markets.

We do not expect an overall, lasting market recovery across the asset classes in 2015. In line with our strategy of reduction while preserving value, we are continuing to steadily reduce risks in this portfolio.

Loan loss provisions in the Deutsche Schiffsbank division stood at €588m in 2014. The amount includes a net charge of €39m arising from the regular annual validation of the general loan loss provisions, which occurred in the fourth quarter. Overall, loan loss provisions in 2014 were slightly lower than in the previous year, down €8m.

The default portfolio fell by €978m in the year under review, which represents a significant reduction.

Table 47

	31.12.2014				31.12.2013
Default portfolio DSB by ship type | €m	**Total**	**Container**	**Tanker**	**Bulker**	**Total**
Default volume	2,893	1,534	609	311	3,871
Loan loss provisions	1,296	777	192	133	1,291
GLLP	224	133	46	30	281
Collaterals	1,549	697	384	218	2,252
Coverage ratio excluding GLLP (%)	98	96	95	113	92
Coverage ratio including GLLP (%)	106	105	102	123	99
NPL ratio (%)	24.0	31.4	20.0	13.5	27.0

Public Finance

In its NCA segment, Commerzbank brings together a large part of its public finance business and secured and unsecured bond issues/loans from banks, held available particularly as substitute cover for Pfandbrief issues. The receivables and securities in the Public Finance portfolio were previously largely held in our subsidiaries Hypothekenbank Frankfurt, Hypothekenbank Frankfurt International and Erste Europäische Pfandbrief- und Kommunalkreditbank (EEPK). The latter two subsidiaries were merged into Erste Europäische Pfandbrief- und Kommunalkreditbank as of 1 September 2014. The management of the NCA Public Finance portfolio is divided more or less equally between the central segments Corporates & Markets and Group Treasury.

The borrowers in the Public Finance business in NCA (€43bn 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 (€9bn EaD), with the focus likewise on Germany and Western Europe. Most of the bank portfolio comprises securities and loans which to a large extent are covered by guarantee/maintenance obligations or other public guarantees, or were issued in the form of covered bonds.

The Public Finance division also includes the private finance initiative (PFI) portfolio. This business comprises the long-term financing of public sector facilities and service companies, such as hospitals and water utilities. Most of the PFI portfolio is secured, and in accordance with the NCA strategy is set to be wound down over time in a value-preserving manner.

The Public Finance portfolio in NCA was further run down by a total of €14bn in 2014. The reduction included the transfer of around €12bn of mainly German securities to the Core Bank for liquidity management purposes and was also achieved through active portfolio management measures and contractual maturities.

Once again, reversals of loan loss provisions were recognised in Public Finance, almost unchanged year-on-year at €–7m. Write-downs on securities are not recognised in loan loss provisions but in net investment income.

The Public Finance default portfolio, at €5m, was almost unchanged compared with the previous year.

Further portfolio analyses

The analyses below are independent of the existing segment allocation. The positions shown are already contained in full in the Group and segment presentations above.

Corporates portfolio by sector

A breakdown of the corporates exposure by sector is shown below:

Table 48

	31.12.2014			31.12.2013		
Corporates portfolio by sector	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Energy/Environment	17	74	44	16	93	59
Transport/Tourism	13	26	21	11	23	22
Consumption	12	37	31	13	43	33
Wholesale	11	49	43	10	46	45
Basic materials/Metals	11	42	39	9	33	35
Mechanical engineering	9	26	28	8	19	25
Technology/Electrical industry	9	26	28	8	28	34
Services/Media	9	35	39	8	29	38
Chemicals/Plastics	9	54	63	8	50	62
Automotive	8	29	36	8	23	30
Construction	5	47	100	4	54	125
Pharma/Healthcare	4	10	23	4	6	18
Other	10	30	29	10	31	30
Total	**127**	**487**	**38**	**117**	**480**	**41**

Financial Institutions portfolio

As has been the case in previous quarters, when taking on new business we give preference to clients with a good credit rating. Here we would highlight the trade finance activities performed on behalf of our corporate customers in Mittelstandsbank and capital market activities in Corporates & Markets. Risks have been further reduced in Public Finance business. We are closely monitoring risks in Eastern European business arising from the conflict between Russia and Ukraine and taking them into account by stepping up our monitoring and management of portfolios.

Table 49

	31.12.2014			31.12.2013		
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	11	6	5	14	8	5
Western Europe	26	54	21	26	62	24
Central and Eastern Europe	9	31	35	9	28	33
North America	2	2	9	1	1	7
Asia	13	37	29	12	29	24
Other	8	34	43	7	26	37
Total	69	165	24	**69**	**154**	**22**

[1] Excluding exceptional debtors.

Non-Bank Financial Institutions portfolio

Commerzbank is concentrating on the further optimisation of its Non-Bank Financial Institutions (NBFI) portfolio and on attractive new business with clients with good credit ratings. These are, on the whole, diversified insurance companies, asset managers and regulated funds, with a regional focus on clients in Germany and Western Europe.

Table 50

NBFI portfolio by region	31.12.2014			31.12.2013		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	8	18	22	9	16	18
Western Europe	17	32	19	15	35	23
Central and Eastern Europe	1	6	88	2	3	15
North America	8	5	6	8	17	23
Asia	1	1	11	1	1	12
Other	1	3	21	1	2	13
Total	**37**	**65**	**18**	**36**	**74**	**20**

Originator positions

Commerzbank and Hypothekenbank Frankfurt have in recent years securitised receivables from loans to the Bank's customers with a current volume of €5.5bn, primarily for capital management purposes. In comparison with the previous quarter, a securitisation of Mittelstand loans totalling €1.0bn was repaid. Risk exposures in the amount of €4.2bn were retained as at 31 December 2014. By far the largest portion of these positions is accounted for by €4.0bn of senior tranches, which are nearly all rated good or very good.

Table 51

Securitisation pool €bn	Maturity	Commerzbank volume[1] Senior	Mezzanine	First loss piece	Total volume[1] 30.12.2014	Total volume[1] 31.12.2013
Corporates	2020–2036	3.6	< 0.1	< 0.1	4.1	5.0
Banks	2015–2021	0.4	< 0.1	< 0.1	0.4	0.4
RMBS	2048	0.0	0.0	0.0	< 0.1	0.1
CMBS	2046–2084	< 0.1	< 0.1	< 0.1	1.0	2.0
Total		**4.0**	**< 0.1**	**< 0.1**	**5.5**	**7.5**

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

Conduit exposure and other asset-backed exposures

Commerzbank is the sponsor of the multiseller asset-backed commercial paper conduit Silver Tower. It uses it to securitise receivables from customers in the Mittelstandsbank and Corporates & Markets segments, mainly from trade and leasing. The transactions are financed predominantly through the issue of asset-backed commercial papers (ABCPs) or through the drawing of credit lines (liquidity lines). The volume and risk values in the Silver Tower conduit fell slightly by €0.2bn year-on-year in 2014, and as at 31 December 2014 stood at €3.4bn.

The other asset-backed exposures comprise mainly government-guaranteed ABSs issued by Hypothekenbank Frankfurt in the Public Finance area. Here, the volume (€4.7bn) and the risk values (€4.5bn) remained almost constant year-on-year.

Forbearance portfolio

In October 2013 the European Banking Authority (EBA) determined a new definition of "forbearance" by publication of respective Implementing Technical Standards (ITS). EBA's definition of forbearance comprises two requirements, which have to be met concurrently: The debtor is in financial difficulties and the measures of the bank to help the debtor include concessions to the debtor, the bank wouldn't have agreed with under different circumstances. This definition is independent from the debtor being in the performing or the non-performing book. Concessions are for example deferrals, increases in limits or loans and waivers in connection with restructuring.

The following table shows the total forbearance portfolio of Commerzbank on the basis of the new EBA definition as well as the loan loss allowance for these positions:

Table 52

Forbearance portfolio by segment as at 31.12.2014	**Forborne exposure** €m	**Loan loss allowance** €m	**Coverage ratio** %
Private Customers	482	11	2
Mittelstandsbank	2,342	468	20
Central & Eastern Europe	560	183	33
Corporates & Markets	880	272	31
Non-Core Assets	6,140	1,122	18
Group	**10,405**	**2,056**	**20**

The forbearance portfolio by region is as follows:

Table 53

Forbearance portfolio by region as at 31.12.2014	**Forborne exposure** €m	**Loan loss allowance** €m	**Coverage ratio** %
Germany	6,008	1,103	18
Western Europe	2,767	557	20
Central and Eastern Europe	712	232	33
North America	315	63	20
Asia	127	26	21
Other	474	74	16
Group	**10,405**	**2,056**	**20**

In addition to the loan loss allowance in the amount of €2,056m the risks of the forbearance portfolio are covered by collaterals in the amount of €4,503 m.

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. Losses may impact profit or loss directly, e.g. in the case of trading book positions. However, for banking book positions they would be reflected in the revaluation reserve or in hidden liabilities/reserves.

Strategy and organisation

Commerzbank's market risk strategy is derived from its overall risk strategy and the business strategies of the individual segments. It sets targets for market risk management in relation to Commerzbank's main business activities. The core market risk management tasks are the identification of all key market risks and drivers of market risk for the Group and the independent measurement and evaluation of these. The results and estimates serve as the basis for Commerzbank Group's risk/return-oriented management.

The Board of Managing Directors of Commerzbank is responsible for ensuring the effective management of market risk throughout the 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 have been established. In these, segment representatives, along with representatives from the risk function and finance area, discuss current risk positioning issues and decide on appropriate 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 the trading-intensive Corporates & Markets and Treasury segments, meets once a week. This committee also manages market risks arising from non-core activities (Non-Core Assets).

The risk management process involves the identification, measurement, management, and monitoring of risks and reporting on them. It 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 for regional units and subsidiaries. The close integration of central and local risk management with the business units means that the risk management process starts in the trading areas themselves. The 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 risk. Quantitative limits for sensitivities, value at risk, stress tests, scenario analyses and ratios on economic capital limit the market risk. Our comprehensive rulebook, in the form of market risk policies and guidelines as well as restrictions on portfolio structure, new products, maturities and minimum ratings, establishes the qualitative framework for market risk management. The market risk strategy lays down the weighting of figures in each segment by reference to their relevance. Thereby allowance is made for the varying impact of the parameters for the management of the segments in line with the business strategy.

Market risk is managed internally at Group level, segment level and in the segment's reporting units. A comprehensive internal limit system broken down to portfolio level is implemented and forms a core part of internal market risk management.

The quantitative and qualitative factors limiting market price risk are determined by the market risk committees by reference to the Group's management of economic capital. 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 above mentioned 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 (e.g. 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.

A standardised value at risk model incorporating all positions is used for the internal management of market risk. The VaR quantifies the potential loss from financial instruments as a result of changed market conditions over a predefined time horizon and with a specific probability. For internal management purposes, a confidence level of 97,5% and a holding period of one day are assumed. The value at risk concept makes it possible to compare risks over a variety of business areas. It 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 ten-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 market risk management standards. For certain evaluations, such as backtesting and disclosure, the VaR is also calculated on the basis of a one-day holding period. In order to provide for consistent presentation in this report, all figures relating to VaR are based on a confidence level of 99% and a holding period of one day.

In internal management, all positions relevant to market risk are covered and trading and banking book positions are jointly managed. For regulatory purposes, additional stand-alone management of the trading book is carried out (that is in accordance with regulatory requirements, including currency and commodity risks in the banking book). The VaR for the trading book remained constant compared with the previous year. The VaR for the overall book increased by €18m to €98m. The increase was mainly caused by position changes in Mittelstandsbank, in which receivables were converted into an equity position as part of a restructuring operation. Position changes in the Treasury also contributed to the increase in VaR.

Table 54

VaR contribution[1] | €m	**31.12.2014**	**31.12.2013**
Overall book	**98**	**80**
thereof trading book	16	16

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

Trading book

Over the course of the year, value at risk remained stable at €16m. However, the average for the year, at €15m, was lower than the previous year's figure of €21m.

Table 55

VaR of portfolios in the trading book[1] | €m	**2014**	**2013**
Minimum	11	13
Mean	15	21
Maximum	37	34
VaR at year-end	**16**	**16**

[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. The dominant asset classes are foreign exchange risks and credit spread risks, followed by interest rate risks. 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.

The VaR trend in 2014 shows an increase in foreign exchange risks. The increase resulted from the adjusted depiction of the currency risks to which the pension fund is exposed. Position changes in the various divisions and increased volatility on the currency markets were also contributory factors. Credit spread risks declined slightly in 2014. Compared with the preceding year, the other risk types have remained stable.

Table 56

VaR contribution by risk type in the trading book[1] | €m	**31.12.2014**	**31.12.2013**
Credit spreads	5	7
Interest rates	3	3
Equities	2	2
FX	5	3
Commodities	1	1
Total	**16**	**16**

[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. This includes in particular the calculation of stressed VaR. On the basis of the VaR method described above, stressed VaR evaluates the present position in the trading book by reference to market movements from a specified crisis period in the past. Stressed VaR on the reporting date was €38m, representing an increase of €12m compared with year-end 2013. The crisis observation period used is checked regularly through model validation and approval processes and adjusted where necessary. The crisis observation period was not changed in the course of the year.

In addition, the incremental risk charge and the equity event VaR ratios quantify the risk of deterioration in creditworthiness and event risks in trading book positions.

The reliability of the internal model is monitored by backtesting on a daily basis. The VaR calculated is set against actually occurring profits and losses. The process draws a distinction between “clean P&L” and “dirty P&L” backtesting. In the former, for the profit and loss calculation exactly the same positions are used as were used for calculating the VaR, so that the profits and losses result only from the price changes that occurred on the market. In dirty P&L-backtesting, by contrast, profits and losses from newly concluded and expired transactions from the day under consideration are included. If the resulting loss exceeds the VaR, it is described as a negative backtesting outlier.

Analysing the results of backtesting provides an informative basis for checking parameters and for improving the market risk model. In 2014, we saw no negative outliers in the clean P&L and dirty P&L process. As such, the results are in line with statistical expectations and confirm the quality of the VaR model. Backtesting is also used by the supervisory authorities for evaluating internal risk models. Negative outliers are classified by means of a traffic-light system laid down by the supervisory authorities. All negative backtesting outliers at Group level (from both clean P&L and dirty P&L) must be reported to the supervisory authorities, citing their extent and cause.

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 stress tests measure the risk to which Commerzbank is exposed, 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. Events simulated in stress tests include all stock prices falling by 15%, a parallel shift in the interest rate curve or changes to the curve’s gradient. Extensive Group-wide stress tests and scenario analyses are carried out as part of risk monitoring.

The VaR and stress test models are validated regularly. In 2014, model adjustments were implemented that further improved the accuracy of risk measurement.

Banking book

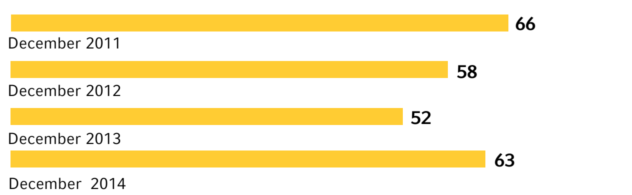
The key drivers of market risk in the banking book are the credit spread risks in the area of Non-Core Assets – Public Finance, including the positions held by the subsidiaries Hypothekenbank Frankfurt and Erste Europäische Pfandbrief- und Kommunalkreditbank (EEPK). We are continuing systematically with the downsizing strategy that we have followed rigorously in this area for many years. The Treasury portfolios with their credit spread risk, interest rate risk and basis risk also influence the market risk in the banking book.

The diagram below documents the development of credit spread sensitivities for all securities and derivative positions (excluding loans) in the Commerzbank Group’s banking book. Credit spread sensitivities increased over the course of 2014 to stand at €63m by the end of the year. This development was caused by the marked fall in interest rates and credit spreads over the year, which pushed up market values in the bond portfolio and thus made credit spreads more sensitive. In addition, changes in Treasury exposures led to higher credit spread sensitivities.

Most credit spread sensitivities relate to securities positions classified as loans and receivables (LaR). Changes in market price have no impact on the revaluation reserve or the income statement for these positions.

Figure 10

Credit spread sensitivities
Downshift 1 bp | €m



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 (+/–200 basis points) to be used by all banks, which have to report on the results of this stress test every quarter.

On this basis, the interest rate shift of +200 basis points would give a potential loss of €1,442m, and the shift of −200 basis points a potential gain of €751m as at 31 December 2014. These figures include the exposures of Commerzbank Aktiengesellschaft and significant subsidiaries.

Pension fund risk is also part of market risk in the banking book. Our pension fund portfolio comprises a well-diversified investment section and the section of insurance-related liabilities. The duration of the liabilities is extremely long (cash outflows modelled over almost 90 years) and 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 pension dynamics. Equity, volatility and currency risk also need to be taken into consideration. Diversification effects between individual risks reduce overall risk. 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

In taking steps to ensure economic capital adequacy, Commerzbank also considers market liquidity risk. It is defined as 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.

We first create a realistic downsizing profile for each portfolio on the basis of its product and risk strategies and an assessment of the market. This enables the portfolios to be classified in terms of their convertibility into cash using a market liquidity factor. The market liquidity factor takes into account the heightened volatility of the portfolio value resulting from the extended holding period for risk positions in line with the downsizing profile. 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 2014, Commerzbank earmarked €0.1bn in economic capital to cover market liquidity risk in the trading and banking book. Asset-backed securities and structured products in particular showed higher market liquidity risk.

Liquidity risk

We define liquidity risk in a 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 describes the risk that future payments cannot be funded to the full amount, in the required currency or at standard market conditions, as and when they are due.

Strategy and organisation

The Board of Managing Directors adopts the business strategy and the Bank's risk tolerance, which is associated with it. Liquidity risk tolerance is then operationalised by defining the liquidity reserve period and the limit framework. In order to ensure an appropriate liquidity risk management process, the Board of Managing Directors delegates certain competences and responsibilities in connection with the Group-wide liquidity risk strategy to the Risk and Treasury functions.

The central Asset Liability Committee (ALCO) is responsible for limiting, analysing and monitoring liquidity risk and for strategic liquidity positioning. In this, it is supported by the Liquidity Review Forum (LRF) and the Risk function.

Risk management

Commerzbank uses a wide range of tools to manage and monitor liquidity risks on the basis of its own liquidity risk model. The stress scenario within the Bank that underlies the model and is relevant for management purposes allows for the impact of both a bank-specific stress event and a broader market crisis. Binding regulatory requirements are an integral component of the management mechanism.

Group Treasury is responsible for the Group's liquidity management operations. Group Treasury is represented in all major locations of the Group in Germany and abroad and has reporting lines into all subsidiaries. Additional information on this subject can be found in the section "Funding and Liquidity of Commerzbank Group" in the Group Management Report. Liquidity risk is monitored on the basis of the Bank's own liquidity risk model by the independent risk function.

The Bank has established early warning indicators for the purpose of managing liquidity risk. These ensure that appropriate steps can be taken in good time to secure long-term financial solidity.

Risk concentrations can lead to increased outflows of liquidity, particularly in a stress situation, and thus to increased liquidity risk. They can, for example, occur with regard to maturities, large individual creditors or currencies. By means of ongoing monitoring and reporting, emerging risk concentrations in funding can be recognised in a timely manner and mitigated through suitable measures.

In the event of a liquidity crisis, the emergency plan provides for various measures for different types of crisis that can be launched by the central ALCO. The emergency plan forms an integral part of Commerzbank's recovery plan and is updated annually. It 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.

Quantification and stress testing

In 2014, Commerzbank revised its liquidity risk framework, adapting it to current business and regulatory conditions. Important features of this include the new methodology and parameterisation of the liquidity risk modelling, taking into account regulatory requirements and adjusted limits. The combination of modelling and limits results in the quantitative structuring of our liquidity risk tolerance, which is in line with the overall risk strategy.

The liquidity gap profile is shown for the whole of the modelling horizon across the full spectrum of maturities. Thereby the liquidity gap profile follows a multi-level concept. The levels 1 to 5 include deterministic and modelled cash flows of existing business while planned new business is considered in the calculus on levels 6 and 7. Limitation occurs on level 5. The processes of producing and analysing the liquidity gap profile have been significantly improved by redesigning the IT infrastructure. In addition, the management of the regulatory liquidity coverage ratio (LCR) has been integrated into the liquidity risk model. Based on the new methodology of the liquidity gap profile, management mechanisms such as recovery and early warning indicators have been adjusted and supplemented.

Furthermore, hard limits are defined for the time horizon of up to one year, although for time horizons of over a year there are review triggers to limit the liquidity risk in line with our funding capacity. The Group limits are broken down into individual currencies and Group units.

In 2014, Commerzbank's internal liquidity risk ratios were always above the limit set by the Board of Managing Directors. The same is true of compliance with the survival period calculation set down by MaRisk and with the external regulatory German Liquidity Regulation. At the end of the year, the liquidity ratio stood at 1.37.

Significant factors in liquidity risk tolerance include the reserve period, the size of the liquidity reserve portfolio held to compensate for unexpected short-term liquidity outflows, and the limits in the various maturity bands.

The liquidity reserve portfolio is maintained and monitored separately by the Treasury. This ensures that it functions as a buffer in stress situations. The liquidity reserve portfolio is funded in line with liquidity risk tolerance in order to ensure that it is kept at the required size throughout the reserve period stipulated by the Board of Managing Directors.

Based on its internal liquidity model, which uses conservative assumptions, at the end of the period the Bank had available excess liquidity of up to €83.4bn in the maturity band for up to 1 day. Of this, €48.6bn is held in a separate liquidity reserve portfolio managed by Group Treasury to cover liquidity outflows should a stress event occur and ensure solvency at all times. When simulating the existing exposures under the current model assumptions, a liquidity shortage would only occur after 7 years, whereas the limitation of the internal model would already allow for a term transformation position in the maturity band of over 1 year.

In addition, the Bank operates a so-called intraday liquidity reserve portfolio in the amount of €9.7bn.

The main liquidity risk drivers underlying the stress scenario are a markedly increased outflow of short-term customer deposits, above-average drawdown of credit lines, extensions of lending business regarded as commercially necessary, the need to provide additional collateral for secured transactions and the application of higher risk discounts to the liquidation values of assets. The internal liquidity risk model is complemented by the regular analysis of additional inverse stress scenarios.

The management of liquidity risk has been further improved by the introduction of causality-based cost allocation, made possible by internal liquidity cost allocation.

Operational risk

Based on the Capital Requirements Regulation (CRR), Commerzbank defines operational risk (OpRisk) as the risk of loss resulting from the inadequacy or failure of internal processes, people and systems or from external events. This definition includes legal risks; it does not cover reputational or strategic risks.

Strategy and organisation

Within Commerzbank, OpRisk and governance issues of the Internal Control System (ICS) are closely connected in terms of both organisational structure and methodology and are continuously being enhanced. This is because many OpRisk cases are closely linked with failures in the control mechanisms. A properly functioning ICS thereby helps to reduce or avoid losses from operational risks and thus to lower the amount of capital required to cover operational risks in the medium to long term. Conversely, the operational risk management systems enable the ICS to adapt itself consistently to them. The reinforcement of the ICS structure is an essential aspect of the pro-active reduction/prevention of operational risks.

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 span all areas. The Segment OpRisk Committees deal with the management of operational risk in the relevant units. They conduct structured analyses of all OpRisk issues that affect them, such as loss events, and define subsequent measures or recommend action.

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 the risk profile, key elements of the desired risk culture, its management framework and measures to be taken by the Bank to manage operational risk.

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.

The segments and the management/service units form the first line of defence. They have direct responsibility for identifying and managing operational risk in their areas of responsibility and provide effective and prompt 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, 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 and the financial auditor , are the third line of defence. They are entrusted with the independent auditing of OpRisk and ICS methodologies and their implementation at Commerzbank.

Risk management

Commerzbank takes an active approach to managing operational risk, aiming to systematically identify OpRisk profiles and risk concentrations and to define, prioritise and implement risk mitigation measures.

Operational risks are characterised by asymmetric distribution of losses, so that most of the losses are relatively small, while isolated losses with a very low probability of occurrence have the potential to be large and devastating. This makes it necessary not only to limit the high loss potential but also to pro-actively manage losses that can be expected to occur frequently.

To do this, Commerzbank has set up a multi-stage system that brings together the defined limits on economic capital (risk capacity) and those set for operational risk management during the year (risk appetite/tolerance). It is complemented by rules on the transparent and conscious acceptance and approval of individual risks (risk acceptance).

Commerzbank uses the advanced measurement approach (AMA) to measure regulatory and economic capital for operational risks. Risk-weighted assets from operational risks on this basis amounted to €21.6bn at the end of 2014 (31 December 2013: €22.9bn), while economically required capital was €1.8bn (31 December 2013: €1.9bn).

The following table gives an overview on risk-weighted assets (RWA) and the economically required capital (ErC) by segment:

Table 57

€bn	31.12.2014		31.12.2013	
	RWA	ErC	RWA	ErC
Private Customers	9.0	0.8	9.9	0.8
Mittelstandsbank	3.3	0.3	3.7	0.3
Central & Eastern Europe	0.4	0.0	0.5	0.0
Corporates & Markets	4.7	0.4	5.0	0.4
Non-Core Assets	1.3	0.1	1.2	0.1
Others and Consolidation	2.9	0.2	2.6	0.2
Group	**21.6**	**1.8**	**22.9**	**1.9**

OpRisk management includes an annual evaluation of the Bank's ICS and of the risk scenario assessments. Furthermore, OpRisk loss events are subjected to ongoing analysis and to ICS backtesting on an event-driven basis. Where loss events involve ≥ €1m, lessons learned activities are carried out. External OpRisk events at competitors are also systematically evaluated.

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 and to the Risk Committee of the Supervisory Board. 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.

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. At Commerzbank, these are subjected to a qualitative management and control process. The following risk types except model risk are outside the responsibility of the CRO.

Legal risk

According to CRR, legal risk falls within the definition of operational risk. It primarily arises for Commerzbank Group when the Bank's claims cannot be enforced for legal reasons or when claims can be made against the Bank because the underlying law was not observed or has changed since a transaction was concluded.

The operation of banking and financial services transactions that are subject to regulatory provisions may also result in legal risk. This risk may also take the form of orders or sanctions issued or imposed by one or more authorities whose supervision Commerzbank is subject to anywhere in the world. Legal risk also arises in realised losses or provisions due to or in connection with court cases brought against Commerzbank (passive proceedings). Cases brought by Commerzbank (active proceedings) generally represent a credit risk rather than an operational risk, so the risk of loss is already taken into account through write-downs. However, the costs of legal action (court and lawyers' costs) for active proceedings are classified as legal risk.

Organisation
Within Commerzbank, the management of legal risk throughout the Group is the responsibility of Group Legal.

All legal staff at the various Group Legal locations, the legal staff of the legal departments of the domestic and foreign subsidiaries and – where available – the legal staff in foreign branches are legal risk managers with the task of identifying and managing legal risk within Commerzbank worldwide and throughout the Group.

Risk management
The task of the Group's legal risk managers is to detect legal risks and all losses potentially resulting from them at an early stage, to highlight possible solutions that might avoid or minimise such losses, and to play an active part in reaching decisions concerning legal risks. They must ensure that they are always up to date with all legal changes or new findings within their area of responsibility and inform the business units affected about the impact on legal risk and any action that needs to be taken as a result.

The legal risk managers are responsible for arranging or adjusting legal provisions and look after and monitor new and ongoing court proceedings.

In the case of passive proceedings provisions are recognised on the basis of the risk assessment carried out by the responsible legal risk manager. The expected risk of loss for proceedings generally corresponds to the size of the provisions to be recognised. To estimate the expected loss, the amount that the Bank would reasonably have to pay to settle the dispute at the current point in time should be calculated after each significant stage in the proceedings. In the case of active proceedings provisions are usually only recognised for the expected court and lawyers' costs.

Group Legal provides information about all major court proceedings and risk trends in the quarterly Legal Risk Report. This report is sent to the Bank's management, internal and external supervisory bodies and the OpRisk Committee.

Current developments

Commerzbank Aktiengesellschaft and its subsidiaries are involved in a variety of court and arbitration cases, claims and official investigations (legal proceedings) in connection with a broad range of issues. They include, for example, allegations of defective advice, disputes in connection with credit finance, investigations by US authorities, including amongst others breaches of sanctions, disputes concerning the payment of variable elements of remuneration, entitlements to occupational pensions, allegedly false accounting and incorrect financial statements, tax claims, allegedly incorrect prospectuses in connection with underwriting transactions, and cases brought by shareholders and other investors. In addition, changes to rulings by supreme courts, which may render them more restrictive, in private customers business and elsewhere, may result in more claims being brought against Commerzbank or its subsidiaries. In most of these court cases, claimants are asking for the payment of compensation or the reversal of agreements already entered into. If the courts were to find in favour of one or more of the claimants in these cases, Commerzbank could be liable to pay compensation, which could in some cases be substantial, or could incur the expense of reversing agreements or of other cost-intensive measures. Some of these cases could also have an impact on the reputation of Commerzbank and of its subsidiaries. The Group builds up reserves for such proceedings if and insofar as liabilities are likely to result from them and the amounts to which it is likely to be liable can be sufficiently accurately determined. As there are considerable uncertainties as to how such proceedings will develop, the possibility cannot be excluded that some of the reserves created for them prove to be inadequate once the courts' final rulings are known. As a result, substantial additional expense may be incurred. This is also true in the case of legal proceedings for which the Group did not consider it necessary to create reserves. The eventual outcome of some legal proceedings migh have an impact on Commerzbank's results and cashflow in a specified reporting period, in the worst case it can not be fully precluded that the liabilities that might result from them will have any long-term impact on Commerzbank's earnings performance, assets and financial position. Further information on legal proceedings may be found in Note (68) regarding provisions and Note (87) regarding contingent liabilities and irrevocable lending commitments in the Group Financial Statements.

Reputational risk

Reputational risk is the risk that stakeholders may lose confidence in Commerzbank or that its reputation may be damaged as a result of negative events in its business activities. Commerzbank's stakeholder groups include in particular the public and the media, non-governmental organisations and its customers. In the present-day competitive environment, a company's reputation is becoming more and more important. One of the factors determining it is the Bank's handling of sustainability considerations in its core business (intrinsic reputational risks). Companies are judged not only on the basis of people's personal experiences of them, but also of reports reaching the public, especially through the media. Therefore reputational risk goes hand in hand with communication risk.

Strategy and organisation

The segments and significant subsidiaries bear direct responsibility for reputational risk resulting from their particular business activity. The Reputational Risk Management department is part of the central Group Communications division of Commerzbank Group and focuses on intrinsic reputational risk that may directly lead to reputational damage for stakeholder groups. As such, Reputational Risk Management is the responsibility of the Chairman of the Board of Managing Directors and maintains close links with the relevant market units. It is a component of Commerzbank's overall risk strategy and is subject to internal and external reviews. Its task is to identify, evaluate and address intrinsic reputational risk in systematic processes at an early stage and suggest or implement appropriate measures (early warning function).

Risk management

Managing intrinsic reputational risk means identifying potential environmental, social and ethical risks at an early stage and reacting to them in order to reduce any potential communication risk or even preventing it completely. Intrinsic reputational risk is managed by means of a qualitative approach. As part of a structured process, transactions, products and customer relationships in connection with sensitive areas are assessed with reference to environmental, social and ethical risks on a qualitative five-point scale. Depending on the outcome they may be assessed unfavourably or have conditions imposed on them or even be rejected outright.

The sensitive areas regularly and comprehensively analysed in Reputational Risk Management include e.g. export trades in the armaments industry and products and customer relationships relating to power generation and commodities extraction. Commerzbank's attitude towards these areas is laid down in positions and guidelines that are binding for all employees. Commerzbank's Reputational Risk Management department regularly observes and analyses new environmental, ethical and social issues and forwards them to the relevant parts of the Bank. The reputational risks identified and addressed by the department are incorporated into the quarterly report on non-quantifiable risks prepared for the Supervisory Board's Risk Committee.

Compliance risk

Compliance means conforming to the provisions of the law and to regulatory requirements as well as maintaining other, largely ethical, standards and commitments. The risk that may arise from the failure to adhere to key legal regulations and requirements is referred to as compliance risk.

The confidence of our customers, shareholders and business partners that Commerzbank acts properly and legitimately forms the foundation of our business activities. The aim is therefore to ensure that key legal regulations and requirements are adhered to by having an appropriate and effectively structured compliance management system in place. Compliance risks may be either quantifiable or non-quantifiable risks. They therefore cannot be fully subsumed either under operational risks or under reputational risks. According to the business targets, Group Compliance is responsible for the overall management of compliance risk.

In our overarching and Group-wide approach to risk management, we aim to detect at an early stage any risks that could undermine the integrity and therefore the success of Commerzbank, and to manage these risks appropriately.

Compliance risk is managed in line with the three lines of defence model.

The segments as well as the management and service units form the first line of defence in accordance with their operational responsibility. They are directly responsible for identifying and managing compliance risk in their areas of responsibility and provide effective and prompt risk management, complying with the prescribed risk standards and policies. Group Compliance forms the second line of defence for the overarching management of compliance risks. Internal control bodies, e.g. internal auditing, are the third line of defence. They examine the effectiveness of the first and second lines' actions.

We are constantly developing our compliance risk management system in order to meet our responsibilities and cope with the growing complexity and increasing regulatory requirements, thereby enabling us to ensure long-term business success. In this context, the Board of Managing Directors has started with a Group-wide project to optimise compliance measures. The project particularly aims at the implementation of a framework to define and operationalise the risk appetite for compliance risks. Besides the risk-bearing capacity, which monitors the ability to absorb risks up to a certain level, the risk appetite defines the willingness to take risks in the business areas considering the regulatory requirements relating to compliance risks.

IT risk

IT risk is a form of operational risk. Our own definition of IT risk includes risks to the security of information processed in our systems in terms of meeting the four IT protection targets set out below:

Confidentiality: Information is confidential if it is not accessible to, or capable of being reconstructed by, unauthorised persons, business processes or IT systems.

Integrity: Information possesses integrity if it has not been modified or destroyed by any unauthorised means. An information-processing system (an IT system) possesses integrity if it can perform its intended functions without hindrance and free of unauthorised manipulations, whether deliberate or accidental.

Traceability: Actions and technologies applied to information are traceable if they themselves and their source can be traced back without any ambiguity.

Availability: Information is available if it is always capable of being used to a predefined extend by authorised persons, business processes and IT systems when it is required.

Commerzbank attaches great importance to the protection and security of its own information, of that entrusted to it by customers, and of the business processes and systems used to process it. They form a permanent core element in our IT strategy. The processing of information is based increasingly on information technologies. Correspondingly, our requirements on IT-security are essential when managing information security.

Information security requirements are based on the IT protection targets referred to above and are set down in policies and procedural instructions.

IT risks are identified, evaluated and regularly reviewed as part of IT governance processes. IT risk is covered in the quarterly IT risk report. Information security is also established as a principal objective for our Internal Control System.

In addition, the most important IT risks are being evaluated in the framework of operational risk management through risk scenarios and considered in the Bank's RWA calculation. This includes the risk of a breakdown of critical IT, the risk of externals attacking the systems or data of the Bank (cyber crime), the theft of corporate data or the default of service providers and vendors.

Given the major importance of IT security to Commerzbank, it is continually further developed and improved by means of strategic projects about which the Board is kept informed on a regular basis. In this context, a uniform IT risk management process has been established in 2014. In addition, the department IT Risk Management as part of GS-IT was newly-created to strengthen the IT risk management.

Further tightening-up of the existing information security control structure is planned for 2015.

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.

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. We also regularly monitor both quantitative and qualitative measures of staff turnover.

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 being informed about human resources risk. In addition, the implementation of a second pilot scheme for systematic and strategic personnel planning is helping to put the management of medium- and long-term human resources risks on a more professional footing. The Board of Managing Directors will take a decision on the Bank-wide introduction of strategic personnel planning once the second pilot is completed in 2015.

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 the inadequate implementation of the Group strategy.

Group strategy is developed further in a process that takes into account both external and internal factors. On the basis of these factors, the Board of Managing Directors sets out a sustainable business strategy describing the major business activities and steps required to meet the targets. To ensure proper implementation of the 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 Board of Managing Directors.

Model risk

Model risk is the risk of incorrect management decisions based upon an inaccurate depiction of reality by the models used. With regard to the causes of model risk we distinguish between model risk from exceeding model boundaries and model risk from model errors (sloppy mistakes in developing/implementing a model). Corresponding to the focus of the Group risk strategy to ensure that the Bank is adequately capitalised, the models for assessing risk-bearing capacity (capital requirements according to Pillars 1 and 2 of the Basel framework) are central for risk management.

Basic principles of the model risk management are the identification and avoidance of model risk as well as the appropriate account of known model risks (e.g. by conservative calibration or taking into account of model reserves). Model risks that are unknown and hence cannot be mitigated are accepted as an inherent risk in the complexity of the Commerzbank business model. Governance of model risk management implies requirements relating to model validation and model changes.

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 are based on banking sector practice. The risk models produce results appropriate to the management of the Bank. The measurement approaches are regularly reviewed by risk control and internal audit, external auditors and the German and European supervisory authorities. Despite being carefully developed and regularly monitored, models cannot cover all the influencing factors that have an impact in reality or illustrate their complex behaviour and interactions. 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. However, stress testing all imaginable scenarios is not feasible. Stress tests cannot offer a final estimate of the maximum loss should an extreme event occur.

Group Financial Statements

› Our Group accounts are drawn up in accordance with International Financial Reporting Standards (IFRS) and their interpretation by the International Financial Reporting Interpretations Committee. We have taken account of all the standards and interpretations that are binding in the European Union for the financial year 2014.

Financial Statements of the Commerzbank Group as at 31 December 2014

Contents

Statement of comprehensive income

Income statement

€m	Notes	1.1.–31.12.2014	1.1.–31.12.2013[1]	Change in %
Interest income	(31)	12,555	13,871	– 9.5
Interest expenses	(31)	6,948	7,710	– 9.9
Net interest income	(31)	5,607	6,161	– 9.0
Loan loss provisions	(32)	– 1,144	– 1,747	– 34.5
Net interest income after loan loss provisions		4,463	4,414	1.1
Commission income	(33)	3,837	3,776	1.6
Commission expense	(33)	632	570	10.9
Net commission income	(33)	3,205	3,206	0.0
Net trading income	(34)	377	– 96	.
Net income from hedge accounting	(35)	16	14	14.3
Net trading income and net income from hedge accounting	(34, 35)	393	– 82	.
Net investment income	(36)	82	17	.
Current net income from companies accounted for using the equity method	(37)	44	60	– 26.7
Other net income	(38)	– 577	– 87	.
Operating expenses	(39)	6,926	6,797	1.9
Restructuring expenses	– 40	61	493	– 87.6
Pre-tax profit or loss		**623**	**238**	**.**
Taxes on income	(41)	253	66	.
Consolidated profit or loss		**370**	**172**	**.**
Consolidated profit or loss attributable to non-controlling interests		106	91	16.5
Consolidated profit or loss attributable to Commerzbank shareholders		264	81	.

[1] Prior-year figures restated due to restatement of credit protection insurance plus other adjustments (see page 160 f.).

Earnings per share | €		1.1.–31.12.2014	1.1.–31.12.2013	Change in %
Earnings per share	(43)	0.23	0.09	.

The Earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit or loss attributable to Commerzbank shareholders. As in the previous year, no conversion or option rights were outstanding during the financial year. The figure for diluted earnings per share was therefore identical to the undiluted figure.

Condensed statement of comprehensive income

€m	Notes	1.1.–31.12.2014	1.1.–31.12.2013[1]	Change in %
Consolidated profit or loss		370	172	.
Change from remeasurement of defined benefit plans not recognised in income statement		–566	–36	.
Change in companies accounted for using the equity method		0	–1	–100.0
Items not recyclable through profit or loss		–566	–37	.
Change in revaluation reserve	(73)			
Reclassified to income statement		–73	–80	–8.8
Change in value not recognised in income statement		335	576	–41.8
Change in cash flow hedge reserve	(73)			
Reclassified to income statement		113	198	–42.9
Change in value not recognised in income statement		–2	61	.
Change in currency translation reserve	(73)			
Reclassified to income statement		67	–2	.
Change in value not recognised in income statement		–94	–163	–42.3
Change in companies accounted for using the equity method		5	–3	.
Items recyclable through profit or loss		351	587	–40.2
Other comprehensive income		–215	550	.
Total comprehensive income		**155**	**722**	**–78.5**
Comprehensive income attributable to non-controlling interests		108	69	56.5
Comprehensive income attributable to Commerzbank shareholders		47	653	–92.8

[1] Prior-year figures restated due to restatement of credit protection insurance (see page 160 f.).

The breakdown of other comprehensive income for the 2014 financial year was as follows:

Other comprehensive income | €m	1.1.–31.12.2014		
	Before taxes	**Taxes**	**After taxes**
Change from remeasurement of defined benefit plans	–862	296	–566
of which companies accounted for using the equity method	0	–	0
Change in revaluation reserve	364	–102	262
Change in cash flow hedge reserve	163	–52	111
Change in currency translation reserve	–27	–	–27
Change in companies accounted for using the equity method	5	–	5
Other comprehensive income	**–357**	**142**	**–215**

In the previous year, other comprehensive income developed as follows:

Other comprehensive income | €m	1.1.–31.12.2013		
	Before taxes	**Taxes**	**After taxes**
Change from remeasurement of defined benefit plans	–40	3	–37
of which companies accounted for using the equity method	–1	–	–1
Change in revaluation reserve	689	–193	496
Change in cash flow hedge reserve	350	–91	259
Change in currency translation reserve	–164	–1	–165
Change in companies accounted for using the equity method	–3	–	–3
Other comprehensive income	**832**	**–282**	**550**

Balance sheet

Assets | €m	Notes	31.12.2014	31.12.2013[1]	Change in %	1.1.2013[2]
Cash reserve	(7, 46)	4,897	12,397	– 60.5	15,755
Claims on banks	(8, 9, 10, 47, 49, 50, 79)	80,036	87,545	– 8.6	88,028
of which pledged as collateral	(78)	–	29	.	45
Claims on customers	(8, 9, 10, 48, 49, 50, 79)	232,867	245,938	– 5.3	278,519
of which pledged as collateral	(78)	–	–	.	–
Value adjustment portfolio fair value hedges	(11, 51)	415	74	.	202
Positive fair values of derivative hedging instruments	(12, 52)	4,456	3,641	22.4	6,057
Trading assets	(13, 53, 79)	130,343	103,616	25.8	144,144
of which pledged as collateral	(78)	5,532	3,601	53.6	12,680
Financial investments	(14, 54, 79)	90,358	82,051	10.1	89,142
of which pledged as collateral	(78)	569	1,921	– 70.4	2,495
Holdings in companies accounted for using the equity method	(4, 55)	677	719	– 5.8	744
Intangible assets	(15, 56)	3,330	3,207	3.8	3,051
Fixed assets	(16, 57)	1,916	1,768	8.4	1,372
Investment properties	(18, 59)	620	638	– 2.8	637
Non-current assets and disposal groups held for sale	(19, 60)	421	1,166	– 63.9	757
Current tax assets	(26, 58)	716	812	– 11.8	758
Deferred tax assets	(26, 58)	3,358	3,146	6.7	3,278
Other assets	(17, 61)	3,199	2,936	9.0	3,571
Total		**557,609**	**549,654**	**1.4**	**636,015**

[1] Prior-year figures after the restatement of credit protection insurance and tax restatements (see page 160 f.).
[2] 1 January 2013 is equivalent to 31 December 2012 (as published in the 2013 annual report) after the restatement of credit protection insurance and tax restatements (see page 160 f.).

Liabilities and equity | €m	**Notes**	**31.12.2014**	**31.12.2013**[1]	**Change in %**	**1.1.2013**[2]
Liabilities to banks	(10, 20, 62, 79)	99,443	77,694	28.0	110,242
Liabilities to customers	(10, 20, 63, 79)	248,977	276,486	−9.9	265,905
Securitised liabilities	(20, 64, 79)	48,813	64,670	−24.5	79,357
Value adjustment portfolio fair value hedges	(11, 65)	1,278	714	79.0	1,467
Negative fair values of derivative hedging instruments	(21, 66)	9,355	7,655	22.2	11,739
Trading liabilities	(22, 67, 79)	97,163	71,010	36.8	116,111
Provisions	(23, 24, 68)	5,251	3,875	35.5	4,099
Current tax liabilities	(26, 69)	239	245	−2.4	324
Deferred tax liabilities	(26, 69)	131	83	57.8	91
Liabilities from disposal groups held for sale	(19, 70)	142	24	.	2
Other liabilities	(71)	7,499	6,551	14.5	6,523
Subordinated debt instruments	(27, 72, 79)	12,358	13,714	−9.9	13,913
Equity	(30, 73, 74, 75)	26,960	26,933	0.1	26,242
Subscribed capital	(73)	1,139	1,139	0.0	5,828
Capital reserve	(73)	15,928	15,928	0.0	8,730
Retained earnings	(73)	10,383	10,660	−2.6	10,781
Silent participations	(73)	–	–	.	2,376
Other reserves	(5, 6, 14, 73)	−1,396	−1,744	−20.0	−2,353
Total before non-controlling interests		26,054	25,983	0.3	25,362
Non-controlling interests	(73)	906	950	−4.6	880
Total		**557,609**	**549,654**	**1.4**	**636,015**

[1] Prior-year figures after the restatement of credit protection insurance and the tax restatements (see page 160 f.).
[2] 1 January 2013 is equivalent to 31 December 2012 (as published in the 2013 annual report) after the restatement of credit protection insurance and the tax restatements (see page 160 f.).

Statement of changes in equity

€m	Subscribed capital	Capital reserve	Retained earnings	Silent participations	Other reserves			Total before non-controlling interests	Non-controlling interests	Equity
					Revaluation reserve	Cash flow hedge reserve	Currency translation reserve			
Equity as at 31.12.2012	**5,828**	**8,730**	**10,783**	**2,376**	**−1,699**	**−616**	**−38**	**25,364**	**886**	**26,250**
Change due to retrospective adjustments			−2					−2	−6	−8
Equity as at 1.1.2013	**5,828**	**8,730**	**10,781**	**2,376**	**−1,699**	**−616**	**−38**	**25,362**	**880**	**26,242**
Total comprehensive income	–	–	44	–	504	259	−152	655	69	724
Consolidated profit or loss			81					81	91	172
Change from remeasurement of defined benefit plans			−36					−36		−36
Change in revaluation reserve					504			504	−8	496
Change in cash flow hedge reserve						259		259		259
Change in currency translation reserve							−149	−149	−14	−163
Change in companies accounted for using the equity method			−1				−3	−4		−4
Dividend paid on silent participations								–		–
Dividend paid on shares								–	−43	−43
Reverse stock split	−5,247	5,247						–		–
Capital increases	556	1,951						2,507		2,507
Withdrawal from retained earnings			−88					−88		−88
Decrease in silent participations				−2,376				−2,376		−2,376
Changes in ownership interests			−2					−2	1	−1
Other changes[1]	2	–	−75				−2	−75	43	−32
Equity as at 31.12.2013	**1,139**	**15,928**	**10,660**	**–**	**−1,195**	**−357**	**−192**	**25,983**	**950**	**26,933**

[1] If relevant for the reporting period, other changes mainly comprise changes in the group of consolidated companies, changes in treasury shares and the change in derivatives on own equity instruments.

The restatement of retained earnings as at 1 January 2013 (as published in the 2013 annual report) resulted from the retrospective restatement of credit protection insurance and the tax restatements (see page 160 f.).

€m	Subscribed capital	Capital reserve	Retained earnings	Silent participations	Other reserves			Total before non-controlling interests	Non-controlling interests	Equity
					Revaluation reserve	Cash flow hedge reserve	Currency translation reserve			
Equity as at 31.12.2013	**1,139**	**15,928**	**10,660**	**–**	**–1,195**	**–357**	**–192**	**25,983**	**950**	**26,933**
Total comprehensive income	–	–	–301	–	238	111	–1	47	108	155
Consolidated profit or loss			264					264	106	370
Change from remeasurement of defined benefit plans			–565					–565	–1	–566
Change in revaluation reserve					238			238	24	262
Change in cash flow hedge reserve						111		111		111
Change in currency translation reserve							–6	–6	–21	–27
Change in companies accounted for using the equity method							5	5		5
Dividend paid on silent participations								–		–
Dividend paid on shares								–	–62	–62
Reverse stock split								–		–
Capital increases								–		–
Withdrawal from retained earnings								–		–
Decrease in silent participations								–		–
Changes in ownership interests			–5					–5	–89	–94
Other changes[1]			29					29	–1	28
Equity as at 31.12.2014	**1,139**	**15,928**	**10,383**	**–**	**–957**	**–246**	**–193**	**26,054**	**906**	**26,960**

[1] If relevant for the reporting period, other changes mainly comprise changes in the group of consolidated companies, changes in treasury shares and the change in derivatives on own equity instruments.

The subscribed capital of Commerzbank Aktiengesellschaft pursuant to the Bank's articles of association stood at €1.139m as at 31 December 2014 and was divided into 1,138,506,941 no-par-value shares with an accounting value per share of €1.00. No treasury shares were held as at 31 December 2014.

The Bank did not make use of the authorisation approved by the Annual General Meeting of 19 May 2010 to purchase its own shares for the purpose of securities trading, pursuant to Art. 71 (1) no. 7 of the German Stock Corporation Act (Aktiengesetz). Gains and losses from trading in the Bank's own shares are recognised directly in equity.

Assets and disposal groups held for sale accounted for €–2m of the currency translation reserve within other reserves.

The changes in ownership interests of €–5m in financial year 2014 resulted from the acquisition of shares in subsidiaries that were already consolidated.

No dividend is being paid for 2014, since retained earnings including the distributable profit of Commerzbank Aktiengesellschaft in its parent company accounts did not exceed the non-distributable amounts as stipulated under Art. 268 (8) of the German Commercial Code (HGB).

Further details on equity are contained in Notes 73, 74 and 75.

Cash flow statement

€m	Notes	2014	2013[1]
Consolidated profit or loss		**370**	**172**
Non-cash positions in consolidated profit or loss and reconciliation with cash flow from operating activities:			
Write-downs, depreciation, adjustments, write-ups on fixed and other assets, changes in provisions and net changes due to hedge accounting		1,477	5,543
Change in other non-cash positions		6,754	–5,909
Gain or loss on disposal of assets	(36)	–78	–35
Net gain or loss on the sale of fixed assets	(38)	–4	17
Other adjustments	(31)	–5,620	–6,531
Sub-total		**2,899**	**–6,743**
Change in assets and liabilities from operating activities after adjustment for non-cash positions:			
Claims on banks	(47)	7,490	472
Claims on customers	(48)	14,060	33,570
Trading securities	(53)	–3,102	–4,056
Other assets from operating activities	(54-57, 59-61)	–3,131	–989
Liabilities to banks	(62)	21,749	–32,554
Liabilities to customers	(63)	–27,509	10,466
Securitised liabilities	(64)	–15,857	–14,770
Net cash from contributions into plan assets	(68)	–2	–9
Other liabilities from operating activities	(65-71)	313	–317
Interest received	(31)	10,434	11,670
Dividends received	(31)	210	129
Interest paid	(31)	–5,024	–5,268
Income tax paid	(41)	131	–41
Net cash from operating activities		**2,661**	**–8,440**
Proceeds from the sale of:			
Financial investments and investments in companies accounted for using the equity method	(36, 37, 54, 55)	145	7,215
Fixed assets	(38, 57)	22	54
Payments for the acquisition of:			
Financial investments and investments in companies accounted for using the equity method	(36, 37, 54, 55)	–8,339	–102
Fixed assets	(38, 57)	–735	–1,528
Effects from changes in the group of consolidated companies			
Cash flow from acquisitions less cash reserves acquired	(46)	–	–
Cash flow from disposals less cash reserves disposed of	(46)	0	1
Net cash from investing activities		**–8,907**	**5,640**
Proceeds from capital increases	(73)	–	45
Dividends paid	(73)	–	–
Net cash from changes in ownership interests in consolidated companies		–5	–
Net cash from other financing activities (subordinated capital)	(72)	–1,355	–200
Net cash from financing activities		**–1,360**	**–155**
Cash and cash equivalents at the end of the previous period		**12,397**	**15,755**
Net cash from operating activities		2,661	–8,440
Net cash from investing activities		–8,907	5,640
Net cash from financing activities		–1,360	–155
Effects from exchange rate changes		212	–312
Effects from non-controlling interests		–106	–91
Cash and cash equivalents at the end of the period	**(46)**	**4,897**	**12,397**

[1] Prior-year figures restated due to restatement of credit protection insurance (see page 160 f.).

The breakdown of cash and cash equivalents was as follows:

€m	31.12.2014	31.12.2013	Change in %
Cash on hand	1,093	1,043	4.8
Balances with central banks	3,409	10,772	−68.4
Debt issued by public-sector borrowers	395	582	−32.1

Cash and cash equivalents as at 31 December 2014 did not include any amounts from companies consolidated for the first time (previous year: –). There were also no effects from deconsolidations in 2014 (previous year: –).

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

Net cash from operating activities includes payments (inflows and outflows) relating to claims on banks and customers and also securities held for trading and other assets. Increases and decreases in liabilities to banks and customers, securitised liabilities and other liabilities also belong to operating activities. The interest and dividend payments resulting from operating activities are similarly reflected in net cash from operating activities.

Changes in net cash from operating activities also result from disposals of consolidated companies. Other assets and liabilities from operating activities include disposals of consolidated companies that were classified as held for sale and were sold during the reporting year. The following table provides an overview of the assets and liabilities at the time of disposal.

Assets | €m	31.12.2014
Claims on banks	23
Claims on customers	–
Trading assets	–
Financial investments	174
Fixed assets	–
Other assets	5

Liabilities | €m	31.12.2014
Liabilities to banks	15
Liabilities to customers	–
Securitised liabilities	118
Trading liabilities	–
Other liabilities	1

Net cash from investing activities is made up of cash flows relating to financial investments, intangible assets, fixed assets and disposals of non-consolidated subsidiaries. The cash flows relating to the acquisition or disposal of consolidated subsidiaries are also shown here. Net cash from financing activities consists of the proceeds of capital increases as well as payments made or received on subordinated debt instruments. Dividends paid are also reported here.

Cash and cash equivalents consists of items that can be rapidly converted into liquid funds and are subject to a negligible risk of changes in value. It consists of the cash reserve, containing cash on hand, balances held at central banks and debt issued by public-sector borrowers (see Note 46). Claims on banks which are due on demand are not included.

With regard to the Commerzbank Group the cash flow statement is not very informative. For us the cash flow statement replaces neither liquidity planning nor financial planning, nor is it employed as a management tool.

Notes

Significant accounting principles

Our Group financial statements as at 31 December 2014 were prepared in accordance with Art. 315 a (1) of the German Commercial Code (HGB) and Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (the IAS Regulation). Other regulations for adopting certain international accounting standards on the basis of the International Financial Reporting Standards (IFRS) approved and published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC) have been applied as well. All standards and interpretations which are mandatory within the EU in 2014 have been applied. As permitted under the regulations, we have not applied standards and interpretations which do not enter into force until the financial year 2015 or later. The table below provides an overview of the standards applied for the first time in 2014 as well as the standards that will be applied at a later date:

Standard	Title	Endorsement	Effective date
New Standards			
IFRS 9	Financial Instruments	outstanding	1.1.2018[1]
IFRS 10	Group Financial Statements	11.12.2012	1.1.2014[2]
IFRS 11	Joint Arrangements	11.12.2012	1.1.2014[2]
IFRS 12	Disclosure of Interests in Other Entities	11.12.2012	1.1.2014[2]
IFRS 14	Regulatory deferral accounts	outstanding	1.1.2016
IFRS 15	Revenue from Contracts with Customers	2nd quarter 2015[3]	1.1.2017
IFRIC 21	Levies	13.6.2014	17.6.2014
Amended Standards			
IFRS 10	Group Financial Statements (amended 11 September 2014)	3rd quarter 2015[3]	1.1.2016
	Group Financial Statements (amended 31 October 2012)	20.11.2013	1.1.2014[2]
	Group Financial Statements (amended 28 June 2011)	4.4.2013	1.1.2014[2]
IFRS 11	Joint Arrangements (amended 6 May 2014)	1st quarter 2015[3]	1.1.2016
	Joint Arrangements (amended 28 June 2011)	4.4.2013[2]	1.1.2014[2]
IFRS 12	Disclosure of Interests in Other Entities (amended 31 October 2012)	20.11.2013	1.1.2014[2]
	Disclosure of Interests in Other Entities (amended 28 June 2011)	4.4.2013	1.1.2014[2]
IAS 16	Property, Plant and Equipment (amended 12 May 2014)	1st quarter 2015[3]	1.1.2016
	Property, Plant and Equipment (amended 30 June 2014)	1st quarter 2015[3]	1.1.2016
IAS 19	Employee Benefits	17.12.2014	1.7.2014
IAS 27	Separate Financial Statements (amended 12 August 2014)	3rd quarter 2015[3]	1.1.2016
	Separate Financial Statements (amended 31 October 2012)	20.11.2013	1.1.2014[2]
	Separate Financial Statements (amended 2011)	11.12.2012	1.1.2014[2]
IAS 28	Investments in Associates and Joint Ventures (amended 11 September 2014)	1st quarter 2015[3]	1.1.2016
	Investments in Associates and Joint Ventures (amended 2011)	11.12.2012	1.1.2014[2]
IAS 32	Financial Instruments: Presentation	13.12.2012	1.1.2014
IAS 36	Impairments of Assets	19.12.2013	1.1.2014[2]
IAS 38	Intangible assets	1st quarter 2015[3]	1.1.2016
IAS 39	Financial Instruments: Recognition and Measurement	19.12.2013	1.1.2014
IAS 41	Agriculture	1st quarter 2015[3]	1.1.2016

[1] At its meeting on 24 July 2013 the IASB decided to postpone the previous effective date. The IASB meeting of 19 to 21 February 2014 set 1 January 2018 as the new effective date.
[2] The new standards IFRS 10, 11 and 12 and the amended standards IAS 27, 28 and 36, which are mandatory in the EU from 1 January 2014, were voluntarily applied early in the financial year 2013.
[3] Expected.

The IASB published an extensively revised new version of IFRS 9 in July 2014. This completed the standard-setting process for IFRS 9. IFRS 9 replaces the previous standard for the accounting treatment of financial instruments (IAS 39). Due to the length and complexity of the standard we can only provide a summary of the most important points. IFRS 9 contains new rules for classifying financial instruments on the assets side of the balance sheet. All financial assets must initially be measured at fair value with the re-measurement effects taken through profit or loss. A different subsequent measurement is only permitted for a debt instrument on the assets side if it is included in a portfolio that operates under a “hold” or “hold and sell” business model. Moreover, the financial instrument in question may only have cash flows that are payments of principal and interest on the principal amount outstanding. IFRS 9 contains wide-ranging regulations and examples providing further details on these rules. Irrespective of this a financial instrument may still be measured at fair value if a more appropriate value can be achieved. It is no longer possible to report embedded derivatives separately within financial assets. As before, a fair value option also exists for financial liabilities. However, gains or losses deriving from a change in an instrument’s credit risk are no longer reported through profit and loss, but instead in other comprehensive income (revaluation reserve), if a more appropriate value can be achieved. IFRS 9 also changes the rules on the accounting treatment of expected default risk (provisions). Unlike in IAS 39, provisions are not recognised only when a specific loss event occurs. Instead, for every financial instrument measured at amortised cost, the credit loss expected over the next 12 months must be recognised as a provision on initial recognition. If the borrower’s credit risk increases significantly, but the borrower is not yet in default, a provision must be recognised for the full lifetime expected credit losses. If an instrument is in default, the provision must be calculated on the basis of the estimated cash flows that can still be expected. The new version of IFRS 9 is scheduled to enter into force on 1 January 2018. According to the IASB all sections of IFRS 9 have now been published with this version. To date none of the versions of IFRS 9 have been transposed into European law by the European Union (EU). The EU commission started the process for implementing it into European law in December 2014 and has asked the European Financial Reporting Advisory Group (EFRAG) for its opinion. Based on the information available so far, the process of adoption may be completed by the end of 2015. The Bank believes the adoption of the standard is overwhelmingly likely and launched a project to implement the standard in the course of 2014. The long timespan until the likely date on which the standard will enter into force coupled with the uncertainties still present and the potential scope for interpretation means that it is not yet possible to reliably quantify the impact.

IFRS 15, which has not yet been approved by the EU, introduces a principles-based five-step model framework dealing with the nature, amount and timing of revenues and cash flows arising from a contract with a customer. It replaces IAS 11 and 18, IFRIC 13, 15 and 18 as well as SIC 31. The standard also requires extensive qualitative and quantitative disclosures on contracts, service agreements and significant judgements and estimates. We are currently reviewing the impact on the Commerzbank Group financial statements.

We do not expect any significant effects on the Group financial statements from the other standards and interpretations whose application is not yet mandatory (including the changes from the IASB’s annual improvement process), which are set out below. The amended standard IAS 19 clarifies the rules applying to the deduction of the contributions of employees from the service cost in defined benefit plans. If the contributions are independent of the number of years of service, they are recognised in the period in which the related service is rendered, otherwise they are allocated over the period of service. The amended standards IAS 16 and 38 clarify the acceptable methods of depreciation and amortisation of tangible and intangible assets. The amendments to the standards IAS 16 and IAS 41 relate to the accounting treatment of what are known as bearer plants. The amendments to IAS 27 permit the use of the equity method for holdings in subsidiaries, joint ventures and associates in separate IFRS financial statements and therefore do not apply to the Commerzbank Group financial statements. The amendments to the IAS 28 and IFRS 10 standards mean that unrealised gains or losses from transactions with an associate or joint venture are recognised if assets that constitute a business are sold or contributed to the associate or joint venture. The amended standard IFRS 11 requires both the initial acquisition of an interest in a joint operation, and the acquisition of additional interest, to be accounted for in accordance with the principles of IFRS 3 and other applicable IFRSs with the exception of those principles that conflict with the provisions of IFRS 11.

IFRS 14, which only applies to those adopting IFRS for the first time and is therefore not relevant for the Commerzbank Group, deals with the treatment of regulatory deferral account balances recognised in previous GAAP financial statements. In addition, in December 2013 amendments as part of the annual improvement process for standards and interpretations were published for the cycles 2010 to 2012 (endorsed on 17 December 2014) and 2011 to 2013 (endorsed on 18 December 2014). These amendments must be applied for financial years beginning on or after 1 July 2014. Further changes were published for the 2012 to 2014 cycle in September 2014, which are to be applied for financial years beginning on or after 1 January 2016. These mainly comprise clarifications of definitions and minor changes in recognition, measurement and reporting of transactions. Unless they were applied early in 2013, the impact of the new standards IFRS 10, 11, 12 and IFRIC 21 and the revised standards and interpretations (IAS 27, 28, 32, 36 and 39 and IFRS 10, 11 and 12) that were applied in the financial year 2014 for the first time is set out in Note 2.

In addition to the statement of comprehensive income and the balance sheet, the Group financial statements also include the statement of changes in equity, the cash flow statement and the notes. Segment reporting is to be found in the notes (Note 45). The information required under IFRS 7.31 to 7.42 (nature and extent of exposure to risks arising from financial instruments) is reported partly in the notes (see Notes 84 and 85) and partly in the Group Risk Report.

The Group Management Report, including the separate Group Risk Report pursuant to Art. 315 of the German Commercial Code (HGB), appears on pages 55 to 144 of our annual report.

The reporting currency of the Group financial statements is the euro. Unless otherwise indicated, all amounts are shown in millions of euros. In the statement of comprehensive income, the balance sheet, the statement of changes in equity and the cash flow statement, amounts under €500,000.00 are shown as €0m; where an item is €0.00, this is denoted by a dash. In all other notes both amounts rounded down to €0m and zero items are indicated by a dash.

Accounting and measurement policies

(1) Basic principles

The Group financial statements are based on the going concern principle. Assets are generally measured at amortised cost, unless a different form of measurement is required by IFRS. This applies in particular to certain financial instruments classified in accordance with IAS 39, investment properties and non-current assets held for sale.

Income and expenses are accounted for on an accrual basis; they are recognised in the income statement for the period to which they are attributable in economic terms. Interest from all contractual agreements relating to financial assets or liabilities is reported in net interest income on an accrual basis. Negative interest rates were not significant for the Commerzbank Group in 2014 and were therefore deducted from interest income or interest expenses. Dividend income is only recognised where a corresponding legal entitlement exists. Commission income and expenses are recognised in net commission income on the one hand on the basis of the accounting treatment of the associated financial instruments and on the other hand on the basis of the nature of the activity. Commission for services which are performed over a certain period are recognised over the period in which the service is performed. Fees which are associated with the completion of a particular service are recognised at the time of completion of the service. Performance-related fees are recognised when the performance criteria are met. Commission on trading transactions carried out on behalf of customers is reported in net commission income.

Borrowing costs that are directly attributable to the acquisition, construction or production of a significant tangible or intangible asset are capitalised in the balance sheet, provided that a period of at least 12 months is required to prepare the asset for its intended use.

Assets and liabilities are normally reported on a gross basis in the balance sheet, i.e. without netting. However, in accordance with IAS 32.42, financial assets and liabilities relating to the same counterparty are netted and shown in the balance sheet on a net basis if there is a legally enforceable right to net the amounts and the transactions are fulfilled on a net basis or the asset is realised simultaneously with the settlement of the liability. In addition to the netting of positive and negative fair values attributable to derivatives with clearing agreements and any variation margins payable on them, this also applies to the netting of claims and liabilities in reverse repo and repo transactions with central counterparties.

For fully consolidated companies and holdings in companies accounted for using the equity method in the Group financial statements we have generally used financial statements prepared as at 31 December 2014. In the case of companies accounted for using the equity method we in some cases use the most recent audited financial statements under national GAAP if the company's financial statements for the last financial year are not yet available at the date the Group financial statements are being prepared.

Where there is an intention to sell the assets and liabilities of subsidiaries and companies accounted for using the equity method, and their sale is highly probable within one year, they are reported separately in the relevant balance sheet items and notes (see Notes 60 and 70) and in the statement of changes in equity in accordance with IFRS 5 until transfer of the shares is completed.

Note 79 contains a breakdown of all balance sheet items into short-term and long-term. Moreover, residual maturities are reported in the Commerzbank Group for all derivative financial instruments, financial assets and liabilities as well as contingent liabilities and irrevocable lending commitments with contractual maturity dates (see Notes 77, 79 and 87).

The Group financial statements include values which are determined, as permitted, on the basis of estimates and judgements. The estimates and judgements used are based on past experience and other factors, such as planning and expectations or forecasts of future events that are considered likely as far as we know today. The estimates and judgements themselves and the underlying estimation methods and judgement factors are reviewed regularly and compared with actual results. In our view the parameters we have used are reasonable and appropriate. Nonetheless, the actual outturns may differ from the estimates in the cases listed below.

Estimates of pension obligations, goodwill and the fair value of investment properties among other items are subject to uncertainty.

Pension obligations are measured based on the projected-unit-credit method for defined benefit pension plans. In measuring such obligations, assumptions have to be made regarding long-term trends for salaries, pensions and average life expectancy in particular. Changes in the underlying assumptions from year to year and divergences from the actual effects each year are reported under actuarial gains and losses (see Note 68 Provisions on the impact of changes in parameters).

The impairment test for goodwill, which must be carried out at least once a year, uses the recognised discounted cash flow method. This is based on the future cash flows projected in management's latest planning figures. An analysis of the uncertainties surrounding the estimation of goodwill and fair value of financial instruments is set out in Notes 15 and 56 as well as Note 80.

For uncertainties relating to the fair value of investment properties we carry out analyses based on the parameters of the property yield and the land value (see Note 59).

Estimates of deferred taxes and loan loss provisions are to a large extent also subject to uncertainty (see Notes 50 and 58). For loan loss provisions please also refer to the Group Risk Report.

The assumptions and parameters underlying the estimates we have made are based on the exercise of appropriate judgement by management. This applies in particular to the appropriate selection and use of parameters, assumptions and modelling techniques when valuing financial instruments for which there are no market prices and no comparative parameters observable on the market. Where differing valuation models lead to a range of different potential valuations, management uses its judgement to determine the choice of the model to be used.

The following items in the financial statements are also subject to the judgement of management:

- The reclassification of certain financial assets from the category of available-for-sale financial instruments to the category loans and receivables (see Note 5).
- The impairment of loans and the recognition of provisions for off-balance-sheet lending exposures (in particular the analysis of the borrower's financial situation and the determination of the expected cash flows including the recognition, level and timing of the realisation of collaterals; see Note 9).
- Impairment testing of other financial assets such as holdings in companies accounted for using the equity method and financial instruments held for sale (in particular the choice of criteria used to determine whether an asset is impaired; see Note 19).
- Impairment testing of non-financial assets such as goodwill and other intangible assets (in particular the criteria used to determine the recoverable amount; see Note 15).
- Impairment testing of deferred tax assets in accordance with IAS 12.24 ff. (in particular determining the methodology used for tax planning and to assess the probability that the expected future tax effects will actually occur; see Note 26),
- The recognition of provisions for uncertain liabilities (see Note 23).
- The assessment of legal risks where a loss may not be probable, but is not improbable either (see Note 29).

Uniform accounting and measurement methods explained in the notes below are used throughout the Commerzbank Group in preparing the financial statements.

(2) Changes

In essence we have employed the same accounting policies as for the Group financial statements for the year ended 31 December 2013.

We have been applying portfolio fair value hedge accounting to the modelling of deposits used to hedge interest rate risks since the second quarter of 2014.

In 2014 we refined the method we use to calculate bid-offer adjustments. The change had a negative impact of €26m on net trading income.

The amended IAS 32 (Financial Instruments: Presentation), which is to be applied prospectively from 1 January 2014, contains clarification on the legal enforceability of netting agreements in the event of the default or insolvency of counterparties. The agreements within the Commerzbank Group are in line with the amended requirements and there was therefore no impact on the Group financial statements.

The amended IAS 39 (Financial Instruments: Recognition and Measurement) is also to be applied prospectively from 1 January 2014. The amendments permit hedges to be recognised under certain circumstances even if the hedging derivative has been transferred to a central counterparty for settlement purposes due to legal or regulatory requirements.

IFRIC 21 (Levies), which contains guidelines on the treatment of levies imposed by public authorities, also entered into force on 1 January 2014. The obligating event for the recognition of a liability, and therefore the levy itself, is the activity that triggers the payment of the levy in accordance with the relevant legislation. The implementation of this interpretation had no material impact on the Commerzbank Group financial statements.

In the year under review we applied the information required under IAS 37.86 for the first time to legal risks from which an outflow of economic benefit is neither probable nor improbable (see Note 87). The corresponding prior-year comparisons were amended in accordance with IAS 1.38.

In financial year 2014 we made a correction to the treatment of income and expenses from credit protection insurance taken out by our customers when they borrow from us. In the past the income earned on concluding these contracts was recognised immediately and in full in net commission income. However, the expenses incurred in selling these insurance contracts were reported in net interest income pro rata over the term of the loans as a component of their effective interest rate. Since 1 January 2014 we have reported the income in the same way as the expenses.

The impact on the income statement in 2013 was as follows:

€m	Adjustment
Interest income	13
Net interest income	13
Commission income	–11
Commission expense	–2
Net commission income	–9
Other net income	2
Pre-tax profit or loss	6
Taxes on income	1
Consolidated profit or loss	5
Consolidated profit or loss attributable to non-controlling interests	2
Consolidated profit or loss attributable to Commerzbank shareholders	3

The retrospective effects as at 1 January 2013 amounted to €–16m for retained earnings, €–6m for non-controlling interests, €–27m for claims on customers and €+5m for deferred tax assets. As at 31 December 2013 retained earnings were adjusted by €–12m, the currency translation reserve by €+1m, non-controlling interests by €–6m and other provisions and other liabilities by €–2m each. There were also adjustments of €–25m to claims on customers and €+4m to deferred tax assets as at 31 December 2013.

We also made a number of other retrospective corrections as a result of adjustments made during the preparation of Commerzbank Aktiengesellschaft's tax return for the financial year 2012. As at 1 January 2013 and 31 December 2013 the current tax assets were reduced by €32m, while the deferred tax assets were increased by €46m and retained earnings by €14m. The retrospective adjustments related to the balance sheet and the statement of changes in equity. However, there was no impact on consolidated profit and earnings per share for the financial year 2013.

Due to these changes we have restated the income statement, the balance sheet, the statement of changes in equity and the notes for the prior year accordingly. The consolidated profit or loss attributable to Commerzbank shareholders rose by €3m from €78m to €81m. The earnings per share for 2013 remained unchanged compared with the earnings per share of €0.09 reported last year.

A further correction was made within net interest income. €111m of intragroup interest income and expenses from applying the fair value option were not eliminated in the prior-year period. This has now been corrected, leading to a corresponding fall in the relevant income and expense lines within net interest income. Moreover, since 1 January 2014 intragroup commission income and expenses have been eliminated against the corresponding commission expenses and income earned or incurred in the originating unit. Within net commission income this resulted in reclassifications that reduced other commission income, and increased commission income from guarantees, by €55m.

Due to these corrections and reclassifications we have restated the income statement and the notes for the prior year accordingly. However, there was no impact on consolidated profit and earnings per share.

(3) Consolidated companies

The Group financial statements include all material subsidiaries which are directly or indirectly controlled by Commerzbank Aktiengesellschaft. These also include material structured entities. Significant associates and joint ventures are accounted for using the equity method.

Subsidiaries, associates and joint ventures of minor significance for the Group's financial position are not fully consolidated or not accounted for using the equity method; instead, they are reported under financial investments as holdings in non-consolidated subsidiaries or equity holdings. Based on the total assets of the aggregated balance sheet of the Group, the total assets of the non-significant subsidiaries amount to less than 0.2% (previous year: 0.2%).

Please refer to Note 104 for more information on the structure of the Commerzbank Group including a full list of the Group's ownership interests.

The following material companies were consolidated for the first time in 2014:

Name of company	Equity share and voting rights	Acquisition cost	Assets	Liabilities
	%	€m	€m	€m
AVOLO Aviation GmbH & Co. Geschlossene Investment KG, Karlsruhe, Germany	0.0	–	125.9	126.0
AWL I Sp. z o.o., Warsaw, Poland	100.0	–	17.5	–
Bramley Landing Limited, George Town, Cayman Islands	0.0	190.6	5,358.0	5,116.5
ComStage ETF MDAX® TR UCITS ETF, Luxembourg, Luxembourg	0.0	–	51.8	0.7
ComStage ETF MSCI Japan 100% Daily Hedged Euro UCITS ETF, Luxembourg, Luxembourg	0.0	–	10.1	–
ComStage ETF S&P 500 Euro Daily Hedged Net TR UCITS ETF, Luxembourg, Luxembourg	0.0	–	9.8	–
Eschborn Capital LLC, Wilmington, Delaware, USA	100.0	157.2	520.5	365.8
Greene Elm Trading V LLC, Wilmington, Delaware, USA	100.0	72.2	71.8	14.3
Greene Elm Trading VI LLC, Wilmington, Delaware, USA	100.0	72.2	74.9	–
MS “BELLINI” Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany	99.9	–	–	–
MS “BIZET” Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany	100.0	12.1	12.1	–
MS “BRAHMS” Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany	99.9	19.9	19.8	–
MS “CHOPIN” Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany	100.0	–	–	–
MS “HAYDN” Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany	100.0	–	–	–
MS “PAGANINI” Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany	99.9	19.0	19.1	0.4
MS “SATIE” Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany	99.9	–	–	–
MS “SCHUBERT” Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany	100.0	–	–	–
MS “VIVALDI” Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany	99.9	14.4	14.4	0.1
MS “WAGNER” Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany	100.0	–	–	–
Wilmots Leasing AB, Stockholm, Sweden	100.0	–	–	–

The entities listed above exceeded our materiality thresholds for consolidation or were additional purchases of existing holdings or entities newly formed, for example, in the course of structured financing transactions. We apply the provisions of IFRS 3 to additional purchases. The first-time consolidations did not give rise to any goodwill. Where relevant, negative differences were reported in the income statement as at the date of acquisition in accordance with IFRS 3.34.

Subsequent measurement of the reserves and liabilities from the acquisition of Dresdner Bank uncovered in 2009 led to an expense of €251m before tax or €179m after tax being recognised in the income statement in the current financial year. The main effects derived from the imputation of interest to subordinated debt instruments.

The following companies were sold or liquidated or are no longer consolidated due to other reasons:

- Disposals
  - Bramley Landing Limited, George Town, Cayman Islands
  - Commerz Japan Real Estate Finance Corporation, Tokyo, Japan
  - Sterling Energy Holdings Inc., Wilmington, Delaware, USA

- Liquidations (including companies which have ceased operating activities or entities that have permanently fallen below our materiality threshold for consolidation)
  – AGV Allgemeine Grundstücksverwaltungs- und -verwertungsgesellschaft mit beschränkter Haftung, Eschborn, Germany[1]
  – ALDUNA Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf, Germany[1]
  – ALTEREGO Beteiligungsgesellschaft mbH i.L., Düsseldorf, Germany
  – Barrington II CDO Ltd., George Town, Cayman Islands[1]
  – Barrington II LLC, Dover, Delaware, USA[1]
  – Beethoven Funding Corporation, Dover, Delaware, USA
  – BERGA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Grünwald, Germany[1]
  – CBK SICAV, Hesperange, Luxembourg[2]
  – CBK SICAV Skandia Shield, Luxembourg, Luxembourg[2]
  – CB Leasing Summer AB, Stockholm, Sweden[1]
  – CB MezzCAP Limited Partnership, St. Helier, Jersey[2]
  – Commerz Europe (Ireland), Dublin, Ireland [1]
  – Commerzbank Capital Funding LLC I, Wilmington, Delaware, USA[1]
  – Commerzbank Capital Funding LLC II, Wilmington, Delaware, USA[1]
  – Commerzbank Capital Funding LLC III, Wilmington, Delaware, USA[1]
  – Commerzbank Capital Funding Trust I, Newark, Delaware, USA[1]
  – Commerzbank Capital Funding Trust II, Newark, Delaware, USA[1]
  – Commerzbank Capital Funding Trust III, Newark, Delaware, USA[1]
  – Commerzbank Investments (UK) Limited, London, United Kingdom[1]
  – CoSMO Finance II-1 Ltd., Dublin, Ireland
  – DOCK 100 GmbH & Co. KG, Berlin, Germany[2]
  – Dresdner Kleinwort - Grantchester, Inc., Wilmingtion, Delaware, USA
  – Eurohypo Capital Funding LLC I, Wilmington, Delaware, USA[2]
  – Eurohypo Capital Funding Trust I, Wilmington, Delaware, USA[2]
  – European Venture Partners (Holdings) Ltd, St. Helier, Jersey
  – General Leasing (No.16) Limited, London, United Kingdom[1]
  – Global One Funding III LLC, Wilmington, Delaware, USA[2]
  – GO German Office GmbH, Wiesbaden, Germany[1]
  – KALMUS Grundstücks-Gesellschaft Objekt Erfurt mbH & Co. KG, Grünwald, Deutschland[1]
  – KENSTONE GmbH, Eschborn, Germany[1]
  – Property Invest Roma S.r.l. i.L., Milan, Italy
  – South East Asia Properties Limited, London, United Kingdom[1]
  – Symphony No.2 Llc, Wilmington, Delaware, USA
  – Symphony No.4 Llc, Dover, Delaware, USA
  – TS Co. mit One GmbH, Frankfurt am Main, Germany[1]

The following companies were merged with Commerzbank Group consolidated companies:
– FHB-Immobilienprojekte GmbH, Eschborn, Germany
– Hibernia Gamma Beteiligungsgesellschaft mit beschränkter Haftung, Frankfurt am Main, Germany
– Hibernia Eta Beteiligungsgesellschaft mbH & Co. KG, Frankfurt am Main, Germany
– OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Jupiter KG, Grünwald, Germany
– OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neptun KG, Grünwald, Germany
– OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Pluto KG, Grünwald, Germany
– OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Uranus KG, Grünwald, Germany
– OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Venus KG, Grünwald, Germany
– Real Estate TOP TEGEL Drei GmbH, Eschborn, Germany
– Real Estate TOP TEGEL Eins GmbH, Eschborn, Germany
– Real Estate TOP TEGEL Sechs GmbH, Eschborn, Germany
– Real Estate TOP TEGEL Vier GmbH, Eschborn, Germany
– Real Estate TOP TEGEL Zwei GmbH, Eschborn, Germany
– TARA Immobilienprojekte GmbH, Eschborn, Germany
– WESTBODEN-Bau- und Verwaltungsgesellschaft mit beschränkter Haftung, Eschborn, Germany

Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg was merged with Hypothekenbank Frankfurt International S.A., Luxembourg. Hypothekenbank Frankfurt International S.A. was then renamed Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg.

No companies were added to the group of companies accounted for using the equity method in 2014.

The following companies ceased to be accounted for using the equity method in 2014:

- Disposals
  – Exploitatiemaatschappij Wijkertunnel C.V., Amsterdam, Netherlands[3]
  – KGAL GmbH & Co. KG, Grünwald (Munich), Germany[4]
  – KGAL Verwaltungs-GmbH, Grünwald, Germany
- Fell below materiality threshold
  – Carbon Trade & Finance SICAR S.A., Luxembourg, Luxembourg
  – MFG Flughafen-Grundstücksverwaltungsgesellschaft mbH & Co. BETA KG i.L., Grünwald, Germany[3]

[1] Fell below materiality threshold.
[2] Ceased operations.
[3] Reported as held for sale before its deconsolidation.
[4] Part disposal.

We also sold our commercial real estate portfolio in Spain and our loan portfolio in Portugal with a total value of €4.4bn in the second quarter of 2014. As a result of the sale, staff and rental contracts from the locations concerned were transferred to the purchaser.

(4) Principles of consolidation

Subsidiaries are entities which are directly or indirectly controlled by Commerzbank Aktiengesellschaft, because Commerzbank has the power to direct the relevant activities of the entity, has exposure, or rights, to variable returns from its involvement and has the ability to use its power over the entity to affect the amount of its returns. When deciding whether or not to consolidate we review a range of factors such as voting rights, the object and structure of the company and our ability to exert influence. If voting rights are the sole and immediate dominant factor in managing the relevant activities, control can be established more straight forwardly in these cases. We are nonetheless obliged to investigate whether there are any other factors such as legislative provisions or contractual agreements which mean that Commerzbank does not exercise control in spite of holding a majority of voting rights. Other factors can also lead to control, for example if Commerzbank and the entity stand in a principal-agent relationship. In this case another party with decision-making powers acts as agent for Commerzbank, but does not control the entity, because it only exercises powers which have been delegated by Commerzbank (the principal). Consolidation takes effect from the date on which the Group acquires control over the subsidiary.

When consolidating capital for the first time, we remeasure the assets and liabilities of subsidiaries completely at the time of acquisition regardless of the percentage share of equity held. The assets and liabilities remeasured at fair value are included in the Group balance sheet net of deferred taxes; identified hidden reserves and liabilities are accounted for in accordance with the applicable standards in subsequent reporting periods. Any difference over net assets on remeasurement is recognised as goodwill. Negative goodwill is reported in the income statement in accordance with IFRS 3.34.

Associated companies are entities over which Commerzbank Aktiengesellschaft has a significant direct or indirect influence. A significant influence is assumed to exist where the share of voting rights is between 20 and 50%. Further factors indicating significant influence could, for example, be membership of an executive or supervisory board or significant transactions with the company.

A joint arrangement is where two or more parties agree contractually to exercise joint control over this arrangement. A joint arrangement can be a joint venture or a joint operation. There are only joint ventures in the Commerzbank Group.

Associated companies and joint ventures are ordinarily accounted for using the equity method and are reported in the balance sheet under holdings in companies accounted for using the equity method.

The acquisition cost of these investments including goodwill is determined at the time of their initial consolidation, applying by analogy the same rules as for subsidiaries. If associated companies and joint ventures are material, appropriate adjustments are made to the carrying value in the accounts, in accordance with developments in the company's equity. Losses attributable to companies accounted for using the equity method are only recognised up to the level of the carrying value (see Note 55). Losses in excess of this amount are not recognised, since there is no obligation to offset excess losses. Future profits are first offset against unrecognised losses.

Holdings in subsidiaries not consolidated for reasons of immateriality and holdings in associated companies and joint ventures which, because of their immateriality, are not accounted for using the equity method are shown under financial assets at their fair value or, if this cannot be reliably established, at cost.

Subsidiaries are deconsolidated as of the date on which the Bank loses its control over them. Equity accounting for holdings in associated companies ends on the date that the Group ceases to exert significant influence over the associated company. Equity accounting for joint ventures ends on the date the joint control of the venture comes to an end.

Structured entities are entities where voting or similar rights are not the dominant factor in determining control, such as when the voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Examples of structured entities are securitisation companies, leasing structured entities and some investment funds.

Commerzbank also acts as sponsor of structured entities in which it does not have an equity holding. An entity is regarded as sponsored if:

- it was launched and/or structured by the Commerzbank Group,
- it has received or bought assets from the Commerzbank Group,
- it is guaranteed by the Commerzbank Group or was marketed intensively by the Commerzbank Group.

As with subsidiaries, a structured entity must be consolidated if Commerzbank exerts control over it. In the Commerzbank Group the obligation to consolidate structured entities is reviewed by means of a process that includes transactions where Commerzbank launches a structured entity with or without the involvement of third parties, and transactions where Commerzbank enters into a contractual relationship with an already existing structured entity with or without the involvement of third parties. Decisions as to whether or not to consolidate an entity are reviewed as the need arises, but no less than once a year. All consolidated structured entities and structured entities that have not been consolidated for materiality reasons are listed in Note 104.

The ability of the Commerzbank Group to access or use assets and settle the liabilities of subsidiaries including structured entities, associated companies and joint ventures can be subject to legal, regulatory and contractual restrictions. There are no significant restrictions in the Commerzbank Group apart from the following material issues. Assets transferred as collateral in the course of securities repurchase and lending transactions and for funds borrowed for specific purposes amounted to €31bn. Assets included in the cover pools for Pfandbrief issuance amounted to €51bn. These assets cannot be transferred within the Group. In terms of contractual agreements to grant financial assistance, the Commerzbank Group has provided financial guarantees to a small number of structured entities. However, these are not material at the level of the Commerzbank Group.

All receivables and liabilities as well as income and expenses based on intra-group business relationships are eliminated when liabilities and income and expenses are consolidated, unless they are of minor importance. Significant intra-group interim profits or losses are also eliminated.

(5) Financial instruments: recognition and measurement

In accordance with IAS 39 all financial investments and liabilities – which also include derivative financial instruments – must be recognised in the balance sheet. A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. On initial recognition financial instruments are measured at fair value. For financial instruments that are not measured at fair value, directly attributable transaction costs are included in the fair values as acquisition-related costs. These increase the fair values of financial assets or reduce the fair values of financial liabilities. In accordance with IFRS 13 the fair value is defined as the realisable price, i.e. the price that the market participant would receive for the sale of an asset or pay to transfer a liability in an orderly transaction.

Depending on their respective category, financial instruments are recognised in the balance sheet subsequently either at (amortised) cost or fair value. Fair value is determined by the price established for the financial instrument in an active market (mark to market principle; fair value hierarchy level 1). If no market prices are available, valuation is based on quoted prices for similar instruments in active markets. In cases where no quoted prices are available for identical or similar financial instruments, fair value is established with the aid of valuation models which use observable market parameters to the maximum extent possible (mark to model; fair value hierarchy level 2). If insufficient recent observable market data is available to establish fair value, parameters which are not observable on the market will be used in the valuation models. These parameters may include data derived by approximation from historical data or similar methods (fair value hierarchy level 3). Please refer to Note 80 for a detailed explanation of the fair value hierarchies.

The following section provides an overview of how the rules of IAS 39, in their latest version, have been applied within the Group:

a) Recognition and derecognition of financial instruments

A financial asset or a financial liability is generally recognised in the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. For regular way purchases or sales of financial assets in the cash market the trading and settlement dates normally differ. These regular way cash market purchases and sales may be recognised using either trade date or settlement date accounting. Within the Group regular way purchases and sales of financial assets in the categories loans and receivables and use of the fair value option are recognised on the settlement date on both recognition and derecognition. For all other IAS 39 categories the Group uses trade date accounting for all regular way purchases and sales of financial assets both on recognition and derecognition.

The derecognition rules of IAS 39 are based both on the concept of risks and rewards and on the concept of control. However, when deciding whether an asset qualifies for derecognition, the evaluation of the transfer of the risks and rewards of ownership takes precedence over the evaluation of the transfer of control.

If the risks and rewards are transferred only partially and control over the asset is retained, the continuing involvement approach is used. The financial asset continues to be recognised to the extent of the Group's continuing involvement and special accounting policies apply. The extent of the continuing involvement is the extent to which the Group is exposed to changes in the value of the transferred asset. A financial liability (or part of a financial liability) is derecognised when it is extinguished, i.e. when the obligations arising from the contract are discharged or cancelled or expire. The repurchase of own debt instruments is also a transfer of financial liabilities that qualifies for derecognition. Any differences between the carrying value of the liability (including discounts and premiums) and the purchase price are recognised in profit or loss; if the asset is sold again at a later date a new financial liability is recognised at cost equal to the price at which the asset was sold. Differences between this cost and the repayment amount are allocated over the term of the debt instrument using the effective interest rate method.

b) Classification of financial assets and liabilities and their measurement

Below we set out an overview of the categories defined in IAS 39. These are: loans and receivables, held-to-maturity financial assets, financial assets or liabilities at fair value through profit or loss, available-for-sale financial assets and other financial liabilities.

- Loans and receivables:
  Non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market are assigned to this category. This holds true regardless of whether they were originated by the Bank or acquired in the secondary market. An active market exists if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. Measurement of these assets is at amortised cost. If there is impairment, this is recognised in profit or loss when determining the amortised cost. Premiums and discounts are recognised in net interest income over the life of the asset.

  In the case of reclassified securities contained in the loans and receivables category the fair value at the date of reclassification is taken as the new carrying amount. The revaluation reserve net of deferred taxes existing at this point remains in the other reserves within equity and is amortised over the remaining term of the reclassified securities.

  For financial assets classified as loans and receivables impairments are recognised in the same way as for lending business (see Note 9). Impairment of these financial instruments is included in net investment income and deducted directly from the financial investments. If the indicators for impairment of particular securities cease to apply or no longer suggest an impairment, the impairment of the securities must be reversed through profit or loss, but to no more than the level of amortised cost. Similarly, an improved risk environment can lead to the reversal of an impairment that was previously recognised at the portfolio level.
- Held-to-maturity financial assets:
  Non-derivative financial assets with fixed or determinable payments and fixed maturity may be included in this category if the entity has the positive intention and ability to hold them to maturity. Measurement of these assets is at amortised cost. If there is impairment, this is recognised in profit or loss when determining the amortised cost. Premiums and discounts are recognised in net interest income over the life of the asset. In the 2014 financial year Commerzbank Group again made no use of the held-to-maturity financial assets category.

- Financial assets or financial liabilities at fair value through profit or loss; for categorizing one of the following criteria must be met:
  - Financial assets or liabilities held for trading:

    This category includes financial assets and financial liabilities held for trading purposes (trading assets and trading liabilities).

    Derivative financial instruments used for hedging purposes are only reported under trading assets or trading liabilities if they do not meet the conditions for the application of hedge accounting (see below in this note). Otherwise, they are shown as fair values from derivative hedging instruments.

    Trading assets and trading liabilities are measured at their fair value on each balance sheet date.

    If the fair value cannot be established on an active market, items are measured by means of comparable prices, indicative prices of pricing service providers or other banks (lead managers) or internal valuation models (net present value or option pricing models). Interest rate and cross-currency interest rate derivatives are measured taking account of the fixing frequency for variable payments. Counterparty default risk is accounted for by recognising credit valuation adjustments (CVA), with Commerzbank's non-performance risk accounted for by recognising debit valuation adjustments (DVA). CVAs and DVAs are based on observable market data (for example CDS spreads) where available. Gains or losses on measurement or disposal are recorded under net trading income in the income statement. Interest income and expenses from trading transactions are reported in net interest income.
  - Financial instruments designated at fair value through profit or loss:

    Under the fair value option it is permissible to voluntarily measure any financial instrument at fair value and to recognise the net result of this valuation in the income statement. The decision whether to use the fair value option must be made upon acquisition of the financial instrument and is irrevocable. The fair value option may be applied to a financial instrument provided that;
    - an accounting mismatch will be prevented or significantly reduced; or
    - a portfolio of financial instruments is managed, and its performance measured, on a fair value basis; or
    - the financial instrument has one or more embedded derivatives that must be separated.

    Financial instruments for which the fair value option is employed are shown in the appropriate balance sheet item for their respective category. Gains and losses on remeasurement are recognised in profit or loss under net trading income, while interest income and expenses are reported in net interest income. Further details on how and to what extent the fair value option is used in the Commerzbank Group can be found in Note 82.
- Available-for-sale financial assets:

  This category comprises all non-derivative financial assets not assignable to one of the above categories or which have been designated as available-for-sale. This includes interest-bearing securities, equities and equity holdings. Available-for-sale assets primarily comprise fixed-income securities and claims which are traded on an active market but which the Bank does not intend to sell within a short term. They are measured at fair value. If the fair value cannot be established on an active market, items are measured by means of comparable prices, indicative prices of pricing service providers or other banks (lead managers) or internal valuation models (net present value or option pricing models). If the fair value of unlisted equity instruments cannot be reliably determined, measurement is at amortised cost less any impairments required. Gains and losses on remeasurement are shown net of deferred taxes in equity in a separate item within other reserves (revaluation reserve). Premiums and discounts on debt instruments are recognised in profit or loss under net interest income over the life of the instrument. Interest income, dividends and current profits and losses from equity holdings classified in this category are also reported under net interest income. If the financial assets are sold, the cumulative measurement gain or loss previously recognised in the revaluation reserve is reversed and taken to the income statement.

In accordance with IAS 39.59 financial instruments in this category must be monitored for any objective indications of a loss (such as breach of contract, loss event, increased likelihood of bankruptcy proceedings or insolvency) incurred after the date of initial recognition that would lead to a reduction in the cash flow arising from them. An impairment exists when the net present value of the expected cash flows is lower than the carrying value of the financial instrument concerned. In the event of an impairment, the net change on remeasurement is no longer recognised in the revaluation reserve in equity but must be taken through the income statement under net investment income as an impairment charge.

In the Commerzbank Group, equity instruments in the available-for-sale portfolio are written down if their fair value is either significantly lower than their historic cost (≥20%) or has been below historic cost for a considerable period (at least nine months). Besides these quantitative trigger events, the qualitative trigger events cited in IAS 39.59 are also taken into account in the monitoring process. Impairment reversals may not be recognised through profit or loss for equity instruments designated as available-for-sale; instead, they are recognised directly in the revaluation reserve in equity. Impairment reversals are never permitted on unlisted equity instruments for which it is not possible to determine a reliable fair value and that are therefore carried at historic cost less any necessary impairment.

Debt instruments are reviewed individually for impairment if any qualitative trigger events have occurred. To operationalise qualitative trigger events, additional indicators for an impairment have been developed in the Commerzbank Group. For example, an impairment charge for debt instruments in this category must generally be recognised if the debtor's rating is CCC or lower (see the Commerzbank master scale in the Group Risk Report) and the fair value is lower than amortised cost.

If the reasons for an impairment of debt instruments cease to apply, the impairment is reversed through profit or loss, but to no more than the level of amortised cost. Any amount exceeding amortised cost is recognised in the revaluation reserve.

- Other financial liabilities

All financial liabilities that are not classified as held for trading and to which the fair value option was not applied are allocated to the category other financial liabilities. This category includes liabilities to banks and customers as well as securitised liabilities. Measurement of these assets is at amortised cost Premiums and discounts are recognised in net interest income over the life of the liability.

c) Net gains or losses

Net gains or losses include fair value measurements recognised in profit or loss, impairments, impairment reversals, gains realised on disposal, subsequent recoveries on written-down financial instruments and changes recognised in the revaluation reserve classified in the respective IAS 39 categories. The components are detailed for each IAS 39 category in the condensed statement of comprehensive income, the notes on net interest income, loan loss provisions, net trading income and net income from financial investments.

d) Financial guarantee contracts

IAS 39 defines a financial guarantee contract as a contract that requires the issuer to make specified payments that reimburse the holder for a loss they incur because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. This can include, for example, bank guarantees (see Note 87). If Commerzbank is the guarantee holder, the financial guarantee is not recorded in the accounts and only recognised when determining an impairment of a guaranteed asset. As the issuer, the Commerzbank Group recognises the liability arising from a financial guarantee at inception. Initial measurement is at fair value at the time of recognition. In general terms, the fair value of a financial guarantee contract at inception is zero because for fair market contracts the value of the premium agreed normally corresponds to the value of the guarantee obligation (known as the net method). Subsequent measurement is at the higher of amortised cost or the provision that is required to be recognised in accordance with IAS 37 and IAS 39 if payment of the guarantee becomes probable.

If a financial guarantee is a component of a financing commitment where there is an intention to trade, the financial guarantee also has to be classified as held for trading. Such financial guarantees are then treated in accordance with the rules for held-for-trading instruments rather than those set out above (see Note 5b).

e) Embedded derivatives

IAS 39 also regulates the treatment of derivatives embedded in financial instruments (embedded derivatives). These include, for example, reverse convertible bonds (bonds that may be repaid in the form of equities) or bonds with index-linked interest payments. According to IAS 39, under certain conditions the embedded derivative must be shown separately from the host contract as a stand-alone derivative.

Such a separation must be made if the following three conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative under IAS 39; and
- the hybrid (combined) contract is not measured at fair value through profit or loss.

In this case, the separately shown embedded derivative is regarded as part of the trading portfolio and recognised at fair value. Changes on remeasurement are recognised in the income statement under net trading income. The host contract is accounted for and measured applying the rules of the category to which the financial instrument is assigned.

If the above three conditions are not met, the embedded derivative is not shown separately and the hybrid financial instrument or structured product is measured as a whole in accordance with the general provisions of the category to which the financial instrument is assigned.

f) Hedge accounting

IAS 39 contains extensive hedge accounting regulations which apply if it can be shown that the hedging instruments – especially derivatives – are employed to hedge risks in the underlying non-trading transactions. Two main types of hedge accounting are used:

- Fair value hedge accounting:
  IAS 39 prescribes the use of hedge accounting to avoid a distorted impact on earnings for derivatives which serve to hedge the fair value of assets or liabilities against one or more defined risks. Especially in case of fixed-income securities the Group's issuing and lending business and the securities holdings for liquidity management are subject to interest rate risk. Interest rate swaps are primarily used to hedge these risks.

  In line with the regulations for fair value hedge accounting, the derivative financial instruments used for hedging purposes are recognised at fair value as fair values of derivative hedging instruments. Any changes in the fair value of the hedged asset or hedged liability resulting from an opposite move in the hedged risk are also recognised in profit or loss under net income from hedge accounting. Counterbalancing changes on remeasurement associated with the hedging instruments and the hedged underlying transactions are recognised in the income statement as net income from hedge accounting. Any portion of the changes in fair value that are not attributable to the hedged risk are accounted for in accordance with the rules of the valuation category to which the hedged asset or liability belongs.For interest rate risks fair value hedge accounting can either be a micro fair value hedge or a portfolio fair value hedge.
  - In micro fair value hedge accounting an underlying transaction is linked with one or more hedging transactions in a hedging relationship. The carrying amounts of the hedged transactions are adjusted through profit or loss in the event of changes in fair value attributable to the hedged risk.
  - In a portfolio fair value hedge interest rate risks are hedged at the portfolio level. Not individual transactions or groups of transactions with a similar risk structure are hedged, but rather a portfolio of underlying transactions is created grouped by maturity bands in accordance with the expected repayment and interest adjustment dates. Portfolios may contain only assets, only liabilities, or a mixture of both. In this type of hedge accounting, changes in the fair value of the underlying transactions are reported in the balance sheet as a separate asset or liability item.
- Cash Flow Hedge Accounting:
  IAS 39 prescribes the use of cash flow hedge accounting to avoid a distorted impact on profit or loss for derivatives which serve to hedge the risk of a change in future cash flows. Interest rate swaps are primarily used to hedge these cash flows. Derivatives used in cash flow hedge accounting are measured at fair value. The effective portion of gains and losses are recognised net of deferred taxes in the cash flow hedge reserve under equity. The ineffective portion, on the other hand, is reported in the income statement in net income from hedge accounting. The general accounting rules set out above for the underlying transactions of the hedged cash flows remain unchanged by this.

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

The hedge must be documented at inception. Documentation must include in particular the identification of the hedging instrument, the related hedged item or transaction, the nature of the risk being hedged and how effectiveness of the hedge is assessed. In addition to documentation, IAS 39 requires the effectiveness of a hedge to be demonstrated during the entire term of the hedge in order for hedge accounting rules to be applied. Effectiveness in this context means the relationship between the change in fair value or cash flow of the hedged item and the change in fair value or cash flow of the hedging instrument. If these changes offset each other almost fully, a high degree of effectiveness exists. Proof of effectiveness requires, firstly, that a high degree of effectiveness can be expected from a hedge in the future (prospective effectiveness). Secondly, when a hedge exists, it must be regularly demonstrated that it was highly effective during the period under review (retrospective effectiveness). Both the retrospective and prospective effectiveness must be within a range of 0.8 to 1.25.

Commerzbank uses regression analysis to assess effectiveness in micro fair value hedge accounting. The changes in fair value of the hedged transaction and the hedging instrument are determined by means of historical simulations for the prospective effectiveness test, while the actual changes in fair value are used for the retrospective effectiveness test. Regression analysis is also used for the prospective effectiveness test in portfolio fair value hedge accounting, while the dollar-offset method is used for the retrospective effectiveness test.

(6) Currency translation

Monetary assets and liabilities denominated in foreign currencies and pending spot foreign exchange transactions are translated at the spot mid rate on the balance sheet date. Realised income and expenses are normally translated using the spot rate applying on the date of realisation.

Average exchange rates may also be used to translate income and expenses, provided the prices on the balance sheet date have not undergone major fluctuations. Hedged expenses and income are translated using the hedging rate. Expenses and income resulting from the translation of balance sheet items are recognised in profit or loss under net trading income.

Non-monetary items such as equity holdings are generally translated at historic exchange rates, if they are measured at amortised cost. If they are measured at fair value, the current rate method for foreign exchange translation is used. Gains and losses on the translation of non-monetary items are recognised either in equity or profit or loss depending on the way the net gain or loss is recognised.

Monetary and non-monetary assets and liabilities in the financial statements of consolidated subsidiaries and companies accounted for using the equity method are translated at the exchange rate prevailing on the balance sheet date, while income and expenses are normally translated at the exchange rate on the transaction date. For simplification purposes a price can be used for translation which represents an approximation of the exchange rate on the transaction date, for example the average exchange rate over a period. All differences arising on translation are recognised as a separate component of equity in the currency translation reserve. Effects arising from the translation of the capital components of subsidiaries included in the consolidation of the capital accounts are recognised in equity in the currency translation reserve. On the date of the sale or part sale of companies reporting in foreign currency, the translation gains or losses are recognised in profit or loss under net investment income. Even if an equity holding in a foreign currency is reduced without being fully deconsolidated, the effect of this partial reduction on the currency translation reserve is recognised in profit or loss.

(7) Cash reserve

The cash reserve consists of cash on hand and balances held at central banks. With the exception of debt issued by public-sector borrowers, which is shown at fair value, all the items are stated at their nominal value.

(8) Claims

The Commerzbank Group's claims on banks and customers which are not held for trading and are not quoted on an active market are reported at amortised cost. Premiums and discounts are recognised in net interest income over the term of the claim. Claims on banks and customers for which the fair value option is applied are accounted for at fair value. The carrying amounts of claims to which micro fair value hedge accounting is applied are adjusted for changes in fair value attributable to the hedged risk. In portfolio fair value hedge accounting changes in fair value are reported in the balance sheet item value adjustments for portfolio fair value hedges.

(9) Loan loss provisions

We make provision for the particular risks of on- and off-balance sheet lending in the loans and receivables category in the form of specific loan loss provisions (SLLPs), portfolio loan loss provisions (PLLPs) and general loan loss provisions (GLLPs).

When determining provisioning levels the fundamental criteria include whether the claims are in default or not and whether the claims are significant (over €3m) or insignificant (up to €3m). All claims which are in default under the Basel 3 regulations are identified as in default or non-performing. The following events can be indicative of a customer default:

- Imminent insolvency (over 90 days past due).
- The Bank is assisting in the financial rescue/restructuring measures of the customer with or without restructuring contributions.
- The Bank has demanded immediate repayment of its claims.
- The customer is in insolvency proceedings.

For significant claims which are in default we recognise specific loan loss provisions in accordance with uniform standards across the Group. The net present value of the expected future cash flows is used to calculate both specific valuation allowances as well as specific loan loss provisions. In addition to the expected payments the cash flows include the expected proceeds from realising collateral and other recoverable cash flows. The loan loss provision or valuation allowance is therefore equal to the difference between the carrying value of the loan and the net present value of all the expected cash flows. The increase in the net present value over time using the original effective interest rate (unwinding) is recognised as interest income. If the reason for the impairment cease to apply, it is reversed through profit or loss.

A portfolio loan loss provision (PLLP impaired) is recognised for insignificant defaulted claims using internal parameters.

For non-defaulted claims we account for credit risk in the form of general loan loss provisions (GLLPs). The level of the general loan loss provisions, both for on- and off-balance sheet lending, is determined using parameters derived from Basel 3 methodology.

We deduct the total loan loss provision, insofar as it relates to on-balance sheet claims, directly from the respective asset item. However, the provision for losses in off-balance sheet business (e.g. contingent liabilities, lending commitments) is shown under provisions for lending business.

Unrecoverable accounts for which no specific loan loss provisions have been formed are written off immediately. Amounts recovered on claims written off are recognised in the income statement under loan loss provisions. Impaired claims are (partially) written down, utilising any specific provisions, if such claims prove to be partially or entirely unrecoverable. Amounts recovered in excess of the claim on claims that have been partly written down are recognised as a write-up. We directly write off portions of impaired claims that exceed existing loan loss provisions if they are unrecoverable.

(10) Repurchase agreements and securities lending

Repurchase agreements include repo and reverse repo transactions. Repo transactions combine the spot purchase or sale of securities with their forward sale or repurchase, the counterparty being identical in both cases. The securities sold under repurchase agreements (spot sale) continue to be recognised and measured in the Group balance sheet as part of the securities portfolio in accordance with the category to which they are assigned. The securities are not derecognised as we retain all risks and opportunities connected with the ownership of the security sold under the repurchase agreement. The same risks and opportunities therefore apply to financial assets which have been transferred but not derecognised as apply to the non-transferred financial assets described in Note 5.

The inflow of liquidity from the repo transaction is shown in the balance sheet as a liability to either banks or customers, depending on the counterparty. Agreed interest payments are recognised as interest expense in net interest income according to maturity.

The outflows of liquidity arising from reverse repos are accounted for as claims on customers or banks. They are measured either at fair value using the fair value option or at amortised cost. The securities bought under repurchase agreements which underlie the financial transaction (spot purchase) are not carried in the balance sheet and are thus not measured. Agreed interest payments in reverse repos are recognised as interest income within net interest income according to maturity.

We conduct securities lending transactions with other banks and customers in order to meet delivery commitments or to enable us to effect securities repurchase agreements. We report these transactions in a similar manner to securities repurchase transactions. Securities lent remain in our securities portfolio (trading assets or financial investments) and are measured according to the rules of IAS 39. Borrowed securities do not appear in the balance sheet, nor are they valued. In securities lending transactions, the counterparty credit risk can be avoided by obtaining collateral, which may be provided in the form of cash, for example. Collateral furnished for a securities lending transaction is known as cash collateral out and collateral received as cash collateral in. In addition, cash collaterals are deposited or received as collateral in connection with derivative transactions. We show cash collateral which we have furnished for securities lending transactions as a claim and collateral received as a liability. Interest and expenses from securities lending transactions are recognised in net interest income according to maturity.

(11) Value adjustment portfolio fair value hedges

This item contains interest-rate-related positive and negative changes in the fair value of hedged transactions for which portfolio fair value hedge accounting is used.

(12) Positive fair values of derivative hedging instruments

This item contains derivative financial instruments used for hedging purposes which qualify for hedge accounting and have a positive fair value. The hedging instruments are measured at fair value.

(13) Trading assets

Under trading assets we report financial instruments measured at fair value and held for trading purposes. These include fixed income and equity securities, promissory note loans and units in investment funds. Also shown at fair value are all derivative financial instruments which are not used as hedging instruments in hedge accounting and have a positive fair value. Lending commitments with a positive fair value allocated to the trading book are also shown in this item.

(14) Financial investments

Financial investments are financial instruments not assigned to any other balance sheet item. Financial investments comprise all bonds, notes and other interest-rate-related securities, shares and other equity-related securities, units in investment funds, equity holdings and holdings in non-consolidated subsidiaries not held for trading, unless they must be treated as assets held for sale as defined by IFRS 5. Holdings in companies not accounted for using the equity method and in joint ventures are reported as financial investments under equity holdings.

Financial instruments from the loans and receivables category contained in financial investments are measured at amortised cost. Portfolio items classified as available for sale financial assets are recognized and measured at their fair value.

Premiums and discounts are recognised in net interest income over the lifetime of the asset. Net interest income also includes interest income from bonds, dividends on shares including shares in unconsolidated affiliated companies and current gains or losses from equity holdings.

If, however, an effective fair value hedge with a derivative financial instrument exists for financial instruments reported in this item, then that portion of the change in fair value attributable to the hedged risk is shown under net income from hedge accounting. Changes in the fair values of financial investments to which the fair value option has been applied are recognised in the net gain or loss from application of the fair value option, which is part of net trading income.

(15) Intangible assets

Intangible assets mainly consist of software, customer relationships and goodwill. When assessing whether to recognise the development costs of in-house developed software as an intangible asset, the main criteria applied are the ability to reliably determine the manufacturing costs and the probability of the future flow of benefits. Research costs are not recognised as an asset. Intangible assets are reported at amortised cost. Due to their finite useful economic lives software and customer relationships are written off on a straight line basis over their prospective useful lives. Moreover, the assets are reviewed at every balance sheet date to determine whether the carrying amounts exceed the recoverable amounts. If so, an impairment is recognised. In the case of goodwill our assumption is that it can generate cash flows indefinitely. As a result goodwill with an indefinite useful economic life is not amortised, but is instead tested for impairment at least once a year.

Impairment test methodology for goodwill

All goodwill is allocated to the cash-generating unit at the time of acquisition. Commerzbank has defined the segments as cash-generating units in accordance with IFRS 8. Further details on the segments are provided in Note 45. In accordance with IAS 36 these assets are tested for impairment at the level of the cash-generating units at least at every balance sheet date or if a trigger event occurs. In the process, the carrying amount of the capital employed in a segment as cash-generating unit (including the attributed goodwill) is compared with the recoverable amount of these assets. The carrying amount of the capital employed is determined by allocating the Group's capital to the cash-generating units. First all directly allocable components are allocated to the segments and then the remaining capital is allocated to the segments in proportion to their total risk-weighted assets. Solely for the purposes of the goodwill impairment test, the Group equity allocated to Others and Consolidation is allocated completely to the other segments based on the ratio of risk-weighted assets to total risk-weighted assets. The recoverable amount is the higher of value in use and fair value less cost of disposal. The value in use is based on the expected results of the unit and the cost of capital as set out in the multi-year planning for the individual segments approved by the board. Again, solely for the purposes of the impairment test, the main expenses in Others & Consolidation are also distributed to the segments based on a precise key. If the value in use falls below the carrying amount, the fair value less costs of disposal is also calculated. The higher of the two figures is reported.

Assumptions of the impairment test for goodwill

Commerzbank uses the Capital Asset Pricing Model (CAPM), with inputs mainly from parameters observable on the market, in order to calculate goodwill using the discounted cash flow calculation. The risk-adjusted interest rates deriving from the model are used to discount the expected cash flows of the cash-generating units. This produces the recoverable amount, which can be higher or lower than the carrying amount. If the recoverable amount is lower than the carrying amount, Commerzbank initially recognises an impairment on the goodwill of the cash-generating unit, which is reported under impairments of goodwill in the income statement. Any additional impairment required is divided pro-rata between the remaining assets in the unit. The expected results of the cash-generating units are generally based on the segments' multi-year planning, which has a horizon of four years. In addition the impact of a potential change in interest rates including associated mitigation measures is taken into account in the detailed planning horizon. A perpetuity is applied to financial years beyond this. For the calculation of perpetuity, a sustainable growth rate of 1.5% is assumed for the Private Customers, Mittelstandsbank and Corporates & Markets segments and 1.75% for the Central & Eastern Europe segment (previous year: 2.0% for all segments). In addition to results projections the multi-year planning involves forecasts for risk-weighted assets and capital employed. The main value drivers are receivables volumes, net interest income after loan loss provisions and net commission income. Risk assets are a further sensitive planning parameter. The projections are based on forecasts from the economic research department for the macroeconomic outlook as well as other significant parameters such as movements in interest rates, exchange rates, equity and bond markets. Planning is based both on management's past experience and an assessment of risks and opportunities based on the forecasts. The main management assumptions on which the cash flow forecasts for each cash-generating unit are based, and the management approach chosen are set out in the table below:

Main assumptions	Management approach
Private Customers	
New private customer strategy – strategic investment in growth with simultaneous stabilisation of costs: • Continuing to develop from a branch bank to a multi-channel bank • Creating growth through innovative paths to new customer growth and serving the existing customer base in a more targeted manner • Creating efficiency by digitising the channels and active cost management through optimisation of organisational structures • Growth path of Commerz Real • Growth path of comdirect: scaling up of B2C growth	• Central assumptions are based on internal and external studies on the economic development and the market • Management projections for growth in new customers and the stabilisation of costs are based on progress achieved so far • Institutionalised customer surveys and measurement of customer satisfaction

Main assumptions	Management approach
Mittelstandsbank	
Further strategic expansion and strengthening of its position through: • Gaining new customers, particularly among smaller Mittelstand companies, while increasing market share among the larger Mittelstand and large customers • International growth by scaling up the existing business model • Expanding loan business and thus boosting the net interest margin • Expanding cash management and growth in the foreign trade finance business • Deepening the business with municipalities and municipally-owned corporations through a focused market presence • Adding commercial real estate lending for corporate customers in Germany to the product range • Investing to realise the strategic targets particularly in IT infrastructure and raising staff numbers • Keeping cost increases low through efficiency measures • Modernising the Group's online presence including new functionalities, building it into a fully fledged additional contact channel for corporate customers	• Use of internal and external sources for main economic assumptions • Stabilisation of costs based on progress achieved so far • Management estimates of planned revenue growth based on investments already carried out and planned • Analyses of market potential form the basis for boosting market share and winning new customers • Above-average growth opportunities at international locations
Central & Eastern Europe	
Continued implementation of the One Bank strategy for organic growth: • Digitisation strategy with multichannel approach, particularly in the private customer business (greater focus on mobile banking and social media channels) • Cooperation with Orange, the largest mobile phone provider in Poland • Access to the existing integrated branch network to be opened to all customer groups • Expanding business with medium-sized business and the cross-border corporate business • Diversification of funding, particularly through customer deposits and use of the capital market • Efficient cost management	• Central assumptions based on internal and external studies on the outlook for the economy and banking sector growth • Management projections of market potential from new business growth, cross-selling and efficiency measures • All initiatives as part of the One Bank strategy are based on business plans developed by management • Central assumptions take account of regulatory changes
Corporates & Markets	
• Stable capital markets after a period of uncertainty and associated impact on profitability • Generation of revenues in corporate finance by supporting our customers in financing their companies and optimising their balance sheet structure • Growth in credit portfolio management through the expansion of loan books in selected markets • Stable revenues in Fixed Income & Currencies • Growth in Equity Markets & Commodities primarily from higher revenues from index-based certificates and asset management products • Continued cost cuts through simplification and harmonisation of processes	• Use of internal and external sources for main economic and financial market assumptions • Analysis of customer needs for hedging and liquidity products • Market situation incorporated in estimates of volumes and margins • Bringing results of optimisation and rationalisation projects to fruition

Due to the assumptions underlying the cash flow forecasts and the uncertainties that are inevitably involved, the following circumstances may have an adverse impact on the cash flow forecasts of the cash-generating units (the list is not exhaustive):

- Macroeconomic environment worse than expected
- Deterioration in the sovereign debt crisis
- Uncertainties about the regulatory environment
- Greater intensity of competition than assumed
- Interest rate outturn differs from economic forecast

Risk-adjusted interest rates (before tax) were calculated on the basis of the risk-free interest rate, the market risk premium and the systematic risk (beta factor). We drew on data from external providers for the risk-free interest rate and the market risk premium. The beta factor was calculated on the basis of segment-specific comparator groups reflecting the specific investment risk of the segments.

Risk-adjusted interest rate	2014	2013
Private Customers	11.7%	10.4%
Mittelstandsbank	12.1%	10.6%
Corporates & Markets	12.3%	11.1%
Central & Eastern Europe	9.4%	11.0%

We amortise acquired customer relationships over a period of ten to fifteen years, charging this to operating expenses.

Software is amortised on a straight-line basis over its expected useful economic life of usually two to seven years, and sometimes up to twenty years, and charged to operating expenses. Software includes both in-house developed software and acquired software. Where the reason for an impairment recognised in previous financial years ceases to apply, the impairment of intangible assets is reversed to no more than amortised cost. Impairment reversals are not permitted for goodwill.

(16) Fixed assets

The land and buildings, self-operated ships as well as office furniture and equipment shown under this item are recognised at cost less depreciation. Impairments are made in an amount by which the carrying value exceeds the higher of fair value less costs to sell and the value in use of the asset.

Where the reason for recognising an impairment in previous financial years ceases to apply, the impairment is reversed to no more than amortised cost.

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

	Expected useful life years
Buildings	25–50
Office furniture and equipment	3–25
Self-operated ships	5–25

In line with the materiality principle, purchases of low-value fixed assets were recognised immediately as operating expenses. Profits realised on the disposal of fixed assets appear under other income, with losses being shown under other expenses.

(17) Leasing

In accordance with IAS 17, a lease is classified as an operating lease if it does not substantially transfer to the lessee all the risks and rewards incidental to ownership. By contrast, leases where substantially all of the risks and rewards are transferred to the lessee are classified as finance leases. The present value of the lease payments is central to determining the risks and rewards of the lease. If the present value equals at least the amount invested into the leased asset, the lease is classified as a finance lease. The most commonly leased assets are chartered ships and to a lesser extent vehicles.

The Group as lessor

- Operating leases
  If the risks and rewards of ownership remain substantially with the lessor, the asset will continue to be reported on the balance sheet. Leased assets are normally reported in the Group balance sheet under other assets. Investment properties let under operating leases are contained in the investment properties item on the balance sheet. Leased assets are shown at cost, less depreciation and/or impairments over their useful economic lives. Unless a different distribution is appropriate in individual cases, we recognise the proceeds from leasing transactions on a straight-line basis over the lifetime of the lease and report them under other net income.
- Finance leases
  If virtually all the risks and rewards relating to the leased asset are transferred to the lessee, the Commerzbank Group recognises a claim on the lessee. The claim is shown at its net investment value at the inception of the lease. Lease payments received are divided into an interest portion and a repayment portion. The income is recognised as interest income through profit or loss for the respective period.

Ship leases usually include a fixed chartering period. The lease agreements usually include an option for the lessee to buy or to extend the lease. The ships are written off over a 25-year period. The payments to be made by lessees are calculated based on the total investment costs less the residual value of the leased asset (real estate, ships) as determined at the start of the lease agreement. During the fixed basic rental period lessees bear all the asset-related costs and the third-party costs of the leasing company. The risk of unexpected or partial loss of the leased asset is borne by the lessors.

Lease agreements for moveable assets (vehicles, IT equipment) are structured as partially amortising agreements with the possibility of subsequent purchase and can be terminated. Because the fixed rental period is shorter in relation to the normal length of use in the case of partially amortising agreements, only part of the total investment costs are amortised.

Leases which may be terminated have no fixed rental period. In the event of termination a previously agreed final payment becomes due, which covers the portion of the total investment costs not yet amortised. If notice of termination is not given, the lease rolls over. The risk of unexpected or partial loss of the leased asset is then borne again by the lessor.

The Group as lessee

Expenditure on operating leases is always recorded on a straight-line basis over the life of the lease agreement and reported under operating expenses.

Finance leases where the Commerzbank Group is a lessee are of minor significance.

(18) Investment properties

Investment properties are defined as land and buildings held for the purpose of earning rental income or because they are expected to increase in value. Commerzbank Group also reports properties acquired as a result of the realisation of collateral (rescue purchases) and properties owned by the Commerzbank Group that are let under operating leases in this category. Commercial property accounts for the bulk of the investment properties.

Investment properties are measured at cost including directly attributable transaction costs on initial recognition in accordance with IAS 40. The fair value model is used for the subsequent valuation of investment property. Fair value is normally determined on the basis of valuations conducted by external and internal experts and on prices currently obtainable in the market. Properties used for commercial purposes are usually valued based on capitalised income; individual residential buildings are generally valued using the cost or sales comparison approach. The valuation of the properties using the capitalised income approach is based on standard rental values for the locality, with discounts for management, acquisition costs and vacancy rates, and on remaining useful lives and land values. In some cases contractually agreed rents are also used. The property yield, which is a further input in the valuation process, takes account of the market interest rate level and the specific property and location risk attaching to the property. The main parameters observable on the market are local rent levels and property yields.

Gains and losses arising from changes in fair value are shown under other net income in the income statement for the period. Current income and expenses are recognised in net interest income.

(19) Assets and disposal groups held for sale

Non-current assets and disposal groups that can be sold in their current condition and whose sale is highly probable must be classified as held for sale. These assets must be measured at fair value less costs to sell in cases where this is lower than book value. However, for interest-bearing and non-interest-bearing financial instruments and investment property the only accounting change is the reclassification to the relevant balance sheet items in accordance with IFRS 5. They continue to be measured in accordance with IAS 39 or IAS 40.

If impairments are established as a result of measurement in accordance with IFRS 5, these are recognised in the corresponding position in the income statement, depending on the underlying transaction. Any subsequent write-up is limited to the total of impairments previously recognised.

The current net income from assets and disposal groups held for sale is normally recognised under the same item in the income statement as for other assets and disposal groups without the classification of being held for sale. Gains and losses on the disposal of disposal groups are divided up and recognised in the relevant line of the income statement. For significant subsidiaries that were previously consolidated the gain or loss on disposal can sometimes be reported in a separate line (usually within net investment income).

(20) Debt (including financial liabilities)

In addition to our financial liabilities, the debt comprises all items on the liabilities side of the balance sheet with the exception of equity. The financial liabilities primarily consist of the liabilities to banks and customers, liabilities from securitised liabilities and liabilities from our subordinated debt instruments.

If they are not held for trading purposes, financial liabilities are carried at amortised cost. The derivatives embedded in liabilities are separated from their host debt instrument where this is required, measured at fair value and recognised under either trading assets or trading liabilities. In micro fair value hedge accounting, hedged liabilities are adjusted for the change in fair value attributable to the hedged risk. In portfolio fair value hedge accounting the changes in fair value are reported under liabilities as value adjustments for portfolio fair value hedges. Liabilities for which the fair value option is used are recognised at their fair value.

Please also refer to Notes 21 to 24 and 26 for more information on the accounting treatment of liabilities.

(21) Negative fair values of derivative hedging instruments

This item shows derivative financial instruments that are used for hedging purposes and qualify for hedge accounting if they have a negative fair value. The hedging instruments are measured at fair value.

(22) Trading liabilities

Derivative financial instruments which are not used as hedging instruments in hedge accounting, lending commitments in the trading book which have a negative fair value are reported under trading liabilities. We also report own issues in the trading book and delivery obligations from short sales of securities in this item. Trading liabilities are measured at fair value through profit or loss.

(23) Provisions

A provision must be shown if on the balance sheet date, as the result of an event in the past, a current legal or factual obligation has arisen, an outflow of resources to meet this obligation is likely and it is possible to make a reliable estimate of the amount of this obligation. Accordingly we make provisions for liabilities of an uncertain amount to third parties and anticipated losses arising from pending transactions in the amount of the claims expected. The amount recognised as a provision represents the best possible estimate of the expense required to meet the current obligation as at the reporting date. Risks and uncertainties (including with regard to the actual level of the costs at the date of any utilisation of the provision and potential increases in costs for long-term provisions) are taken into account in the estimate. Provisions are recognised at their net present value if they are long-term.

The different types of provisions are allocated via various items in the income statement. Provisions for lending business are charged to loan loss provisions and provisions for restructuring are charged to restructuring expenses. Other provisions are generally charged to operating expenses and released through other net income.

Companies within the Commerzbank Group are involved both in Germany and other countries in court and arbitration cases (legal proceedings) and in out-of-court and supervisory proceedings (recourse claims) as defendants and claimants or in other ways. Moreover, legal cases in which Commerzbank and its subsidiaries are not directly involved could have an impact on the Group because of their fundamental importance for the banking sector. The Group recognises appropriate provisions for proceedings and recourse claims, with the charge shown in other net income, if a loss is likely and can be determined sufficiently accurately. Recourse claims relate, for example, to reimbursements of processing fees for consumer loans which have been ruled as invalid and possible claims from customer misselling. In the case of provisions for legal proceedings, the procedure differs depending on whether a company within the Group is the claimant (active proceedings) or defendant (passive proceedings). In active proceedings provisions are recognised for the legal and court fees and ancillary costs, although this may vary based on the specific practices in each country. In passive proceedings provisions are also recognised for the value in dispute on each balance sheet date based on an estimate of the probability of loss. However, the Group's ultimate liability may differ from the provisions that have been recognised, as a high degree of judgement is involved in estimating the probability of uncertain liabilities in such legal proceedings and quantifying them. These estimates may turn out to be inaccurate at a later stage of the proceedings. Legal risks for which no provisions have been recognised and where the occurrence of a loss may not be probable, but is not improbable either, are reported as contingent liabilities (see Note 29).

Restructuring provisions are recognised if the Commerzbank Group has a detailed formal restructuring plan and has already begun implementing this plan or has announced the main details of the restructuring. The detailed plan must contain information on the departments involved, the approximate number of staff whose jobs are affected by the restructuring, the costs involved and the period during which the restructuring will be carried out. The detailed plan must be communicated in such a way that those affected can expect it to be realised. The restructuring expenses item in the income statement can contain further direct restructuring expenses which are not included in the restructuring provision.

(24) Provisions for pensions and similar commitments

The company pension arrangements for current and former employees of Commerzbank Aktiengesellschaft and a number of domestic and foreign subsidiaries, together with their surviving dependants, consist of direct and indirect pension commitments (comprising both defined benefit and defined contribution plans).

Commerzbank mainly uses the BVV pension scheme to meet its indirect pension commitments. This is also used by other BVV member companies for occupational pension provision. Membership of BVV forms part of Commerzbank's works council agreement, and its membership of BVV therefore cannot be terminated. The payment of contributions to the BVV pension scheme by the member companies and the payment of benefits by the BVV pensions scheme are determined by the applicable BVV pension plan. Contributions take the form of a percentage contribution rate, which is payable out of the gross monthly salary of active staff. Contributions are capped by a maximum contribution threshold. These indirect systems are defined benefit plans which are shared joint by several employers. However, they are accounted for as defined contribution plans, as we do not have enough information on our share of the overall defined benefit obligation of each BVV plan and on the share of the relevant plan assets attributable to us. The contributions paid to the external pension providers are recognised under personnel expenses. Under the German occupational pensions legislation, the employer is liable for meeting the pension commitment provided through BVV. However, no provisions for the BVV pension commitment were recognised either in the current or previous business years, as recourse to this statutory liability is regarded as unlikely. The Bank is currently examining the implications of the court rulings of the German Federal Court concerning the adjustment test for occupational pensions that supplement the pension benefits provided through BVV (see page 97). At present a reliable estimate of the related contingent liability is not possible, as the necessary actuarial data is not available to the Bank and further legal clarifications are required.

The Group also operates defined benefit plans based on a direct pension commitment on the part of Commerzbank, where the level of the pension payment is pre-defined and dependent on factors such as age, salary level and length of service. IAS 19 accounting principles for defined benefit pension plans are applied to these pension schemes, and therefore provisions are recognised.

For employees entitled to pension benefits who joined Commerzbank Aktiengesellschaft or certain other consolidated companies before 31 December 2004, the pension entitlements are based on the regulations of the Commerzbank modular plan for company pension benefits, known as the CBA. The amount of the benefits under CBA consists of an initial module for the period up to 31 December 2004, plus a benefit module – possibly augmented by a dynamic module – for each contributory year from 2005 onwards; the benefits are structured as a lifelong pension with the option to take a lump sum. Staff joining the Bank after 1 January 2005 have pension rights under the Commerzbank capital plan for company pension benefits, known as the CKA. The CKA guarantees a minimum benefit on the modular basis, but also offers additional opportunities for higher pension benefits through investing assets in investment funds.

Since 1 January 2010 the direct pension arrangements for staff formerly employed by Dresdner Bank Aktiengesellschaft have also been based on the company pension modules (CBA).

Furthermore, some foreign subsidiaries and branches, primarily in the United Kingdom and the USA, also have defined benefit and defined contribution plans. In the Amsterdam branch the former defined benefit pension obligations to active employees were switched to a defined contribution plan in 2014. This also affected the conditional pension adjustments for vested benefits and pension recipients. The associated compensation produced a gain of €4m, which was reported as income in the personnel expenses.

In addition to the occupational pension plans, there is an internally-financed healthcare plan in the United Kingdom which entitles members in retirement to reimbursement of medical costs or a contribution to private medical insurance. The resulting obligations are accounted for according to the rules for defined benefit pension plans as specified by IAS 19.

In order to meet the direct pension liabilities in Germany, cover assets were transferred to a legally independent trustee, Commerzbank Pension Trust e. V. (CPT) under a Contractual Trust Arrangement (CTA). The assets held by CPT and the cover assets for pension obligations in our foreign units qualify as plan assets within the definition of IAS 19.8. The trust agreements signed by Commerzbank Aktiengesellschaft and other group companies in Germany with the CPT also provide insolvency insurance for the direct occupational pension commitments funded by plan assets. The insolvency insurance covers all vested benefits of active and former employees and all current benefits being paid to pensioners. It covers the portion of vested or current benefits that are not covered by Pensions-Sicherungs-Verein (PSV), the German pensions insurance fund.

The trust agreements do not require the trustor companies to pay in contributions. However, the plan assets must cover the liabilities not covered by PSV at all times. The companies that are party to the agreements may only request rebates from the plan assets for pension benefits that have been paid up to this limit.

The investment guidelines for the German plan assets are laid down joint by the Board of Commerzbank Aktiengesellschaft and the CPT. There are no legal requirements for the investment guidelines. The investment management is carried out by the Executive Pension Committee (EPC), which follows a liability-driven investment (LDI) approach as part of its Asset Liability Management (ALM). It also sets the framework for determining the actuarial assumptions. The main aim of the EPC's investment strategy is to replicate the future cash flows for the pension liabilities using derivatives for interest rates, inflation and credit spreads, with the aim of reducing the risks directly attributable to the future development of the pension liabilities. Apart from the usual pension risks such as inflation and biometric risks there are no other unusual risks at Commerzbank. The portfolio of the plan assets is well-diversified and mainly comprises fixed-income securities, equities and alternative investments (see Note 68).

The pension plans outside Germany have their own trust structures independent from the CPT. Overall they currently represent around 15% of the Group's total pension liabilities. The EPC also acts as the steering committee for the plan assets of the foreign pension plans. Different national regulations also apply in each of the foreign countries. However, these plans also generally use an LDI approach. The biggest plan sponsors outside Germany are the Group units in London (over 85%), New York and Amsterdam, which together account for around 95% of the foreign pension liabilities. Most of the foreign pension schemes are funded defined benefit plans. In some cases there are also pension liabilities abroad on a small scale that are not covered by plan assets.

In accordance with IAS 19.63 the net liability or net asset resulting from the present value of the defined benefit obligations less the fair value of the plan assets, subject if applicable to the asset ceiling, is recognised in the balance sheet.

The pension expense reported under personnel expenses and in net interest income consists of several components: firstly the service cost, which together with the current service cost represents the entitlements earned by members during the financial year, also including the past service cost, which arises from changes in the pension obligation of past years as a result of changes in pension commitments; secondly the net interest cost, which arises from the application of the discount rate for calculating the pension obligation to the net defined benefit liability or asset. It represents the difference between the present value of the liabilities and the fair value of the plan assets.

For defined-benefit plans the pension provisions and similar obligations (age-related short-time working, early retirement) and obligations for anniversaries are calculated annually by an independent actuary using the projected unit credit method. Apart from biometric assumptions (for example, Heubeck-Richttafeln 2005 G), this calculation is based in particular on a current discount rate based on the yield on high-quality long-term corporate bonds, assumptions regarding staff turnover and career trends as well as expected future rates of salary and pension increases. For German pension obligations, the discount factor is determined using a proprietary Commerzbank model derived from eurozone swap rates with the same maturity and adjusted by a spread premium for high-quality corporate bonds.

The difference between the remeasurement of the pension obligation on the balance sheet date as compared with the value projected at the beginning of the year is the actuarial gain or loss. Actuarial profits and losses are, like the return on plan assets (with the exception of amounts contained in net interest expense/income) recognised directly in retained earnings within equity and are reported in the statement of comprehensive income.

(25) Staff remuneration plans

1. Description of the main remuneration plans

a) Commerzbank-Incentive-Plan (CIP)

The Commerzbank-Incentive-Plan (CIP) was established in 2011. In addition to a cash component it grants beneficiaries an equity-related component tied to the performance of the Commerzbank share. Under the rules of the share-based remuneration plans Commerzbank has the right to make a payment in cash rather than in shares. To avoid further dilution through capital increases, we have been exercising this option for all future payments to staff in Germany and abroad since 2013.

The CIP applies to the entire Commerzbank Group.

The mechanism of the remuneration model for variable remuneration comprises both a short-term incentive (STI) and a long-term incentive (LTI) in various formats. The STI component is designed as compensation for the previous financial year. The LTI component is designed as compensation for a vesting period of four years.

The proportion of the variable remuneration granted in the form of shares or cash depends on the risk-taker group.

- Risk-taker I (executives, members of management).
- Risk-taker II (chairmen of important committees, functions with a significant impact on the bank's overall risk profile).

Risk-taker groups I and II differ in the weighting of the STI and LTI. In both cases around half of the short-term and long-term components is paid out in shares or cash.

The different remuneration components are estimated and recognised in profit or loss in the financial year on the basis of plan calculations. The level of variable remuneration and therefore the proportion accounted for by shares per employee is finalised in the annual target attainment meeting (performance appraisal I), which is held in the first three months of the following year. This amount represents the upper limit for variable remuneration for the entire 4-year vesting period; thereafter it can only be reduced in the annual target attainment meetings as a result of Group-specific quantitative and individual qualitative attainment metrics. The number of shares to be cash-settled is determined by dividing the shares portion of the variable remuneration by the average Xetra closing price of the Commerzbank share in January and February plus December of the previous year.

In the STI the shares, or the optional cash settlement, are subject to a 6-month lockup period. In the LTI the beneficiaries gain the right to acquire the shares after performance appraisal II at the end of the vesting period of four years (including the initial financial year), i.e. three years after determining the underlying number of shares. There is again a 6-month lockup period from the date on which the beneficiaries gain the right to acquire the shares.

If Commerzbank has paid dividends or carried out a capital action during the term of the CIP, an additional cash amount equal to the dividend, or a cash settlement for the capital action, will be paid out when the CIP matures.

b) Share awards

Share awards are a deferred component of variable compensation where non pay-scale employees of Commerzbank Aktiengesellschaft are allocated virtual Commerzbank shares.

The Commerzbank-Incentive-Plan (CIP) was introduced as a result of the Banking Remuneration Regulation (Instituts-Vergütungsverordnung), which became law in Germany in October 2010. For the financial years from 2011 onwards, share awards are therefore used for selected employees only and will expire by 2017.

c) mBank S.A.

In 2008, mBank SA launched two share-based remuneration plans for the members of its Management Board. The members of the Management Board of our subsidiary could participate in these plans from 2009 to 2011. The first plan provided for the subscription of mBank shares. The second plan (modified in 2010) allows for an amount to be drawn in cash corresponding to the Commerzbank share value. The last payout will be made in 2015. In 2012 a new share-based programme was launched in which members of the Management Board can participate up until 2016. Until 2013 this programme comprised both a short-term component (cash payment) and a long-term component which entitled the participants to make regular subscriptions to mBank shares over a period of three years. The programme was modified in 2014 and now consists of cash payments and the subscription of mBank shares in both components. Similar to the 2008 programme, a given quantity of these shares are issued each year and made available to those entitled for purchase at a pre-determined price. In all of these programmes participation is linked to a minimum return on equity by the mBank sub-group. The long-term component of the programme from 2012 (modified in 2014) is also linked to the Management Board member's performance assessment.

Both plans which entitle the participants to subscribe to mBank shares (2008 and 2012, modified in 2014) are classified as share-based payments settled in the form of equity instruments. The second programme from 2008 is accounted for as a cash-settled share-based compensation transaction.

2. Accounting treatment and measurement

The staff compensation plans described here are accounted for under the rules of IFRS 2 – Share-based Payment and IAS 19 – Employee Benefits. IFRS 2 distinguishes between share-based payments settled in the form of equity instruments and those settled in cash. For both forms, however, the granting of share-based payments has to be recognised at fair value in the annual financial statements.

- Equity-settled share-based payment transactions

  The fair value of share-based payments settled in the form of equity instruments is recognised as personnel expense within equity in retained earnings. The fair value is determined on the date on which the rights are granted.

  If rights cannot be exercised because the conditions for exercise are not met due to market conditions, no change is made to the amounts already recognised in equity. However, if rights cannot be exercised because other conditions for exercise are not met (service and non-market conditions), the amounts already recognised in equity are adjusted through profit or loss.
- Cash-settled share-based payment transactions

  The portion of the fair value of share-based payments settled in cash that relates to services performed up to the date of measurement is recognised as personnel expense while at the same time being recorded as a provision. The fair value is recalculated on each balance sheet date up to and including the settlement date. Any change in the fair value of the obligation must be recognised through profit or loss. On the date of settlement, therefore, the provision must correspond as closely as possible to the amount payable to the eligible employees. The provisions fluctuate on each balance sheet date in parallel with the performance of the Commerzbank Aktiengesellschaft share price. This affects the portion of the share-based variable remuneration that was determined using an average price for the Commerzbank share. The price itself is determined as the average Xetra closing price of the months of January and February plus December of the previous year. In the case of share awards the portion of the provisions attributable to share awards is reassigned from other personnel provisions to the provision for share awards at the date of the award. The provision is calculated as the product of the number of rights allocated multiplied by the average Xetra closing price of Commerzbank shares in January and February of the year of the award and December of the previous year. The provisions fluctuate on each balance sheet date in parallel with the performance of the Commerzbank Aktiengesellschaft share price. Discounts are not applied for staff natural wastage as the share awards do not lapse on the departure or death of an employee. If Commerzbank pays dividends during the vesting period a cash payment equal to the dividend, or cash compensation for a capital action, will be paid out for each CIP and share award at the payout date in addition to the payout value. Provisions are recognised for these payments if applicable.

- Measurement
  The provision for the Commerzbank incentive plan and the share awards is determined by multiplying the number of shares earned by participants by the closing price of the Commerzbank share on 31 December of the reporting year. The value of Commerzbank shares for the second mBank programme from 2008 is calculated by using average market prices of the Commerzbank share on the date the shares were granted. The expense for the allocations to the provisions can also be recognised over the vesting period, depending on the remuneration plan.

(26) Taxes on income

Current tax assets and liabilities are calculated on the basis of the expected payment to or rebate from each fiscal authority using the current tax rates applicable in the relevant country.

Deferred tax assets and liabilities are formed to reflect differences between the IFRS carrying amounts of assets or liabilities and the taxable value, provided that these temporary differences are likely to increase or reduce future taxes on income and there is no rule against disclosing them. In addition, deferred taxes are recognised for both tax loss carryforwards as well as for as yet unused tax credits. The valuation of deferred taxes is based on income tax rates already approved as at 31 December 2014 and applicable upon realisation of the temporary differences.

Deferred tax assets on tax-reducing temporary differences, unused tax losses and unused tax credits are only recognised if and to the extent that it is probable that the same taxable entity will generate tax gains or losses in the foreseeable future with respect to the same fiscal authority. To assess impairment, detailed 5-year fiscal profitability projections are made on the basis of the multi-year planning approved by the Board of Managing Directors. Furthermore, recognition is justified if it is likely that a sufficient taxable result will be available even beyond the 5-year time frame.

Deferred tax assets and liabilities are recognised and continued – depending on the reason for the deferral – either under taxes on income in the income statement or directly in equity.

Income tax expenses or income are reported under taxes on income in the Group income statement.

Deferred tax assets and liabilities have been netted if there is a right to net current taxes on income and the deferred tax assets and liabilities relate to taxes on income levied by the same fiscal authority on the same taxable entity.

Taxable temporary differences relating to shares in Commerzbank group companies for which no deferred income tax liabilities were recognised amount to €308m (previous year: €296m).

The current and deferred tax assets and current and deferred tax liabilities are set out in the balance sheet and detailed in Notes 58 and 69.

(27) Subordinated debt instruments

We report securitised and unsecuritised issues which in the event of an insolvency can only be repaid after all non-subordinated creditors have been satisfied as subordinated debt instruments but are instead reported at amortised cost. Premiums and discounts are recognised in net interest income over the lifetime of the instrument.

Subordinated debt instruments to which the fair value option is applied are reported at fair value.

The carrying amounts of the subordinated debt instruments, to which micro fair value hedge accounting is applied, are adjusted for the changes in fair value attributable to the hedged risk. In portfolio fair value hedge accounting the changes in fair value are reported under liabilities as value adjustments for portfolio fair value hedges.

(28) Fiduciary transactions

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

(29) Contingent liabilities and irrevocable lending commitments

This item mainly shows contingent liabilities arising from guarantees and indemnity agreements as well as irrevocable lending commitments at their nominal value.

Situations where the reporting company acts as guarantor to the creditor of a third party for the fulfilment of a liability of that third party must be shown as guarantees. Indemnity agreements include contractual obligations that involve taking responsibility for a particular outcome or performance. These are normally guarantees issued at a customer's request, which give us a right of recourse to the customer in the event that the guarantee is called upon.

All obligations that could incur a credit risk must be shown here as irrevocable lending commitments. These include obligations to grant loans (e.g. lines that have been advised to customers), to buy securities or provide guarantees or acceptances. However, lending commitments attributable to the trading book are reported under trading assets or trading liabilities.

Provisions for risks in respect of contingent liabilities and lending commitments are included in provisions for loan losses.

Income from guarantees is reported in net commission income; the level of this income is determined by the application of agreed rates to the nominal amount of the guarantees.

Legal risks where the occurrence of a loss may not be probable, but is not improbable either, and for which no provisions have been recognised, are also reported under contingent liabilities. We take a wide variety of factors into account in determining the probability of a loss, including the type of claims and judgements on similar issues. The amounts shown in Note 87 reflect the claims made in relation to these risks.

(30) Treasury shares

Treasury shares held by Commerzbank Aktiengesellschaft and its subsidiaries on the balance sheet date (31 December 2014: –) are deducted directly from equity. Gains or losses on treasury shares are recognised in equity. In 2014 the Group held no treasury shares.

Notes to the income statement

(31) Net interest income

€m	2014	2013[1]	Change in %
Interest income	12,555	13,871	−9.5
Interest income from lending and money market transactions and from the securities portfolio (available-for-sale)	850	947	−10.2
Interest income from lending and money market transactions and from the securities portfolio (loans and receivables)	9,473	10,388	−8.8
Interest income from lending and money market transactions and from the securities portfolio (from applying the fair value option)	359	505	−28.9
Interest income from lending and money market transactions and from the securities portfolio (held for trading)	1,036	1,277	−18.9
Prepayment penalty fees	122	155	−21.3
Gains on the sale of loans and receivables and repurchase of liabilities[2]	182	158	15.2
Dividends from securities	210	129	62.8
Current net income from equity holdings and non-consolidated subsidiaries	21	22	−4.5
Current income from properties held for sale and from investment properties	79	68	16.2
Other interest income	223	222	0.5
Interest expenses	6,948	7,710	−9.9
Interest expenses on subordinated and hybrid capital	879	853	3.0
Interest expenses on securitised liabilities	1,789	2,094	−14.6
Interest expenses on other liabilities	3,198	3,672	−12.9
Interest expenses from applying the fair value option[3]	602	758	−20.6
Interest expenses on securitised liabilities held for trading	130	116	12.1
Losses on the sale of loans and receivables and repurchase of liabilities[2]	238	74	.
Current expenses from properties held for sale and from investment properties	48	59	−18.6
Other interest expense	64	84	−23.8
Total	**5,607**	**6,161**	**−9.0**

[1] Prior-year figures restated due to restatement of credit protection insurance and other disclosure changes (see page 160 f.). Before restatement, interest income was €13,969m and net interest income was €6,148m.
[2] Of which: gains of €101m and losses of €42m on the repurchase of liabilities in the current financial year (previous year: €119m gains and €30m losses).
[3] Of which: none for subordinated debt instruments (previous year: –).

There was an unwinding effect of €77m (previous year: €118m) for commitments which have been terminated and impaired commercial real estate loans.

Other interest expense also includes net interest expense for pensions. Net interest from derivatives (banking and trading book) is recognised in other interest income or other interest expense, depending on the net balance.

The breakdown of interest income and interest expense from investment properties was as follows:

€m	2014	2013	Change in %
Rental income	76	67	13.4
Other income	–	–	.
Total income	**76**	**67**	**13.4**
Building and occupancy expense for rented properties	20	17	17.6
Other expenses	28	19	47.4
Total expenses	**48**	**36**	**33.3**

(32) Loan loss provisions

The breakdown of loan loss provisions in the income statement was as follows:

€m	2014	2013	Change in %
Allocation to loan loss provisions[1]	−2,365	−3,340	−29.2
Reversals of loan loss provisions[1]	1,390	1,842	−24.5
Direct write-downs	−397	−482	−17.6
Write-ups and amounts recovered on claims written-down	228	233	−2.1
Total	**−1,144**	**−1,747**	**−34.5**

[1] Gross figures (e.g. migrations between different types of provisions are not netted off).

The loan loss provisions include a one-off charge of a net €28m arising from the regular annual update of risk parameters. The breakdown of the net allocation to provisions was as follows:

€m	2014	2013	Change in %
Specific risks	−1,062	−1,447	−26.6
Claims on banks	−2	7	.
Claims on customers	−1,091	−1,522	−28.3
Off-balance-sheet items	31	68	−54.4
Portfolio risks	87	−51	.
Claims on banks	−18	−13	38.5
Claims on customers	99	−25	.
Off-balance-sheet items	6	−13	.
Direct write-downs, write-ups and amounts recovered on claims written down	−169	−249	−32.1
Total	**−1,144**	**−1,747**	**−34.5**

(33) Net commission income

€m	2014	2013[1]	Change in %
Commission income	**3,837**	**3,776**	**1.6**
Securities transactions	1,050	1,095	– 4.1
Asset management	210	187	12.3
Payment transactions and foreign business	1,430	1,407	1.6
Real estate lending business	71	107	– 33.6
Guarantees	241	249	– 3.2
Net income from syndicated business	339	273	24.2
Intermediary business	270	225	20.0
Fiduciary transactions	14	10	40.0
Other income	212	223	– 4.9
Commission expense	**632**	**570**	**10.9**
Securities transactions	206	188	9.6
Asset management	37	38	– 2.6
Payment transactions and foreign business	148	145	2.1
Real estate lending business	35	39	– 10.3
Guarantees	21	21	0.0
Net income from syndicated business	3	1	.
Intermediary business	140	78	79.5
Fiduciary transactions	6	4	50.0
Other expenses	36	56	– 35.7
Net commission income			
Securities transactions	844	907	– 6.9
Asset management	173	149	16.1
Payment transactions and foreign business	1,282	1,262	1.6
Real estate lending business	36	68	– 47.1
Guarantees	220	228	– 3.5
Net income from syndicated business	336	272	23.5
Intermediary business	130	147	– 11.6
Fiduciary transactions	8	6	33.3
Other income	176	167	5.4
Total	**3,205**	**3,206**	**0.0**

[1] Prior-year figures restated due to restatement of credit protection insurance plus other changes (see page 160 f.). Before restatement, commission income was €3,787m, commission expenses were €572m and net commission income was €3,215m.

Commission income included €921m (previous year: €914m) and commission expense included €217m (previous year: €220m) from transactions with financial instruments that are not recognised at fair value through profit or loss.

(34) Net trading income

Net trading income is comprised of two components:

- Net trading gain or loss (this includes trading in securities, promissory note loans, precious metals and derivative instruments plus the net gain or loss on the remeasurement of derivative financial instruments that do not qualify for hedge accounting), and
- Net gain or loss from applying the fair value option.

The net gain or loss from applying the fair value option includes the changes in fair value of the underlying derivatives.

€m	2014	2013	Change in %
Net trading gain or loss[1]	506	–69	.
Net gain or loss from applying the fair value option	–129	–27	.
Total	**377**	**–96**	**.**

[1] Including net gain or loss on the remeasurement of derivative financial instruments.

(35) Net income from hedge accounting

Net income from hedge accounting includes gains and losses on the valuation of effective hedges in fair value hedge accounting (fair value hedge). Net income from hedge accounting also includes the ineffective portion of effective cash flow hedges. The breakdown was as follows:

€m	2014	2013	Change in %
Fair value hedges			
Changes in fair value attributable to hedging instruments	–3,914	1,944	.
Micro fair value hedges	–4,419	2,142	.
Portfolio fair value hedges	505	–198	.
Changes in fair value attributable to hedged items	3,930	–1,930	.
Micro fair value hedges	4,466	–2,165	.
Portfolio fair value hedges	–536	235	.
Cash flow hedges			
Net gain or loss from effectively hedged cash flow hedges (ineffective part only)	–	–	.
Total	**16**	**14**	**14.3**

(36) Net investment income

Net investment income contains gains or losses on the disposal and remeasurement of securities in the loans and receivables and available-for-sale categories, equity holdings, holdings in companies accounted for using the equity method and subsidiaries.

€m	2014	2013	Change in %
Net gain or loss from interest-bearing business	**80**	**–10**	**.**
in the available-for-sale category	80	180	–55.6
Gains on disposals (including reclassification from revaluation reserve)	118	300	–60.7
Losses on disposals (including reclassification from revaluation reserve)	–38	–130	–70.8
Net remeasurement gain or loss	–	10	.
in the loans and receivables category	–	–190	.
Gains on disposals	41	2	.
Losses on disposals	–48	–21	.
Net remeasurement gain or loss[1]	7	–171	.
Net income from equity instruments	**2**	**27**	**–92.6**
in the available-for-sale category	3	15	–80.0
Gains on disposals (including reclassification from revaluation reserve)	8	15	–46.7
Losses on disposals (including reclassification from revaluation reserve)	–5	–	.
in the available-for-sale category, measured at acquisition cost	9	46	–80.4
Net remeasurement gain or loss	–17	–21	–19.0
Net gain or loss on disposals and remeasurement of companies accounted for using the equity method	7	–13	.
Total	**82**	**17**	**.**

[1] Includes reversals of €21m of portfolio valuation allowances for reclassified securities (previous year: reversals of €87m).

(37) Current net income from companies accounted for using the equity method

Current net income from companies accounted for using the equity method was €44m (previous year: €60m). Including the net gain or loss on disposals and remeasurement of companies accounted for using the equity method of €7m (previous year: €–13m), which is included in net investment income, total net income from companies accounted for using the equity method was €51m (previous year: €47m).

(38) Other net income

Other net income primarily comprises allocations to and reversals of provisions and income and expenses from operating leases.

€m	2014	2013[1]	Change in %
Other material items of expense	**1,106**	**745**	**48.5**
Allocations to provisions	949	468	.
Operating lease expenses	117	151	−22.5
Expenses arising from building and architects' services	1	3	−66.7
Hire-purchase expenses and sublease expenses	15	41	−63.4
Expenses from investment properties	15	57	−73.7
Expenses from non-current assets held for sale	1	3	−66.7
Expenses from disposal of fixed assets	8	22	−63.6
Other material items of income	**503**	**632**	**−20.4**
Reversals of provisions	241	347	−30.5
Operating lease income	161	169	−4.7
Income from insurance business	24	23	4.3
Income from building and architects' services	4	7	−42.9
Hire-purchase income and sublease income	32	35	−8.6
Income from investment properties	31	12	.
Income from non-current assets held for sale	5	–	.
Income from disposal of fixed assets	5	39	−87.2
Balance of exchange rate movements	55	41	34.1
Balance of sundry tax income/expenses	−42	−49	−14.3
Balance of sundry other income/expenses	13	34	−61.8
Other net income	**−577**	**−87**	**.**

[1] Prior-year figures restated due to restatement of credit protection insurance (see page 160 f.). Before restatement, allocations to provisions was €470m and other net income was €– 89m.

The balance of sundry other income/expenses consisted of €271m of income (previous year: €318m) and €258m of expenses (previous year: €284m).

The reversals of provisions in other net income were impacted in 2014 by changes to our estimates of litigation losses.

(39) Operating expenses

Operating expenses of €6,926m (previous year: €6,797m) consisted of personnel expenses of €3,843m (previous year: €3,889m), administrative expenses of €2,637m (previous year: €2,509m) and depreciation and amortisation of office furniture and equipment, property and other intangible assets of €446m (previous year: €399m). The breakdown of operating expenses was as follows:

Personnel expenses | €m	2014	2013	Change in %
Wages and salaries	3,645	3,684	−1.1
Expenses for pensions and similar employee benefits	198	205	−3.4
Total	**3,843**	**3,889**	**−1.2**

Personnel expenses included €465m of expenses for social security contributions (previous year: €469m).

Administrative expenses | €m	**2014**	**2013**	**Change in %**
Occupancy expenses	598	632	–5.4
IT expenses	514	470	9.4
Workplace and information expenses	259	266	–2.6
Compulsory contributions	205	177	15.8
Advisory, audit and other expenses required to comply with company law	397	318	24.8
Travel, representation and advertising expenses	346	325	6.5
Personnel-related operating expenses	141	120	17.5
Other operating expenses	177	201	–11.9
Total	**2,637**	**2,509**	**5.1**

The fees for the group auditors (PricewaterhouseCoopers Aktiengesellschaft, Frankfurt, Germany) amounted to €33m excluding VAT for the financial year 2014, of which €518 thousand was attributable to services provided during the financial year 2013. If capital increases were carried out in the reporting year or the prior year, the costs incurred for services provided by our auditors during a capital increase are contained in the table below. In accordance with IAS 32.35, the costs of a capital increase are reported as a deduction from equity in the group financial statements.

Auditors' fees | €1,000	**2014**	**2013**	**Change in %**
Audit of financial statements	15,540	14,852	4.6
Provision of other certificates or assessments	8,774	10,463	–16.1
Tax consulting services	1,035	1,555	–33.4
Other services	7,739	4,364	77.3
Total	**33,088**	**31,234**	**5.9**

Depreciation and amortisation of office furniture and equipment, land, buildings and other fixed assets and intangible assets was as follows:

€m	**2014**	**2013**	**Change in %**
Office furniture and equipment	131	144	–9.0
Land, buildings and other fixed assets	78	69	13.0
Intangible assets	237	186	27.4
Total	**446**	**399**	**11.8**

The amortisation of intangible assets included €7m of impairment charges (previous year: –). On land, buildings and other fixed assets there was an impairment charge of €20m (previous year: €17m).

(40) Restructuring expenses

The restructuring expenses of €61m in 2014 relate to the European Commission requirement to wind down Hypothekenbank Frankfurt Aktiengesellschaft. They are largely attributable to Human Resources.

The restructuring expenses for the prior year were due to Commerzbank's new strategy and the resultant adjustment to personnel capacities.

€m	2014	2013	Change in %
Expenses for restructuring measures introduced	61	493	−87.6
Total	**61**	**493**	**−87.6**

(41) Taxes on income

The breakdown of income tax expense was as follows:

€m	2014	2013[1]	Change in %
Current taxes on income	268	196	36.7
Tax expense or income for the current year	287	220	30.5
Tax expense or income for the previous year	−19	−24	−20.8
Deferred taxes on income	−15	−130	−88.5
Tax expense or income due to change in temporary differences and loss carryforwards	64	−77	.
Tax rate differences	31	12	.
Tax income from previously unrecognised tax loss carryforwards	−110	−65	69.2
Total	**253**	**66**	**.**

[1] Prior-year figures restated due to restatement of credit protection insurance (see page 160 f.).
Before the restatement current taxes on income amounted to €195m and the overall taxes on income to €65m.

The combined income tax rate applicable to Commerzbank Aktiengesellschaft and its German subsidiaries was 31.2%.

The following reconciliation shows the relationship between net pre-tax profit according to IFRS and tax expense in the reporting year.

The Group income tax rate selected as a basis for the reconciliation is made up of the corporate income tax rate of 15.0% applied in Germany, plus the solidarity surcharge of 5.5%, and an average rate of 15.4% for trade tax. This produces a German income tax rate of 31.2% (previous year: 31.2%).

Income tax effects result from discrepancies between the tax rates applying to foreign units. Tax rates outside Germany ranged between 12% (Singapore) and 46% (New York).

As at 31 December 2014 the Group tax rate was 40,6% (previous year: 28%). The tax rate was adversely affected by the non-recognition of a deferred tax asset on the current loss of Commerzbank Aktiengesellschaft in Germany and other units (€+96m) and by non-deductible operating expenses (€+376m). On the other hand, the use of tax loss carryforwards on which no deferred tax assets had previously been recognised (€–289m) and tax income from the incorporation of the multi-year planning of 2015 to 2018 had a positive impact on the tax rate.

€m	2014	2013[1]
Pre-tax profit or loss under IFRS	**623**	**238**
Group's income tax rate (%)	31.2	31.2
Calculated income tax expense in financial year	**195**	**74**
Effects of differing tax rates and tax rate changes on tax accruals recognised in income	–71	12
Impact of the recognition of deferred taxes	–110	–65
Effects of non-deductible operating expenses and tax-exempt income	366	77
Unrecognised deferred tax assets	96	90
Utilisation of tax carryforwards for which no deferred tax assets had been calculated	–289	–163
Effects of additions and deductions for trade tax	10	13
Current taxes relating to other periods	36	2
Other effects	20	26
Taxes on income	**253**	**66**

[1] Prior-year figures restated due to restatement of credit protection insurance (see page 160 f.). Before restatement the other effects amounted to €27m and taxes on income to €65m.

The table below shows the value of current and deferred taxes resulting from items that were directly credited or debited to equity:

Taxes on income not recognised in the income statement | €m	31.12.2014	31.12.2013	Change in %
Current taxes on income	–	–	.
Deferred taxes on income	1,289	1,131	14.0
Measurement differences arising from cash flow hedges	90	142	–36.6
Revaluation reserve	452	525	–13.9
Loss carryforwards	218	229	–4.8
Remeasurement of defined benefit plans not recognised in income statement	529	235	.
Other	–	–	.
Total	**1,289**	**1,131**	**14.0**

(42) Net income and net interest income by measurement category

Net income consists of remeasurements to fair value, impairments, impairment reversals, realised gains on disposal, recoveries on written-down financial instruments and changes in the revaluation reserve recognised in equity (see Note 5c).

€m	2014	2013	Change in %
Net income from			
Trading assets and liabilities	522	–55	.
Applying the fair value option	–129	–27	.
Available-for-sale financial assets and holdings in companies accounted for using the equity method	417	783	–46.7
of which change in valuation reserve recognised in income statement	–73	–80	–8.8
of which change in valuation reserve not recognised in income statement	335	576	–41.8
Loans and receivables	–1,144	–1,937	–40.9
Other financial liabilities	–	–	.

[1] Including net income from hedge accounting.

The net interest income shows the interest components from the net interest income note by IAS 39 category.

€m	2014	2013[1]	Change in %
Net interest income from			
Financial instruments held for trading	906	1,161	–22.0
Applying the fair value option	–243	–253	–4.0
Available-for-sale financial assets	850	947	–10.2
Loans and receivables	9,473	10,388	–8.8
Other financial liabilities	–5,866	–6,619	–11.4

[1] Prior-year figures restated due to restatement of credit protection insurance (see page 160 f.).

(43) Earnings per share

	2014	2013[1]	Change in %
Operating profit (€m)	684	731	–6.4
Consolidated profit or loss attributable to Commerzbank shareholders (€m)	264	81	.
Average number of ordinary shares issued	1,138,506,941	913,173,338	24.7
Operating profit per share (€)	0.60	0.80	–25.0
Earnings per share (€)	0.23	0.09	.

[1] Prior-year figures restated due to restatement of credit protection insurance (see page 160 f.).

The earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit or loss attributable to Commerzbank shareholders and are calculated by dividing the consolidated profit or loss by the weighted average number of shares outstanding during the financial year. As in 2013, no conversion and option rights were outstanding in the reporting year. The figure for diluted earnings per share was therefore identical to the undiluted figure. The breakdown of operating profit is set out in the segment report (Note 45).

(44) Cost/income ratio

%	2014	2013	Change in % points
Cost/income ratio in operating business	79.1	73.3	5.8

The cost/income ratio is the ratio of operating expenses to income before provisions.

(45) Segment reporting

Segment reporting reflects the results of the operating segments within the Commerzbank Group. The segment information below is based on IFRS 8 Operating Segments, which applies the management approach. In accordance with this standard, segment information must be prepared on the basis of the internal reporting information that is evaluated by the chief operating decision maker to assess the performance of the operating segments and make decisions regarding the allocation of resources to the operating segments. Within the Commerzbank Group, the function of chief operating decision maker is exercised by the Board of Managing Directors.

Our segment reporting covers five operating segments plus the Others and Consolidation segment. This reflects the Commerzbank Group's organisational structure and forms the basis for internal management reporting. The business segments are divided up on the basis of distinctions between products, services and/or customer target groups. Minor modifications in the segments' business models led to slight adjustments in the business responsibilities. The prior-year figures were also adjusted as a result of the restatement of credit protection insurance and the tax restatements (see page 160 f.).

- The Private Customers segment comprises the activities of Private Customers, Direct Banking and Commerz Real. The Private Customers division combines the classic branch business with retail and corporate customers and private banking. The dense national network of local branches offers a full service range of banking products including loan, deposit, securities, payment and pension products. Wealth Management provides services to wealthy clients in Germany and abroad and also contains the Group's portfolio management activities. The focus is on services such as securities and portfolio management, credit management and loans and real estate management. We also provide advice on trust and inheritance issues and corporate investments. Moreover, this segment includes Commerz Direktservice GmbH, which provides call centre services for Commerzbank customers. The joint venture Commerz Finanz, which is focused on consumer lending, is managed centrally by the Private Customers segment and also reports its results there. Since 1 July 2012 the private real estate portfolio of the Private Customer portfolio of Hypothekenbank Frankfurt has been part of the Private Customers division. The Direct Banking division comprises the activities of the comdirect bank Group. The B2B (ebase) and B2C businesses (comdirect) contained in Direct Banking provide standardised, primarily internet-based advisory and service offerings for customers. Commerz Real has been a division of the Private Customers segment since July 2012 (except for the warehouse section). Its products range from open-ended real estate funds (hausinvest) to closed-end funds in real estate, aircraft, ships and renewable energy, institutional investments and structured investments as well as equipment leasing.
- The Mittelstandsbank segment is divided into the three Group divisions Mittelstand Germany, Corporate Banking & International and Financial Institutions. Our comprehensive service offering includes payments and cash management solutions, flexible financing solutions, interest rate and currency management products, professional investment advisory services and innovative investment banking solutions. The Mittelstand Germany division serves small and mid-sized customers, the public sector and institutional clients. In the Corporate Banking & International division we concentrate on serving corporate groups with revenues of over €500m (except for multinational corporates, which are handled by Client Relationship Management within the Corporates & Markets segment). Smaller groups with a strong capital market affinity are also serviced by this division. With our foreign branch offices we act as a strategic partner for both the international activities of our German corporate customers and for international companies with business activities in our home market of Germany. In selected core markets we also provide services to small and medium-sized customers in their local business, even when it has no connections with Germany. The Corporate Banking & International division also contains the competence centre for customers from the energy sector. The Financial Institutions division is responsible for relationships with banks and financial institutions in Germany and abroad, as well as with central banks. The strategic focus is on Commerzbank becoming customers' preferred source of trade finance services. Financial Institutions uses a global network of correspondent banks, together with business relationships in emerging markets, to support the Group's financing and processing of foreign trade activities on behalf of all Commerzbank Group customers throughout the world, and thus supports other Group divisions of the Bank in their international strategies.
- The Central & Eastern Europe (CEE) segment comprises the universal banking and direct banking activities in this region during the reporting period. It includes in particular our Polish subsidiary mBank, which offers banking products for corporate

customers as well as financial services for private customers in Poland, the Czech Republic and Slovakia.

- Corporates & Markets consists of four main businesses: Equity Markets & Commodities comprises trading and sales of equity- and commodity-related financial products. Fixed Income & Currencies handles trading and sales of interest rate, credit and currency instruments. Corporate Finance provides arrangement and advisory services for equity, debt and hybrid instruments, securitisation solutions and mergers & acquisitions. Credit Portfolio Management is responsible for actively managing the counterparty risks arising from the lending and trading transactions of Corporates & Markets on a uniform global basis. The assets transferred from the Portfolio Restructuring Unit are also wound down in this Group division in a value-preserving manner. Corporates & Markets also houses Client Relationship Management, which is responsible for servicing German multinational industrial companies, German and international insurers, private equity investors, sovereign wealth funds and public sector customers.
- The Non-Core Assets (NCA) segment groups together the results from the Commercial Real Estate, Public Finance (including Private Finance Initiatives) and Deutsche Schiffsbank (DSB) divisions. Commercial Real Estate belongs almost entirely, and Public Finance predominantly, to the Commerzbank subsidiary Hypothekenbank Frankfurt Aktiengesellschaft. The DSB division contains the ship financing business of the Commerzbank Group, including all ship financing activities of the former Deutsche Schiffsbank Aktiengesellschaft. The NCA segment also comprises the warehouse assets of Commerz Real Aktiengesellschaft.
- The Others and Consolidation segment contains the income and expenses which are not attributable to the business segments. Reporting for this segment under “Others” comprises equity participations that are not assigned to business segments, overarching Group matters such as costs for Group-wide projects, effects resulting from the purchase price allocation in connection with the Dresdner Bank takeover, specific individual matters that cannot be allocated to the segments, and Group Treasury. The costs of the service units, which – except for restructuring costs – are mainly charged to the segments, are also shown here. Consolidation includes income and expense items that represent the reconciliation of internal management reporting figures shown in segment reporting with the Group financial statements in accordance with IFRS. Also shown here are the costs of the Group management units, which – except for restructuring costs – are also mainly charged to the segments.

The performance of each segment is measured in terms of operating profit or loss and pre-tax profit or loss, as well as return on equity and the cost/income ratio. Operating profit or loss is defined as the sum of net interest income after loan loss provisions, net commission income, net trading income and net income from hedge accounting, net investment income, current net income from companies accounted for using the equity method and other net income less operating expenses. As we report pre-tax profits, non-controlling interests are included in the figures for both profit or loss and average capital employed. All the revenue for which a segment is responsible is thus reflected in the pre-tax profit.

The return on equity is calculated as the ratio of profit (both operating and pre-tax) to average capital employed. It shows the return on the capital employed in a given segment. The cost/income ratio in operating business reflects the cost efficiency of the various segments and expresses the relationship of operating expenses to income before loan loss provisions.

Income and expenses are reported in the segments by originating unit and at market prices, with the market interest rate method being used for interest rate operations. The actual funding costs for the segment-specific equity holdings allocated to each segment are shown in net interest income. The Group’s return on capital employed is allocated to the net interest income of the various segments in proportion to the average capital employed in the segment. The interest rate used is the long-term risk-free rate on the capital market. The average capital employed is calculated using the Basel 3 methodology, based on average risk-weighted assets and the capital charges for market risk positions (risk-weighted asset equivalents). At Group level, IFRS capital is shown, which is used to calculate the return on equity. The adjustment of average capital employed to IFRS capital is carried out in Others and Consolidation. The capital requirement for risk-weighted assets assumed for segment reporting purposes is 9%. As a result of the continuing reduction in the NCA segment's portfolio, part of the capital allocation reported there, which was originally required by the EBA for the risks of EU government bonds, was given back to the core bank in the first quarter of 2014. We also report assets as well as liabilities and equity for the individual segments. Due to our business model the segment balance sheet only balances out at Group level.

The segment reporting of the Commerzbank Group shows the segments’ pre-tax profit or loss. To reflect the impact on earnings of specific tax-related transactions in the Corporates & Markets segment, the net interest income of Corporates & Markets includes a pre-tax equivalent of the after-tax income from these transactions. When segment reporting is reconciled with the figures from external accounting this pre-tax equivalent is eliminated in Others and Consolidation. In 2014 we have made a change to the way in which the elimination of intragroup profits from intragroup transactions is shown in the segment reporting. In the past, such intragroup profits were eliminated in the respective segment, whereas now the transferring segment is treated as if the transaction had taken place outside the Group. Intragroup profits and losses are now eliminated in Others and Consolidation. In 2014 a negative intragroup result occurred from a cross-segment transaction in the Non-Core Assets segment of which the positive counter item is contained in the result shown in Others and Consolidation.

The operating expenses reported under operating profit or loss contain personnel expenses, other operating expenses as well as depreciation and write-downs on fixed assets and other intangible assets. Restructuring expenses and impairments of goodwill are reported below the operating profit line in pre-tax profit or loss. Operating expenses are attributed to the individual segments on the basis of cost causation. The indirect expenses arising in connection with internal services are charged to the user of the service and credited to the segment performing the service. The provision of intragroup services is charged at market prices or at full cost.

The carrying amounts of companies accounted for using the equity method were €677m (previous year: €719m) and were divided over the segments as follows: Private Customers €393m (previous year: €386m), Mittelstandsbank €104m (previous year: €100m), Corporates & Markets €94m (previous year: €87m), Non-Core Assets €65m (previous year: €77m) and Others and Consolidation €22m (previous year: €69m).

The tables below contain information on the segments for the financial years 2014 and 2013.

2014 €m	Private Custom-ers	Mittel-stands-bank	Central & Eastern Europe	Corpo-rates & Markets	Non-Core Assets	Others and Con-solidation	Group
Net interest income	1,861	1,792	585	1,536	13	– 180	5,607
Loan loss provisions	– 79	– 342	– 123	55	– 654	– 1	– 1,144
Net interest income after loan loss provisions	1,782	1,450	462	1,591	– 641	– 181	4,463
Net commission income	1,538	1,086	215	368	28	– 30	3,205
Net trading income and net income from hedge accounting	2	– 7	86	24	215	73	393
Net investment income	– 8	11	13	49	– 81	98	82
Current net income from companies accounted for using the equity method	27	9	–	11	– 6	3	44
Other net income	– 3	25	24	– 17	13	– 619	– 577
Income before loan loss provisions	*3,417*	*2,916*	*923*	*1,971*	*182*	*– 655*	*8,754*
Income after loan loss provisions	*3,338*	*2,574*	*800*	*2,026*	*– 472*	*– 656*	*7,610*
Operating expenses	2,918	1,357	436	1,351	314	550	6,926
Operating profit or loss	**420**	**1,217**	**364**	**675**	**– 786**	**– 1,206**	**684**
Restructuring expenses	–	–	–	–	61	–	61
Pre-tax profit or loss	**420**	**1,217**	**364**	**675**	**– 847**	**– 1,206**	**623**
Assets	**72,577**	**89,691**	**27,657**	**184,734**	**102,849**	**80,101**	**557,609**
Liabilities	**101,963**	**136,138**	**22,945**	**163,637**	**67,889**	**65,037**	**557,609**
Average capital employed	**3,956**	**6,926**	**1,587**	**4,193**	**7,606**	**3,029**	**27,297**
Operating return on equity (%)	**10.6**	**17.6**	**22.9**	**16.1**	**– 10.3**		**2.5**
Cost/income ratio in operating business (%)	**85.4**	**46.5**	**47.2**	**68.5**	**172.5**		**79.1**
Return on equity of pre-tax profit or loss (%)	**10.6**	**17.6**	**22.9**	**16.1**	**– 11.1**		**2.3**
Staff (average headcount)	15,844	5,817	7,757	1,963	566	17,920	49,867

2013[1] €m	**Private Custom-ers**	**Mittel-stands-bank**	**Central & Eastern Europe**	**Corpo-rates & Markets**	**Non-Core Assets**	**Others and Con-solidation**	**Group**
Net interest income	1,771	1,731	442	1,817	522	–122	6,161
Loan loss provisions	–108	–470	–119	57	–1,082	–25	–1,747
Net interest income after loan loss provisions	1,663	1,261	323	1,874	–560	–147	4,414
Net commission income	1,560	1,066	198	367	59	–44	3,206
Net trading income and net income from hedge accounting	2	29	109	–254	–53	85	–82
Net investment income	1	54	19	72	–164	35	17
Current net income from companies accounted for using the equity method	33	8	–	12	7	–	60
Other net income	–18	29	40	65	–12	–191	–87
Income before loan loss provisions	*3,349*	*2,917*	*808*	*2,079*	*359*	*–237*	*9,275*
Income after loan loss provisions	*3,241*	*2,447*	*689*	*2,136*	*–723*	*–262*	*7,528*
Operating expenses	3,017	1,337	429	1,359	350	305	6,797
Operating profit or loss	**224**	**1,110**	**260**	**777**	**–1,073**	**–567**	**731**
Restructuring expenses	–	–	–	–	–	493	493
Pre-tax profit or loss	**224**	**1,110**	**260**	**777**	**–1,073**	**–1,060**	**238**
Assets	**69,257**	**82,295**	**25,234**	**173,911**	**129,445**	**69,512**	**549,654**
Liabilities	**97,645**	**124,691**	**19,875**	**151,518**	**80,989**	**74,936**	**549,654**
Average capital employed	**3,972**	**5,990**	**1,654**	**3,063**	**9,488**	**2,459**	**26,626**
Operating return on equity (%)	**5.6**	**18.5**	**15.7**	**25.4**	**–11.3**		**2.7**
Cost/income ratio in operating business (%)	**90.1**	**45.8**	**53.1**	**65.4**	**97.5**		**73.3**
Return on equity of pre-tax profit or loss (%)	**5.6**	**18.5**	**15.7**	**25.4**	**–11.3**		**0.9**
Staff (average headcount)	16,959	5,758	7,690	1,999	690	18,303	51,399

[1] Figures restated due to the restatement of credit protection insurance and the tax restatements (see page 160 f.) plus the amended definition of average Group capital.

Details for Others and Consolidation:

€m	2014			2013[1]		
	Others	Consoli-dation	Others and Consoli-dation	Others	Consoli-dation	Others and Consoli-dation
Net interest income	–143	–37	–180	–70	–52	–122
Loan loss provisions	–1	–	–1	–25	–	–25
Net interest income after loan loss provisions	–144	–37	–181	–95	–52	–147
Net commission income	–22	–8	–30	–38	–6	–44
Net trading income and net income from hedge accounting	49	24	73	76	9	85
Net investment income	30	68	98	40	–5	35
Current net income from companies accounted for using the equity method	3	–	3	–	–	–
Other net income	–617	–2	–619	–182	–9	–191
Income before loan loss provisions	*–700*	*45*	*–655*	*–174*	*–63*	*–237*
Income after loan loss provisions	*–701*	*45*	*–656*	*–199*	*–63*	*–262*
Operating expenses	548	2	550	330	–25	305
Operating profit or loss	**–1,249**	**43**	**–1,206**	**–529**	**–38**	**–567**
Restructuring expenses	–	–	–	493	–	493
Pre-tax profit or loss	**–1,249**	**43**	**–1,206**	**–1,022**	**–38**	**–1,060**
Assets	**80,101**	**–**	**80,101**	**69,512**	**–**	**69,512**
Liabilities	**65,037**	**–**	**65,037**	**74,936**	**–**	**74,936**

[1] Prior-year figures restated due to restatement of credit protection insurance (see page 160 f.).

Under Consolidation we report consolidation and reconciliation items between the results of the segments and the Others category on the one hand and the Group financial statements on the other. This includes the following items among others:

- Remeasurement effects from the application of hedge accounting to cross-segment transactions as per IAS 39 are shown in Consolidation.
- The pre-tax equivalent of tax-related transactions allocated to net interest income in the Corporates & Markets segment is eliminated again under Consolidation.
- Net remeasurement gains or losses on own bonds and shares incurred in the segments are eliminated under Consolidation.
- Other consolidation effects from intragroup transactions are also reported here.

The breakdown within segment reporting of the results by geographical region, which is mainly based on the location of the branch or group company, was as follows:

2014 €m	Germany	Europe excluding Germany	America	Asia	Others	Total
Net interest income	3,424	1,864	250	69	–	5,607
Loan loss provisions	–953	–201	13	–3	–	–1,144
Net interest income after loan loss provisions	2,471	1,663	263	66	–	4,463
Net commission income	2,552	547	40	66	–	3,205
Net trading income and net income from hedge accounting	287	39	–78	145	–	393
Net investment income	119	–42	4	1	–	82
Current net income from companies accounted for using the equity method	34	4	4	2	–	44
Other net income	–692	112	3	–	–	–577
Income before loan loss provisions	*5,724*	*2,524*	*223*	*283*	–	*8,754*
Income after loan loss provisions	*4,771*	*2,323*	*236*	*280*	–	*7,610*
Operating expenses	5,385	1,289	122	130	–	6,926
Operating profit or loss	**–614**	**1,034**	**114**	**150**	**–**	**684**
Credit-risk-weighted assets	**113,874**	**53,793**	**3,296**	**2,600**	**–**	**173,563**

In 2013 we achieved the following results in the various geographical markets:

2013[1] €m	Germany	Europe excluding Germany	America	Asia	Others	Total
Net interest income	2,849	2,990	237	85	–	6,161
Loan loss provisions	–1,125	–727	96	9	–	–1,747
Net interest income after loan loss provisions	1,724	2,263	333	94	–	4,414
Net commission income	2,596	511	37	62	–	3,206
Net trading income and net income from hedge accounting	906	–955	–107	74	–	–82
Net investment income	55	–37	–	–1	–	17
Current net income from companies accounted for using the equity method	49	5	4	2	–	60
Other net income	–161	77	3	–6	–	–87
Income before loan loss provisions	*6,294*	*2,591*	*174*	*216*	–	*9,275*
Income after loan loss provisions	*5,169*	*1,864*	*270*	*225*	–	*7,528*
Operating expenses	5,324	1,231	127	115	–	6,797
Operating profit or loss	**–155**	**633**	**143**	**110**	**–**	**731**
Credit-risk-weighted assets	**103,535**	**49,075**	**3,198**	**3,192**	**–**	**159,000**

[1] Figures restated due to restatement of credit protection insurance (see page 160 f.).

Around 42% of income before loan loss provisions in Europe was accounted by our units in the United Kingdom (previous year: 37%), 38% by our units in Poland (previous year: 35%) and 9% by our units in Luxembourg (previous year[1]: 9%). Credit risk-weighted assets are shown for the geographical segments rather than non-current assets.

In accordance with IFRS 8.32 Commerzbank has decided not to provide a breakdown of the Commerzbank Group's total profits by products and services. We decided not to collect this data for cost reasons, as it is used neither for internal management activities nor management reporting.

[1] Figures restated due to restatement of credit protection insurance (see page 160f.).

Notes to the balance sheet

(46) Cash reserve

We include the following items in the cash reserve:

€m	31.12.2014	31.12.2013	Change in %
Cash on hand	1,093	1,043	4.8
Balances with central banks	3,409	10,772	–68.4
Debt issued by public-sector borrowers	395	582	–32.1
Total	**4,897**	**12,397**	**–60.5**

The balances with central banks include claims on the Bundesbank totalling €247m (previous year: €3,430m). The average minimum reserve requirement for the period December 2014 to January 2015 amounted to €2,565m (previous year: €2,418m). Minimum reserve requirements are measured on the basis of average credit balances, so there were no restrictions on access to balances held at Deutsche Bundesbank.

(47) Claims on banks

	Total			Due on demand		Other claims	
€m	31.12.2014	31.12.2013	Change in %	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Banks in Germany	19,929	18,859	5.7	6,432	6,308	13,497	12,551
Banks outside Germany	60,219	68,779	–12.4	22,638	21,433	37,581	47,346
Total	**80,148**	**87,638**	**–8.5**	**29,070**	**27,741**	**51,078**	**59,897**
of which relate to the category:							
Loans and receivables	52,458	46,640	12.5				
Available-for-sale financial assets	–	–	.				
At fair value through profit or loss (fair value option)	27,690	40,998	–32.5				

Claims on banks after deduction of loan loss provisions amounted to €80.036m (previous year: €87,545m). The table below shows a breakdown of claims on banks by main transaction types:

€m	31.12.2014	31.12.2013	Change in %
Reverse repos and cash collaterals	48,096	56,153	–14.3
Claims from money market transactions	1,361	3,529	–61.4
Promissory note loans	2,979	5,032	–40.8
Other claims	27,712	22,924	20.9
Total	**80,148**	**87,638**	**–8.5**

The promissory note loans and other claims on banks include €2,162m of public-sector loans (previous year: €2,596m).

(48) Claims on customers

€m	31.12.2014	31.12.2013[1]	Change in %
Claims on customers in Germany	152,235	155,577	−2.1
Claims on customers outside Germany	86,295	97,013	−11.0
Total	**238,530**	**252,590**	**−5.6**
of which relate to the category:			
Loans and receivables	219,565	226,437	−3.0
Available-for-sale financial assets	–	–	.
At fair value through profit or loss (fair value option)	18,965	26,153	−27.5

[1] Prior-year figures restated due to restatement of credit protection insurance (see page 160 f.).

After retrospective restatement of credit protection insurance, claims on customers were €286,173m as at 31 December 2012 and 1 January 2013 respectively. Claims on customers after deduction of loan loss provisions amounted to €232.867m (previous year: €245,938m). The table below shows a breakdown of claims on customers by main transaction types:

€m	31.12.2014	31.12.2013[1]	Change in %
Reverse repos and cash collaterals	22,886	28,483	−19.7
Claims from money market transactions	316	6,192	−94.9
Promissory note loans	18,770	17,743	5.8
Construction and ship financing	100,457	101,406	−0.9
Other claims	96,101	98,766	−2.7
Total	**238,530**	**252,590**	**−5.6**

[1] Prior-year figures restated due to restatement of credit protection insurance (see page 160 f.) and the change in the way mortgage loans and ship financing are reported.

The promissory note loans and other claims on customers include €23,083m of public-sector loans (previous year: €21,949m). For construction and ship financing secured by property charges we report the entire utilisation; the mortgage lending value was €64,541m at 31 December 2014.

(49) Total lending

€m	31.12.2014	31.12.2013[1]	Change in %
Loans to banks	25,203	22,577	11.6
Loans to customers	215,650	224,114	−3.8
Total	**240,853**	**246,691**	**−2.4**

[1] Prior-year figures restated due to restatement of credit protection insurance (see page 160 f.).

We distinguish loans from claims on banks and customers such that only claims for which a special loan agreement has been concluded with the borrower are shown as loans. Interbank money market transactions and reverse repo transactions, for example, are thus not shown as loans. Acceptance credits are also included in loans to customers.

(50) Loan loss provisions

Provisions for loan losses are made in accordance with rules that apply within the Group and cover all discernible credit risks. For loan losses which have already occurred but are not yet known, we have calculated portfolio valuation allowances in line with procedures derived from the Basel 3 methodology. The breakdown of loan loss provisions was as follows:

€m	As at 1.1.2014	Allocations	Reversals	Utilisation	Change in the group of consolidated companies	Exchange rate changes/ reclassifications	As at 31.12.2014
Provisions for on-balance-sheet loan losses	6,745	2,275	1,263	1,956	–17	–9	5,775
Claims on banks	93	25	5	5	–	4	112
Claims on customers	6,652	2,250	1,258	1,951	–17	–13	5,663
Provisions for off-balance-sheet loan losses	274	90	127	–	–	1	238
Total	**7,019**	**2,365**	**1,390**	**1,956**	**–17**	**–8**	**6,013**

With direct write-downs, write-ups and recoveries on written-down claims taken into account, the allocations and reversals recognised in profit or loss resulted in loan loss provisions of €1,144m (previous year: €1,747m).

	Valuation allowances for specific risks		Valuation allowances for portfolio risks		Valuation allowances total		
€m	2014	2013	2014	2013	2014	2013	Change in %
As at 1.1.	**5,945**	**6,993**	**800**	**767**	**6,745**	**7,760**	**–13.1**
Allocations	2,112	2,966	163	261	2,275	3,227	–29.5
Disposals	2,975	3,134	244	223	3,219	3,357	–4.1
of which utilised	1,956	1,683	–	–	1,956	1,683	16.2
of which reversals	1,019	1,451	244	223	1,263	1,674	–24.6
Changes in the group of consolidated companies	–8	–	–9	–	–17	–	.
Exchange rate changes/ reclassifications	5	–880	–14	–5	–9	–885	–99.0
As at 31.12.	**5,079**	**5,945**	**696**	**800**	**5,775**	**6,745**	**–14.4**

	Provisions for specific risks		Provisions for portfolio risks		Provisions for lending business		
€m	2014	2013	2014	2013	2014	2013	Change in %
As at 1.1.	**141**	**212**	**133**	**120**	**274**	**332**	**–17.5**
Allocations	56	73	34	40	90	113	–20.4
Disposals	87	142	40	27	127	169	–24.9
of which utilised	–	1	–	–	–	1	.
of which reversals	87	141	40	27	127	168	–24.4
Changes in the group of consolidated companies	–	–	–	–	–	–	.
Exchange rate changes/ reclassifications	1	–2	–	–	1	–2	.
As at 31.12.	**111**	**141**	**127**	**133**	**238**	**274**	**–13.1**

The loan loss provisions for default risks by customer group were as follows as at 31 December 2014:

€m	Specific valuation allowances and provisions for lending business	Loan losses[1] in 2014	Net allocation[2] to valuation allowances and provisions in lending business
Customers in Germany	**2,715**	**1,284**	**680**
Corporate customers	2,346	997	603
Manufacturing	505	212	43
Construction	67	11	23
Trading	284	66	60
Services and others	1,490	708	477
Private customers	369	287	77
Customers outside Germany	**2,429**	**1,065**	**379**
Corporate and retail customers	2,429	1,063	380
Public sector	–	2	– 1
Provisions for customer credit risk	**5,144**	**2,349**	**1,059**
Banks in Germany	2	–	2
Banks outside Germany	44	4	1
Provisions for bank credit risk	**46**	**4**	**3**
Total	**5,190**	**2,353**	**1,062**

[1] Direct write-downs, utilized valuation allowances and utilized loan loss provisions.
[2] Allocations less reversals.

Loan losses and net allocations to provisions were counterbalanced by income from write-ups of €1m (previous year: €4m) and recoveries on claims that had been written down of €227m (previous year: €229m). The table below presents the key provisioning ratios:

%	2014	2013
Allocation ratio[1]	0.47	0.67
Default ratio[2]	0.87	0.74
Provision cover ratio[3]	2.47	2.70

[1] Net loan loss provisions (new loan loss provisions less reversals of valuation allowances and loan loss provisions, plus the balance of direct write-downs, write-ups and recoveries on previously written-down claims) as a percentage of average total lending.
[2] Credit defaults (utilised valuation allowances and loan loss provisions, plus the net balance of direct write-downs, write-ups and recoveries on previously written-down claims) as a percentage of average total lending.
[3] Total loan loss provisions (valuation allowances and loan loss provisions) as a percentage of average total lending; total lending = claims under special credit agreements with borrowers (Note 49).

(51) Value adjustments for portfolio fair value hedges

The adjustment to the fair value of underlying transactions hedged against interest rate risk was €415m (previous year: €74m). A matching liability from hedging transactions is shown on the other side of the balance sheet under negative fair values attributable to derivative hedging instruments.

(52) Positive fair values of derivative hedging instruments

The positive fair values of derivatives which are used to hedge underlying transactions against interest rate risk are shown under this item.

€m	31.12.2014	31.12.2013	Change in %
Positive fair values of micro fair value hedges	4,208	3,546	18.7
Positive fair values of portfolio fair value hedge accounting	236	95	.
Positive fair values cash flow hedge accounting	12	–	.
Total	**4,456**	**3,641**	**22.4**

(53) Trading assets

The Group’s trading activities include trading in:

- Bonds, notes and other interest-rate-related securities,
- Shares, other equity-related securities and units in investment funds,
- Promissory note loans,
- Foreign currencies and precious metals,
- Derivative financial instruments and
- Other trading assets.

Other assets held for trading comprise positive fair values of loans for syndication, lending commitments, loans and money market trading transactions.

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

€m	31.12.2014	31.12.2013	Change in %
Bonds, notes and other interest-rate-related securities	14,059	15,952	–11.9
Money market instruments	746	2,326	–67.9
issued by public-sector borrowers	191	1,047	–81.8
issued by other borrowers	555	1,279	–56.6
Bonds and notes	13,313	13,626	–2.3
issued by public-sector borrowers	4,223	4,116	2.6
issued by other borrowers	9,090	9,510	–4.4
Promissory note loans	1,102	1,007	9.4
Shares, other equity-related securities and units in investment funds	24,936	20,205	23.4
Equities	19,769	14,932	32.4
Units in investment funds	5,161	5,248	–1.7
Other equity-related securities	6	25	–76.0
Positive fair values of derivative financial instruments	89,315	65,818	35.7
Currency-related derivative transactions	16,707	12,047	38.7
Interest-rate-related derivative transactions	66,587	49,687	34.0
Other derivative transactions	6,021	4,084	47.4
Other trading assets	931	634	46.8
Total	**130,343**	**103,616**	**25.8**

Of the bonds, notes and other interest-rate-related securities, shares and other equity-related securities and units in investment funds €28,643m, were listed on a stock exchange (previous year: €28,111m). Other fair values of derivative financial instruments consist mainly of €2,083m in equity derivatives (previous year: €2,104m) and €1,712m in credit derivatives (previous year: €1,507m).

(54) Financial investments

Financial investments are financial instruments not assigned to any other balance sheet item. They comprise debt issued by public-sector borrowers, bonds, notes and other interest-rate-related securities, shares and other equity-related securities and units in investment funds not used for trading purposes, as well as equity holdings (including associated companies and joint ventures not accounted for using the equity method) and holdings in non-consolidated subsidiaries.

€m	31.12.2014	31.12.2013	Change in %
Bonds, notes and other interest-rate-related securities[1]	89,076	80,772	10.3
Money market instruments	1,139	2,025	−43.8
issued by public-sector borrowers	91	487	−81.3
issued by other borrowers	1,048	1,538	−31.9
Bonds and notes	87,937	78,747	11.7
issued by public-sector borrowers	47,918	39,749	20.6
issued by other borrowers	40,019	38,998	2.6
Shares, other equity-related securities and units in investment funds	993	1,021	−2.7
Equities	213	153	39.2
Units in investment funds	733	814	−10.0
Other equity-related securities	47	54	−13.0
Equity holdings	177	135	31.1
of which in banks	25	25	0.0
Holdings in subsidiaries	112	123	−8.9
of which in banks	–	–	.
Total	**90,358**	**82,051**	**10.1**
of which relate to the category:			
Loans and receivables	45,154	45,152	0.0
Available-for-sale financial assets	42,756	34,595	23.6
of which measured at amortised cost	309	258	19.8
At fair value through profit or loss (fair value option)	2,448	2,304	6.3

[1] Reduced by portfolio valuation allowances for reclassified securities of €41m (previous year: €62m).

As at 31 December 2014 the financial investments included €309m (previous year: €258m) of equity-related financial instruments which are predominantly unlisted (e.g. shareholdings in limited companies) and are measured at cost, as we do not have any reliable data to calculate fair value for these assets. We plan to continue to hold these financial instruments.

The table below shows the listed holdings contained in financial investments. The available-for-sale financial investments and those for which the fair value option is applied are listed with their fair values. Financial investments in the loans and receivables category are shown at amortised cost.

€m	31.12.2014	31.12.2013	Change in %
Bonds, notes and other interest-rate-related securities	77,772	71,127	9.3
Shares, other equity-related securities and units in investment funds	486	549	–11.5
Equity holdings	4	3	33.3
Total	**78,262**	**71,679**	**9.2**

In its press release of 13 October 2008, the IASB issued an amendment to IAS 39 relating to the reclassification of financial instruments. In accordance with the amendment, securities in the Public Finance portfolio for which there was no active market were reclassified from the available-for-sale financial assets category to the loans and receivables category in the financial years 2008 and 2009. In respect of the reclassified holdings we had the intention and ability at the reclassification date to hold the securities for the foreseeable future or to final maturity. The securities concerned are primarily issued by public-sector borrowers (including European and North American local authorities and publicly guaranteed asset-backed securities) and financial institutions.

The revaluation reserve after deferred taxes for all the securities reclassified in financial years 2008 and 2009 was €–0.5bn as at 31 December 2014 (previous year: €–0.6bn). This negative portfolio will be dissolved over the remaining lifetime of the reclassified securities. If these reclassifications had not been carried out in 2008 and 2009, there would have been a revaluation reserve after deferred taxes for these securities of €–2.7bn as at 31 December 2014 (previous year: €–2.8bn); the change compared with a year ago was therefore €0.1bn (change 31 December 2013 to 31 December 2012: €1.4bn).

In addition to the portfolio valuation allowances of €–21m (previous year: €–87m), a net €0.7bn (previous year: €1.0bn) was recognised in the income statement for the reclassified securities in the current financial year.

As at 31 December 2014 the carrying amount of the reclassified securities was €42.7bn (previous year: €42.5bn), the fair value was €39.5bn (previous year: €39.3bn) and the cumulative portfolio valuation allowances were €41m (previous year: €62m). The transactions had average effective interest rates of between 0.3 and 10.6% (previous year: between 0.4 and 10.6%) and are expected to generate a cash inflow of €54.6bn (previous year: €51.5bn).

Changes in equity holdings and investments in non-consolidated subsidiaries were as follows:

	Equity holdings		Holdings in subsidiaries	
€m	2014	2013	2014	2013
Carrying amount as at 1.1.	**135**	**138**	**123**	**157**
Acquisition cost as at 1.1.	221	272	577	595
Exchange rate changes	–	– 3	18	– 6
Additions	35	37	35	42
Disposals	39	75	105	44
Reclassifications to non-current assets and disposal groups held for sale	–	–	–	–
Other reclassifications/changes in the group of consolidated companies	44	– 10	25	– 10
Acquisition cost as at 31.12.	261	221	550	577
Write-ups	–	–	–	–
Cumulative write-downs as at 1.1.	91	133	454	438
Exchange rate changes	–	– 3	19	– 6
Additions	8	14	4	7
Disposals	18	53	79	8
Reclassifications to non-current assets and disposal groups held for sale	–	–	–	–
Other reclassifications/changes in the group of consolidated companies	10	–	40	23
Cumulative write-downs as at 31.12.	91	91	438	454
Cumulative changes from remeasurement to fair value	7	5	–	–
Carrying amount as at 31.12.	**177**	**135**	**112**	**123**

(55) Holdings in companies accounted for using the equity method

The carrying amounts of companies accounted for using the equity method were €677m (previous year: €719m):

	Associated companies		Joint ventures	
€m	2014	2013	2014	2013
Equity book value as at 1.1.	**668**	**700**	**51**	**44**
Acquisition cost as at 1.1.	481	832	104	104
Exchange rate changes	5	–2	–	–
Additions	–	21	–	–
Disposals	–	356	–	–
Reclassifications to non-current assets and disposal groups held for sale	–42	–14	–	–
Other reclassifications/changes in the group of consolidated companies	–	–	–2	–
Acquisition cost as at 31.12.	444	481	102	104
Write-ups	7	7	–	–
Cumulative write-downs as at 1.1.	26	319	–	–
Exchange rate changes	–	–	–	–
Additions	–	22	–	–
Disposals	–	315	–	–
Reclassifications to non-current assets and disposal groups held for sale	–	–	–	–
Other reclassifications/changes in the group of consolidated companies	–	–	–	–
Cumulative write-downs as at 31.12.	26	26	–	–
Cumulative changes from remeasurement using the equity method	206	206	–56	–53
Equity book value as at 31.12.	**631**	**668**	**46**	**51**
of which holdings in banks	462	451	–	–

No listed companies were included in the equity book values (previous year: –).

In 2014, €44m (previous year: €21m) in dividends from associated companies accounted for using the equity method and no dividends (previous year: –) from joint ventures accounted for using the equity method flowed directly or indirectly to Commerzbank Aktiengesellschaft.

Equity book value was zero in one case (previous year: 1) for associated companies accounted for using the equity method and in no cases (previous year: 1) for joint ventures (see Note 4).

Where obligations arise from contingent liabilities of companies accounted for using the equity method or discontinued operations at companies accounted for using the equity method, the Commerzbank Group is liable to the extent of its respective ownership interest.

The investments in companies accounted for using the equity method are non-strategic holdings of the Commerzbank Group which are active mainly in the financial services sector and in leasing and real estate business. The information in this Note is therefore aggregated for associated companies and for joint ventures. A list of all companies accounted for using the equity method is given in Note 104.

The assets, debt, contingent liabilities, income and expenses of our holdings in companies accounted for using the equity method are as follows:

	Associated companies		Joint ventures		Total		
€m	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013	Change in %
Current assets	1,777	1,485	11	11	1,788	1,496	19.5
of which cash and cash equivalents	67	67	9	3	76	70	8.6
Non-current assets	1,954	2,096	187	140	2,141	2,236	−4.2
Total assets	3,731	3,581	198	151	3,929	3,732	5.3
Current debt	1,272	1,353	36	93	1,308	1,446	−9.5
of which current financial liabilities	1,154	1,212	3	93	1,157	1,305	−11.3
Non-current debt	1,832	1,630	295	190	2,127	1,820	16.9
of which non-current financial liabilities	1,814	1,343	285	190	2,099	1,533	36.9
Total debt	3,104	2,983	331	283	3,435	3,266	5.2
Interest income	165	194	4	3	169	197	−14.2
Interest expenses	68	77	7	7	75	84	−10.7
Depreciation and amortisation	5	9	–	9	5	18	−73.3
Taxes on income	18	16	–	–	18	16	12.5
Total income	156	328	−5	27	151	355	−57.5
Total expenses	98	237	13	36	111	273	−59.3
Profit or loss from continuing operations	39	75	−18	−21	21	54	−61.1
Other comprehensive income	–	–	–	–	–	–	.
Total comprehensive income	39	75	−18	−21	21	54	−61.1
Contingent liabilities	362	391	10	11	372	402	−7.5

Our share in the total of all financial assets and debt as well as in the profit or loss of associated companies and joint ventures not accounted for using the equity method due to their minor significance was as follows:

	Associated companies		Joint ventures		Total		
€m	31.12.2014	31.12.2013[1]	31.12.2014	31.12.2013	31.12.2014	31.12.2013[1]	Change in %
Carrying amount	61	53	–	–	61	53	15.1
Assets	396	296	15	2	411	298	37.9
Liabilities	425	294	14	2	439	296	48.3
Profit or loss from continuing operations	34	2	–	–	34	2	.
Other comprehensive income	–	–	–	–	–	–	.
Total comprehensive income	34	2	–	–	34	2	.

[1] Prior-year figures restated.

(56) Intangible assets

€m	31.12.2014	31.12.2013	Change in %
Goodwill	2,076	2,080	–0.2
Other intangible assets	1,254	1,127	11.3
Customer relationships	355	395	–10.1
In-house developed software	616	485	27.0
Other	283	247	14.6
Total	**3,330**	**3,207**	**3.8**

Acquired software accounted for €279m (previous year: €243m) of the other item.

	Goodwill		
€m	31.12.2014	31.12.2013	Change in %
Private Customers	1,079	1,079	0.0
Mittelstandsbank	633	633	0.0
Central & Eastern Europe	226	227	–0.4
Corporates & Markets	138	138	0.0
Non-Core Assets	–	–	.
Others and Consolidation	–	3	.
Total	**2,076**	**2,080**	**–0.2**

In 2014 the recoverable amount corresponded to the value in use for all segments of Commerzbank. The comparison of the recoverable amount and book value in impairment testing of goodwill did not identify any impairments in the financial year 2014. Varying the risk-adjusted interest rate (after tax) by −25 and +25 basis points (bps) for the detailed planning phase produced the following ratios of excess or deficient cover to carrying amount:

		Private Customers	Mittelstands-bank	Central & Eastern Europe	Corporates & Markets
Realistic value[1]	Assumed risk-adjusted interest rate	33.1%	30.0%	62.4%	18.6%
Sensitivity analysis[1]	Risk-adjusted interest rate −25 bps (advantageous)	34.5%	31.2%	64.0%	19.7%
	Risk-adjusted interest rate +25 bps (disadvantageous)	31.8%	28.8%	60.8%	17.5%

[1] Positive percent values indicate excess cover; negative percent values indicate deficient cover.

Further sensitivities for the growth rate were determined on the basis of the realistic scenario:

		Private Customers	Mittelstands-bank	Central & Eastern Europe	Corporates & Markets
Sensitivity analysis[1]	Growth rate +25 bps (advantageous)	36.6%	32.3%	66.4%	20.4%
	Growth rate −25 bps (disadvantageous)	29.9%	27.8%	58.8%	16.8%

[1] Positive percent values indicate excess cover; negative percent values indicate deficient cover.

In the opinion of management, a realistic change in the central planning assumptions could lead to impairments in the cash-generating units Private Customers, Mittelstandsbank and Corporates & Markets, where the recoverable amount is below the corresponding book value. In the goodwill impairment test the recoverable amounts were €6.8bn or 33 % above book value for the cash-generating unit Private Customers, €12.7bn or 30 % above book value for the cash-generating unit Mittelstandsbank and €5.9bn or 19 % above book value for the cash-generating unit Corporates & Markets.

The changes in the underlying premises that would equalise the recoverable amount and the book value are as follows:

	Private Customers	Mittelstands-bank	Corporates & Markets
Risk-adjusted interest rate (after taxes) from/to	7.8%/9.5%	8.35%/10.2%	8.35%/9.5%
Growth rate	negative[1]	negative[1]	negative[1]

[1] Not meaningful, as the recoverable amount is above book value even with a long-term growth rate of 0%.

The recoverable amount is significantly above book value for the cash-generating unit Central & Eastern Europe.

The forecasts for all cash-generating units can be adversely affected by global and sector-specific risks, which could lead to an impairment of goodwill. Some of the major risks include political uncertainty relating to the introduction of new regulations or the implementation of regulations that have already been enacted, a deterioration in the European sovereign debt crisis and the impact of weaker economic growth and a continued low interest rate environment.

Intangible assets changed as follows:

	Goodwill		In-house developed software		Customer relationships		Other intangible assets	
€m	2014	2013	2014	2013	2014	2013	2014	2013
Carrying amount as at 1.1.	**2,080**	**2,080**	**485**	**349**	**395**	**438**	**247**	**184**
Cost of acquisition/production as at 1.1.	2,842	2,848	865	837	964	965	1,306	1,576
Exchange rate changes	–	–	–	–3	–	–	–1	–6
Additions	–	–	248	209	–	–	127	169
Disposals	–	6	36	177	–	–	100	431
Reclassifications/changes in the group of consolidated companies	–4	–	–2	–1	–	–1	4	–2
Cost of acquisition/production as at 31.12.	2,838	2,842	1,075	865	964	964	1,336	1,306
Write-ups	–	–	–	–	–	–	–	–
Cumulative write-downs as at 1.1.	762	768	380	488	569	527	1,059	1,392
Exchange rate changes	–	–	–	–6	–	–	1	–4
Additions	–	–	116	73	40	42	81	71
of which unscheduled	–	–	6	–	–	–	1	–
Disposals	–	6	36	174	–	–	93	397
Reclassifications/changes in the group of consolidated companies	–	–	–1	–1	–	–	5	–3
Cumulative write-downs as at 31.12.	762	762	459	380	609	569	1,053	1,059
Carrying amount as at 31.12.	**2,076**	**2,080**	**616**	**485**	**355**	**395**	**283**	**247**
Borrowing costs capitalised in the current financial year	–	–	–	–	–	–	–	–
Range of interest rates used (%)	–	–	–	–	–	–	–	–

(57) Fixed assets

	Land, buildings and other fixed assets		Office furniture and equipment	
€m	**2014**	**2013**	**2014**	**2013**
Carrying amount as at 1.1.	**1,311**	**851**	**457**	**521**
Cost of acquisition/production as at 1.1.	2,347	1,348	2,093	2,598
Exchange rate changes	–5	–3	21	–17
Additions	223	14	138	100
Disposals	10	38	164	597
Reclassifications to non-current assets and disposal groups held for sale	–	–	–	–
Other reclassifications/changes in the group of consolidated companies	8	1,026	–3	9
Cost of acquisition/production as at 31.12.	2,563	2,347	2,085	2,093
Write-ups	–	–	–	–
Cumulative write-downs as at 1.1.	1,036	497	1,636	2,077
Exchange rate changes	–2	–1	18	–14
Additions	78	69	131	144
of which unscheduled	20	17	1	–
Disposals	8	23	155	576
Reclassifications to non-current assets and disposal groups held for sale	–	–	–	–
Other reclassifications/changes in the group of consolidated companies	2	494	–4	5
Cumulative write-downs as at 31.12.	1,106	1,036	1,626	1,636
Carrying amount as at 31.12.	**1,457**	**1,311**	**459**	**457**
Borrowing costs capitalised in the current financial year	–	–	–	–
Range of interest rates used (%)	–	–	–	–

The total value of fixed assets in the Commerzbank Group was €1,916m (previous year: €1,768m), of which none was pledged as collateral (previous year: –). Beyond this there were no restrictions with regard to rights of disposal relating to our fixed assets.

(58) Tax assets

€m	31.12.2014	31.12.2013[1]	Change in %
Current tax assets	**716**	**812**	**– 11.8**
in Germany	660	758	– 12.9
outside Germany	56	54	3.7
Deferred tax assets	**3,358**	**3,146**	**6.7**
Tax assets recognised in income statement	2,069	1,953	5.9
Tax assets not recognised in income statement	1,289	1,193	8.0
Total	**4,074**	**3,958**	**2.9**

[1] Prior-year figures restated due to the restatement of credit protection insurance and the tax restatements (see page 160 f.).
Before the restatement, current tax assets amounted to €844m, deferred tax assets were €3,096m, and total tax assets €3,940m.

After restatement due to the restatement of credit protection insurance and tax restatements, the tax assets were €4,036m as at 31 December 2012 and 1 January 2013 (of which €3,278m pertained to deferred tax assets).

Deferred tax assets represent the potential income tax charge arising from temporary differences between the values assigned to assets and liabilities in the Group balance sheet in accordance with IFRS and their values for tax accounting purposes as reported by the group companies in accordance with the local tax regulations, as well as future income tax relief arising from tax carryforwards and as yet unused tax credits.

For the following tax loss carryforwards no deferred tax assets nor any impairments of existing deferred tax assets were recognised as at 31 December 2014 due to the limited planning horizon and the resulting insufficient probability of their being utilised.

Tax loss carryforwards | €m	31.12.2014	31.12.2013	Change in %
Corporation tax/federal tax	**9,531**	**11,417**	**– 16.5**
Can be carried forward for an unlimited period	7,146	9,501	– 24.8
Can be carried forward for a limited period[1]	2,385	1,916	24.5
of which expire in the subsequent reporting period	–	–	.
Trade tax/local tax	**4,158**	**5,613**	**– 25.9**
Can be carried forward for an unlimited period	1,988	3,778	– 47.4
Can be carried forward for a limited period[1]	2,170	1,835	18.3
of which expire in the subsequent reporting period	–	–	.

[1] Expires ten years after the date on which the tax liability arises.

Deferred tax assets are recognised mainly for domestic Group companies, the London branch and United Kingdom subsidiaries. Deferred tax assets were recognised in connection with the following items:

€m	31.12.2014	31.12.2013[1]	Change in %
Fair values of derivative hedging instruments	3,579	2,824	26.7
Trading assets and liabilities	2,642	2,803	−5.7
Claims on banks and customers	114	246	−53.7
Financial investments	911	1,029	−11.5
Provisions (excluding pension obligations)	20	300	−93.3
Liabilities to banks and customers	1,564	874	78.9
Pension obligations	652	421	54.9
Other balance sheet items	1,750	1,802	−2.9
Tax loss carryforwards	1,457	1,512	−3.6
Deferred tax assets gross	**12,689**	**11,811**	**7.4**
Offsetting with deferred tax liabilities	−9,331	−8,665	7.7
Total	**3,358**	**3,146**	**6.7**

[1] Figures restated due to the restatement of credit protection insurance and the tax restatements (see page 160 f.) as well as the change from net to gross presentation. Before restatement deferred tax assets were €417m gross and €2,799m net on trading assets and liabilities, €251m gross and €1,681m net on other balance sheet items and €1,580m (gross and net) on tax loss carryforwards. Netting with deferred tax liabilities was €–8,658m and total deferred tax assets were €3,096m before restatement.

(59) Investment properties

The properties held as investments in the amount of €620m (previous year: €638m) are all classified at fair value hierarchy level 3. They developed as follows:

€m	2014	2013
Carrying amount as at 1.1.	**638**	**637**
Cost of acquisition/production as at 1.1.	1,095	1,048
Exchange rate changes	–	–
Additions	3	68
Disposals	3	53
Changes in the group of consolidated companies	−5	81
Reclassifications	–	–
Reclassifications to non-current assets and disposal groups held for sale	−37	−49
Cost of acquisition/production as at 31.12.	1,053	1,095
Cumulative changes from remeasurement to fair value	−433	−457
Carrying amount as at 31.12.	**620**	**638**
Borrowing costs capitalised in the current financial year	–	–
Range of interest rates used (%)	–	–

Of the properties held as investments, €69m were acquired in rescue purchases (previous year: €103m). The additions during the period contain no subsequent acquisition costs for significant properties (previous year: –). There are no restrictions on resale, nor are there any obligations to purchase properties that need to be reported here.

We use the country-specific rental indices for commercial and office properties published by the Association of German Pfandbrief Banks (vdp) over at least an 18-year period for the sensitivity analysis of investment properties. We calculate the medium fluctuation range for each country-specific rental index, using this data to determine the potential changes in value of our properties. The medium negative change rate is between −1.8 and −10.5 % and the positive rate of change between 1.8 and 7.5 %. Using the average country-specific rates of change would lead to an adjustment of around €−30m and €+26m respectively in the properties' market value.

(60) Non-current assets and disposal groups held for sale

The balance sheet item non-current assets and disposal groups held for sale broke down as follows:

€m	31.12.2014	31.12.2013	Change in %
Claims on banks	20	1	.
Claims on customers	72	928	−92.2
Trading assets	29	–	.
Financial investments	104	179	−41.9
Intangible assets	1	–	.
Fixed assets	139	33	.
Investment properties	31	–	.
Other assets	25	25	0.0
Total	**421**	**1,166**	**−63.9**

In all cases of non-current assets and disposal groups held for sale, sales agreements have either already been concluded or will be concluded shortly. The contracts are expected to be fulfilled in 2015. The following companies were listed as held for sale as at 31 December 2014:

- Central & Eastern Europe segment
  - BRE Ubezpieczenia Towarzystwo Ubezpieczen i Reasekuracji S.A., Warsaw, Poland
  - Transfinance a.s., Prague, Czech Republic
- Non-Core Assets segment
  - NAVALIS Schiffsbetriebsgesellschaft mbH & Co. MS "NEDLLOYD JULIANA" KG, Hamburg, Germany
- Private Customers segment
  - AVOLO Aviation GmbH & Co. Geschlossene Investment KG, Karlsruhe, Germany

Property and investment fund units are also held for sale in the Non-Core Assets (NCA) and Private Customers segments. The planned disposal of assets and disposal groups in the Non-Core Assets segment reflects our asset reduction strategy in this segment.

The liabilities of disposal groups held for sale are described in Note 70.

In the year under review we sold two of the disposal groups shown as held for sale in the previous year.

(61) Other assets

Other assets mainly comprise the following items:

€m	31.12.2014	31.12.2013	Change in %
Collection items	17	225	−92.4
Precious metals	177	259	−31.7
Leased equipment	795	741	7.3
Accrued and deferred items	219	168	30.4
Initial/variation margins receivable	194	223	−13.0
Recognition of defined benefit assets	342	145	.
Other assets	1,455	1,175	23.8
Total	**3,199**	**2,936**	**9.0**

Changes in leased assets within other assets were as follows:

€m	2014	2013
Carrying amount as at 1.1.	**741**	**851**
Cost of acquisition/production as at 1.1.	946	1,217
Exchange rate changes	103	−1
Additions	55	63
Disposals	48	214
Changes in the group of consolidated companies	–	−119
Reclassifications	−36	–
Cost of acquisition/production as at 31.12.	1,020	946
Cumulative write-downs as at 1.1.	205	366
Exchange rate changes	21	−7
Additions	54	66
of which unscheduled	–	6
Disposals	30	156
Changes in the group of consolidated companies	–	−64
Reclassifications	−25	–
Cumulative write-downs as at 31.12.	225	205
Cumulative changes from remeasurement to fair value	–	–
Carrying amount as at 31.12.	**795**	**741**

(62) Liabilities to banks

	Total		
€m	31.12.2014	31.12.2013	Change in %
Banks in Germany	39,353	33,966	15.9
Banks outside Germany	60,090	43,728	37.4
Total	**99,443**	**77,694**	**28.0**
of which relate to the category:			
Liabilities measured at amortised cost	72,893	66,263	10.0
At fair value through profit or loss (fair value option)	26,550	11,431	.

of which	Due on demand		Other liabilities	
€m	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Banks in Germany	7,113	4,628	32,240	29,338
Banks outside Germany	36,516	26,502	23,574	17,226
Total	**43,629**	**31,130**	**55,814**	**46,564**

The table below shows a breakdown of liabilities to banks by main transaction types:

€m	31.12.2014	31.12.2013	Change in %
Repos and cash collaterals	33,410	18,288	82.7
Liabilities from money market transactions	21,082	17,630	19.6
Other liabilities	44,951	41,776	7.6
Total	**99,443**	**77,694**	**28.0**

(63) Liabilities to customers

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

	Total		
€m	31.12.2014	31.12.2013	Change in %
Customers in Germany	**192,974**	**195,965**	**−1.5**
Corporate customers	102,333	110,364	−7.3
Private customers and others	76,912	73,082	5.2
Public sector	13,729	12,519	9.7
Customers outside Germany	**56,003**	**80,521**	**−30.4**
Corporate and retail customers	54,554	78,063	−30.1
Public sector	1,449	2,458	−41.0
Total	**248,977**	**276,486**	**−9.9**
of which relate to the category:			
Liabilities measured at amortised cost	225,906	220,100	2.6
At fair value through profit or loss (fair value option)	23,071	56,386	−59.1

	Savings deposits		Other liabilities			
			due on demand		with agreed term or period of notice	
€m	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Customers in Germany	**6,434**	**5,960**	**115,034**	**117,562**	**71,506**	**72,443**
Corporate customers	52	56	49,548	54,350	52,733	55,958
Private customers and others	6,381	5,904	63,909	60,828	6,622	6,350
Public sector	1	–	1,577	2,384	12,151	10,135
Customers outside Germany	**326**	**321**	**36,693**	**39,729**	**18,984**	**40,471**
Corporate and retail customers	325	318	35,598	38,858	18,631	38,887
Public sector	1	3	1,095	871	353	1,584
Total	**6,760**	**6,281**	**151,727**	**157,291**	**90,490**	**112,914**

Savings deposits broke down as follows:

€m	31.12.2014	31.12.2013	Change in %
Savings deposits with agreed period of notice of three months	6,701	6,191	8.2
Savings deposits with agreed period of notice of more than three months	59	90	−34.4
Total	**6,760**	**6,281**	**7.6**

The table below shows a breakdown of liabilities to customers by main transaction types:

€m	31.12.2014	31.12.2013	Change in %
Repos and cash collaterals	20,204	49,853	−59.5
Liabilities from money market transactions	46,477	45,326	2.5
Other liabilities	182,296	181,307	0.5
Total	**248,977**	**276,486**	**−9.9**

(64) Securitised liabilities

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

Securitised liabilities contained mortgage Pfandbriefe of €13,973m (previous year: €18,015m) and public-sector Pfandbriefe of €13,353m (previous year: €17,929m).

€m	31.12.2014	31.12.2013	Change in %
Bonds and notes issued	45,664	61,328	–25.5
Money market instruments issued	3,136	3,326	–5.7
Own acceptances and promissorynotes outstanding	13	16	–18.8
Total	**48,813**	**64,670**	**–24.5**
of which relate to the category:			
Liabilities measured atamortised cost	47,346	61,611	–23.2
At fair value through profit or loss (fair value option)	1,467	3,059	–52.0

New issues with a total volume of €12.5bn were issued in 2014. In the same period the volume of bonds maturing amounted to €26.0bn and redemptions to €2.8bn.

The table below lists the most important bonds and notes issued in 2014:

Equivalent €m	Currency	Issuer	Interest rate %	Maturity
1,000	EUR	Commerzbank Aktiengesellschaft	0.375	2019
500	EUR	Commerzbank Aktiengesellschaft	1.000	2019
500	EUR	mFinance France	2.375	2019
500	EUR	mFinance France	2.000	2021
300	EUR	Commerzbank Aktiengesellschaft	0.000	2015
250	EUR	Commerzbank Aktiengesellschaft	0.000	2015
190	EUR	Commerzbank Aktiengesellschaft	0.345	2015
180	EUR	Commerzbank Aktiengesellschaft	1.250	2019
175	EUR	Commerzbank Aktiengesellschaft	1.250	2019
145	EUR	Commerzbank Aktiengesellschaft	0.000	2015

(65) Value adjustments for portfolio fair value hedges

The adjustment to the fair value of underlying transactions hedged against interest rate risk was €1,278m (previous year: €714m). A matching asset item from hedging transactions is shown on the other side of the balance sheet under positive fair values attributable to derivative hedging instruments.

(66) Negative fair values of derivative hedging instruments

The negative fair values of derivatives used to hedge underlying transactions against interest rate risk are shown under this item.

€m	31.12.2014	31.12.2013	Change in %
Negative fair values of micro fair value hedges	9,240	7,585	21.8
Negative fair values of portfolio fair value hedges	62	17	.
Negative fair values of cash flow hedges	53	53	0.0
Total	**9,355**	**7,655**	**22.2**

(67) Trading liabilities

Trading liabilities show the negative fair values of derivative financial instruments that do not qualify for hedge accounting as well as lending commitments with negative fair values. Own issues in the trading book and delivery commitments arising from short sales of securities are also included under trading liabilities.

€m	31.12.2014	31.12.2013	Change in %
Currency-related derivative transactions	18,637	11,896	56.7
Interest-rate-related derivative transactions	63,648	45,225	40.7
Other derivative transactions	6,616	5,997	10.3
Certificates and other notes issued	5,271	5,001	5.4
Delivery commitments arising from short sales of securities, negative market values of lending commitments and other trading liabilities	2,991	2,891	3.5
Total	**97,163**	**71,010**	**36.8**

Other derivative transactions consisted mainly of €3,736m in equity derivatives (previous year: €3,858m) and €2,327m in credit derivatives (previous year: €1,785m).

(68) Provisions

Provisions broke down as follows:

€m	31.12.2014	31.12.2013[1]	Change in %
Provisions for pensions and similar commitments	1,590	828	92.0
Other provisions	3,661	3,047	20.2
Total	**5,251**	**3,875**	**35.5**

[1] Prior-year figures restated due to restatement of credit protection insurance (see page 160 f.). Before restatement, other provisions were €3,049m.

a) Provisions for pensions and similar commitments

Changes in provisions for pensions and similar commitments were as follows in 2014:

€m	Pension entitlements of active and former employees and pension entitlements of pensioners	Early retirement	Part-time scheme for older staff	Total
As at 1.1.2014	**776**	**47**	**5**	**828**
Pension payments	−249	−20	−85	**−354**
Additions	87	21	12	**120**
Allocation to plan assets[1]	−61	–	1	**−60**
Change from remeasurement of defined benefit plans not recognised in income statement	862	–	–	**862**
Reclassifications/exchange rate changes[2]	126	1	67	**194**
Changes in consolidated companies	–	–	–	**–**
As at 31.12.2014	**1,541**	**49**	**–**	**1,590**

[1] If taken into account when setting the level of provisions.
[2] The change in capitalised plan assets is contained in pension entitlements of active and former employees and pension entitlements of pensioners.

The interest and operating expenses for pensions and other employee benefits consisted of the following components:

€m	2014	2013
Expenses for defined benefit plans	87	107
Expenses for defined contribution plans	83	86
Other pension benefits (early retirement and part-time scheme for older staff)	33	26
Other pension-related expenses	14	19
Exchange rate changes	–	–
Expenses for pensions and similar employee benefits	**217**	**238**

In addition, personnel expense included €231m (previous year: €233m) in employers' contributions to the state pension scheme.

In the financial year 2015 employer contributions of €57m to plan assets for defined benefit pension plans are expected in the Group as well as pension payments of €259m.

b) Defined benefit plans

Pension obligations and pension expense for defined benefit plans are calculated annually by independent actuaries, using the projected unit credit method. The underlying actuarial parameters are based on the norms in the country in which the pension plan was established. The parameters outside Germany are shown on the basis of weighted averages taking account of the respective relevant pension plans.

%	31.12.2014	31.12.2013
Parameters for pension plans in Germany		
for determining the pension obligation at year-end		
Discount rate	2.3	3.9
Change in salaries	2.5	2.5
Adjustment to pensions	1.8	1.8
for determining pension expenses in the financial year		
Discount rate	3.9	3.8
Change in salaries	2.5	2.5
Adjustment to pensions	1.8	1.8
Parameters for pension plans outside Germany		
for determining the pension obligation at year-end		
Discount rate	3.5	4.5
Change in salaries	2.8	2.8
Adjustment to pensions	2.8	3.1
for determining pension expenses in the financial year		
Discount rate	4.5	4.3
Change in salaries	2.8	2.8
Adjustment to pensions	3.1	2.8

The net debt of the defined benefit obligation changed as follows:

€m	Pension obligation	Plan assets	Net debt
As at 1.1.2013	**7,273**	**–6,489**	**784**
Service cost	86	–	86
Past service cost	–2	–	–2
Curtailments/settlements	–	–	–
Interest expense/income	275	–252	23
Remeasurement	–141	180	39
Gain/loss on plan assets excluding amounts already recognised in net interest expense/income	–	180	180
Experience adjustments	–76	–	–76
Adjustments in financial assumptions	–67	–	–67
Adjustments in demographic assumptions	2	–	2
Pension payments	–288	46	–242
Settlement payments	–	–	–
Change in the group of consolidated companies	–	–	–
Exchange rate changes	–26	26	–
Employer contributions	–	–55	–55
Employee contributions	–	–	–
Reclassifications/other changes	–2	1	–1
As at 31.12.2013	**7,175**	**–6,543**	**632**
of which provision for pension			776
of which recognition of defined benefit assets			144
As at 1.1.2014	**7,175**	**–6,543**	**632**
Service cost	73	–	73
Past service cost	–	–	–
Curtailments/settlements	–4	–	–4
Interest expense/income	282	–264	18
Remeasurement	1,912	–1,050	862
Gain/loss on plan assets excluding amounts already recognised in net interest expense/income	–	–1,050	–1,050
Experience adjustments	–24	–	–24
Adjustments in financial assumptions	1,947	–	1,947
Adjustments in demographic assumptions	–11	–	–11
Pension payments	–308	59	–249
Settlement payments	–15	15	–
Change in the group of consolidated companies	–1	1	–
Exchange rate changes	85	–90	–5
Employer contributions	–	–61	–61
Employee contributions	2	–2	–
Reclassifications/other changes	–	–	–
As at 31.12.2014	**9,201**	**–7,935**	**1,266**
of which provision for pension			1,541
of which recognition of defined benefit assets			275

The asset ceiling had no effects within Commerzbank, and the net debt may therefore be equated with the financing status.

The geographical breakdown of the pension obligations was as follows:

€m	31.12.2014	31.12.2013
Germany	7,795	5,971
United Kingdom	1,209	1,020
America	96	82
Others	101	102
Total	**9,201**	**7,175**

The sensitivity analysis shown here reflects the changes in the assumption; the other assumptions remain unchanged from the original calculation, i.e. potential correlation effects between the individual assumptions are not accounted for. The effects of the assumption changes on the present value of the pension liabilities were determined using the same methods – especially the projected unit credit method – as used for the measurement of pension obligations in the financial statements. A change in the corresponding assumptions as at 31 December 2014 would have the following effects:

€m	Obligation as at 31.12.2014	Obligation as at 31.12.2013
Interest rate sensitivity		
Discount rate +50bps	–751	–530
Discount rate –50bps	861	600
Salary change sensitivity		
Change in salaries +50bps	13	7
Change in salaries –50bps	–10	–7
Pension adjustment sensitivity		
Adjustment to pensions +50bps	517	393
Adjustment to pensions –50bps	–472	–356
Mortality rate (life expectancy) change sensitivity		
Reduction in mortality of 10 %[1]	305	205

[1] The reduction in mortality by 10% for all ages results in an average increase in life expectancy of around one year at age 65.

The breakdown of the plan assets was as follows:

%	31.12.2014		31.12.2013	
	Active market	Inactive market	Active market	Inactive market
Fixed-income securities/bond funds	53.9	13.9	55.1	16.2
Shares/equity funds	8.0	2.6	8.8	2.6
Other investment fund units	0.1	0.9	0.2	1.2
Liquid assets	2.5	–	3.5	–
Asset-backed securities	0.9	5.7	0.7	4.8
Property	–	–	–	–
Derivatives	8.4	0.5	3.4	0.3
Interest-related	10.8	1.2	4.1	0.5
Credit-related	0.3	0.1	0.2	0.1
Inflation-related	−2.6	−0.7	−0.9	−0.3
Other	−0.1	−0.1	–	–
Others	–	2.6	–	3.2

The weighted average duration of the pension obligations was 17.9 years (previous year: 16.3 years). The anticipated maturities of undiscounted pension obligations are as follows:

€m	2015	2016	2017	2018	2019	2020–2024
Expected pension payments	290	304	306	314	321	1,729

c) Defined contribution plans

Expense for contributions paid to defined contribution plans in Germany in 2014 was €62m (2013: €66m) and contributions in 2015 are expected to be around the same amount. No provisions for the BVV pension commitment were formed, since the assumption of secondary liability under the law is regarded as unlikely.

d) Loan loss provisions

Loan loss provisions changed as follows in 2014:

€m	As at 1.1.2014	Allocations	Utilisation	Reversals	Reclassification/ change in the group of consolidated companies/other	As at 31.12.2014
Specific risks in lending business	141	56	–	87	1	111
Portfolio risks in lending business	133	34	–	40	–	127
Total	**274**	**90**	**–**	**127**	**1**	**238**

The average residual term of loan loss provisions is based on the residual terms of the contingent liabilities and irrevocable lending commitments set out in Note 87.

e) Other provisions

Other provisions changed as follows in 2014:

€m	As at 1.1.2014	Allocations	Utilisation	Reversals	Interest imputation	Reclassification/ change in the group of consolidated companies /other	As at 31.12.2014
Personnel provisions	661	462	397	49	2	8	687
Restructuring measures	661	61	201	28	2	−5	490
Bonuses for special savings schemes	21	6	9	–	–	–	18
Legal proceedings and recourse claims	934	955	84	137	5	75	1,748
Other[1]	496	403	198	228	4	3	480
Total	**2,773**	**1,887**	**889**	**442**	**13**	**81**	**3,423**

[1] Figures restated due to the restatement of credit protection insurance (see page 160 f.).

The personnel provisions are predominantly short-term in nature, but also include provisions for service anniversaries, which long-term are due to their nature and are utilised subsequently in following reporting periods. They also contain provisions for the long-term cash component of the Commerzbank Incentive Plan which are utilised after the expiry of the 4-year vesting period. The provisions listed under Other mostly have a residual term of under one year.

The provisions for restructuring measures derive predominantly from measures relating to the new strategy of Commerzbank, the integration of the Dresdner Bank Group and the realignment of the Group in compliance with the requirement to wind down Hypothekenbank Frankfurt. They are largely attributable to the Human Resources and Organisation departments and are mainly spread over a term of up to five years. We expect these provisions to be utilised in the period from 2015 to 2019.

In case of legal proceedings for which provisions need to be recognised, neither the duration of the proceedings nor the level of utilisation of the provision can be predicted with certainty at the date the provision is recognised. Provisions have been recognised for legal proceedings and recourse claims relating to the following matters among others, although we have not set out the provision amounts in detail so as not to influence the outcome of the various proceedings. The provisions should cover the costs expected according to our judgement as at balance sheet date:

- Commerzbank and its subsidiaries operate in a large number of jurisdictions subject to different legal and regulatory requirements. In isolated cases in the past infringements of legal and regulatory provisions have come to light and have been prosecuted by government agencies and institutions. The Group is currently still involved in a number of such cases. At the beginning of 2010 Commerzbank was requested by the district attorney in New York to carry out an internal investigation of breaches by the Group of US embargo regulations and to work closely with the US authorities in conducting this investigation. As part of the wide-ranging investigation which followed, Commerzbank has provided extensive documentation and results of internal investigations to the authorities. Discussions have also been ongoing with the authorities for some time about an out-of-court settlement of the matter against payment of a fine. The US Attorney in New York and the US banking supervisory authorities are also investigating whether Commerzbank infringed upon US anti-money laundering regulations. In October 2014 the US Department of Justice decided to pursue a combined settlement for both the sanctions breaches and the money laundering prevention, which in its view was inadequate. The discussion with US authorities regarding such a settlement agreement are still ongoing. US authorities may impose civil and criminal sanctions on Commerzbank, which may include substantial fines. In similar cases with other banks, settlements were reached in the course of which a few partly large fines were imposed. In view of this precedent, it is likely that Commerzbank will settle the cases in return for the payment of substantial fines.

- Commerzbank and its subsidiaries are mainly active in the area of investment advisory within the Private Customers segment. The legal requirements for investor- and investment-oriented advisory services have been made more rigorous, especially in recent years. Commerzbank and its subsidiaries have consequently been involved in a number of legal disputes, some of which are still pending, with investors who claim to have received poor or inadequate investment advice demanding compensation for damages or the reversal of investment transactions where information regarding commission fees was lacking (e.g. for closed-end funds).
- Following a ruling by the German Federal Court of Justice in October 2014 that non-term related processing fees in pre-formulated contract terms for consumer loans were invalid, a large number of customers have lodged claims with Commerzbank for repayment of the processing fees.
- Former employees of the Dresdner Bank Group have instigated lawsuits in Germany and at various locations abroad against group companies to recover variable remuneration which was either not paid or not paid in the amount to which the employee was supposedly entitled for the 2008 financial year. The majority of these cases have already been legally decided in the courts. The rulings which resulted varied according to jurisdiction and the specifics of the respective case; in some instances the Bank prevailed and in others the Bank was ordered to pay.
- In the past few years the Commerzbank Group has sold a number of subsidiaries and equity holdings in Germany and abroad as well as some major properties. These contracts contain guarantees, certain indemnities and some financial commitments and could lead to claims being raised against the Commerzbank Group. In some cases, complaints have been filed claiming failure to honour the agreements in question.
- In connection with the acquisition of an equity stake by a Commerzbank subsidiary the vendor took the case to court disputing the way in which the share price had been determined through the transfer of properties by way of a non-cash capital contribution. The appeal court in the case decided in April 2014 that the transfer of the properties by way of a non-cash capital contribution was invalid. The Commerzbank subsidiary is appealing this decision.
- A subsidiary of Commerzbank was involved in two South American banks which are meanwhile being liquidated. A number of investors and creditors of these banks have launched various legal actions in Uruguay and Argentina against the subsidiary, and in some cases Commerzbank as well, alleging liability as shareholders of the bankrupt companies as well as breaches of duties by the persons nominated by the subsidiary for the banks' supervisory boards. In addition the subsidiary was involved in two funds which raised money from investors and were managed by third parties. The liquidators of these funds have launched court proceedings in the US demanding the repayment of amounts received by the subsidiary from the funds.
- An investor is claiming compensation from Commerzbank and other defendants due to an alleged incorrect prospectus in connection with the flotation of a company on the stock

market. In addition the company's insolvency administrator has raised recourse claims against the company arising from its joint liability and for other reasons. The action was rejected by the court of first instance. The claimants are appealing against this decision. Should the claimants win their appeal in the higher courts, Commerzbank expects that recourse claims against other members of the consortium and third parties will be possible based on the contractual agreements.

- In July 2005 Commerzbank Aktiengesellschaft was sued as part of a consortium by a customer, who had repaid a loan in full as guarantor for his subsidiary, in the course of his bankruptcy proceedings in the US. The customer claims that various repayments were invalid because he was evidently insolvent at the date the loan was granted. Two attempts at mediation out of court have been unsuccessful. After the quashing of the ruling by the court of first instance, the proceedings have returned to the district court for the purposes of pre-trial discovery, which is due to be completed in March 2015. The banking consortium then intends to submit an application for a summary judgement.
- Commerzbank has been sued by a customer's fidelity insurer in connection with payment transactions for foreign payments which were allegedly not authorised by the customer. The Bank received notice of the action in November 2014. Commerzbank will defend itself against the action.
- Investors in a fund managed by a Commerzbank subsidiary active in asset management have sued this subsidiary for compensation arising from a lending commitment allegedly made by the subsidiary in the course of a joint venture project. A hearing date is planned for 2015.
- A subsidiary of Commerzbank was sued by a customer in May 2014 for compensation due to alleged fraudulent misselling of derivative transactions. The subsidiary has defended itself against the claim.

(69) Tax liabilities

€m	31.12.2014	31.12.2013	Change in %
Current tax liabilities	**239**	**245**	**−2.4**
Tax liabilities to tax authorities	14	6	.
Provisions for income tax	225	239	−5.9
Deferred tax liabilities	**131**	**83**	**57.8**
Tax liabilities recognised in income statement	92	71	29.6
Tax liabilities not recognised in income statement	39	12	.
Total	**370**	**328**	**12.8**

Provisions for taxes on income are potential tax liabilities which have not yet been formally assessed and potential liabilities for risks associated with tax audits. The liabilities to tax authorities represent payment obligations in respect of current taxes towards German and foreign tax authorities.

Deferred tax liabilities represent the potential income tax charge arising from temporary differences between the values assigned to assets and liabilities in the consolidated balance sheet in accordance with IFRS and their values for tax accounting purposes as reported by the group companies in accordance with the local tax regulations. They were recognised in connection with the following items:

€m	31.12.2014	31.12.2013[1]	Change in %
Trading assets and liabilities	2,313	1,818	27.2
Fair values of derivative hedging instruments	2,209	1,719	28.5
Financial investments	2,476	1,781	39.0
Claims on banks and customers	899	959	− 6.3
Liabilities to banks and customers	2	218	− 99.1
Other balance sheet items	1,563	2,253	− 30.6
Deferred tax liabilities gross	**9,462**	**8,748**	**8.2**
Offsetting with deferred tax assets	− 9,331	− 8,665	7.7
Total	**131**	**83**	**57.8**

[1] Prior-year figures restated due to the change from net to gross presentation.

(70) Liabilities from disposal groups held for sale

The breakdown of liabilities from disposal groups held for sale was as follows:

€m	31.12.2014	31.12.2013	Change in %
Liabilities to banks	88	–	.
Liabilities to customers	10	1	.
Negative fair values of derivative hedging instruments	–	23	.
Provisions	1	–	.
Other liabilities	43	–	.
Total	**142**	**24**	**.**

(71) Other liabilities

€m	31.12.2014	31.12.2013[1]	Change in %
Liabilities attributable to film funds	1,470	1,690	− 13.0
Liabilities attributable to non-controlling interests	3,965	2,974	33.3
Accrued and deferred items	388	397	− 2.3
Variation margins payable	138	234	− 41.0
Other liabilities	1,538	1,256	22.5
Total	**7,499**	**6,551**	**14.5**

[1] Prior-year figures restated due to restatement of credit protection insurance (see page 160 f.). Before restatement, other liabilities were €1,258m and the total was €6,553m.

(72) Subordinated debt instruments

Subordinated debt instruments comprise financial instruments which in the event of an insolvency can only be repaid after all non-subordinated creditors have been satisfied. These were as follows:

€m	31.12.2014	31.12.2013	Change in %
Subordinated debt instruments	12,635	14,188	–10.9
Accrued interest, including discounts[1]	–1,010	–1,107	–8.8
Remeasurement effects	733	633	15.8
Total	**12,358**	**13,714**	**–9.9**
of which relate to the category:			
Liabilities measured at amortised cost	12,350	13,706	–9.9
At fair value through profit or loss (fair value option)	8	8	0.0

[1] Including the impact of the adjustment of fair values of subordinated debt instruments at the date of acquisition of Dresdner Bank.

In 2014 the volume of subordinated debt instruments maturing amounted to €1.2bn, repayments were €0.8bn and new issues €0.2bn.

In the year under review, the interest expense of the Group for subordinated debt instruments totalled €879m (previous year: €853m). Interest accruals for interest not yet paid totalled €319m (previous year: €337m).

The following major subordinated debt instruments were outstanding at the end of 2014:

Start of maturity	€m	Currency in m	Issuer	Interest rate %	Maturity
2011	1,254	1,254 EUR	Commerzbank Aktiengesellschaft	6.375	2019
2011	1,250	1,250 EUR	Commerzbank Aktiengesellschaft	7.750	2021
1999	824	1,000 USD	Dresdner Capital LLC I	8.151	2031
2006	662	662 EUR	Commerzbank Aktiengesellschaft	5,386	2015
2013	628	762 USD	Commerzbank Aktiengesellschaft	8.125	2023
2007	600	600 EUR	Commerzbank Aktiengesellschaft	1,034[1]	2017
2006	492	492 EUR	Commerzbank Aktiengesellschaft	0,982[1]	2016
2006	416	416 EUR	Commerzbank Aktiengesellschaft	7.040	for an unlimited period
2009	412	500 USD	Commerzbank Aktiengesellschaft	7.250	2015
2011	322	322 EUR	Commerzbank Aktiengesellschaft	3.080	2018

[1] Floating interest rate.

(73) Equity structure

€m	31.12.2014	31.12.2013[1]	Change in %
a) Subscribed capital	1,139	1,139	0.0
b) Capital reserve	15,928	15,928	0.0
c) Retained earnings	10,383	10,660	−2.6
Other reserves	−1,396	−1,744	−20.0
d) Revaluation reserve	−957	−1,195	−19.9
e) Cash flow hedge reserve	−246	−357	−31.1
f) Currency translation reserve	−193	−192	0.5
Total before non-controlling interests	**26,054**	**25,983**	**0.3**
Non-controlling interests	906	950	−4.6
Equity	**26,960**	**26,933**	**0.1**

[1] Prior-year figures restated due to the restatement of credit protection insurance and the tax restatements (see page 160 f.). Before restatement, equity was €26,936m.

a) Subscribed capital

The subscribed capital (share capital) of Commerzbank Aktiengesellschaft consists of no-par-value shares, each with an accounting par value of €1.00. The shares are issued in bearer form. Purchases and disposals of treasury shares are added to or deducted from subscribed capital at an accounting par value of €1.00.

	Units
Number of shares outstanding as at 1.1.2014	**1,138,506,941**
plus treasury shares as at 31.12. of the previous year	–
Issue of new shares	–
Number of issued shares as at 31.12.2014	**1,138,506,941**
less treasury shares as at balance sheet date	–
Number of shares outstanding as at 31.12.2014	**1,138,506,941**

The subscribed capital stood at €1,139m as at 31 December 2014, as no treasury shares were held. There are no preferential rights or restrictions on the payment of dividends at Commerzbank Aktiengesellschaft. All shares in issue are fully paid up. The value of issued, outstanding and authorised shares was as follows:

	31.12.2014		31.12.2013	
	€m	1,000 units	€m	1,000 units
Issued shares	1,138.5	1,138,507	1,138.5	1,138,507
./. Treasury shares	–	–	–	–
= Shares outstanding	1,138.5	1,138,507	1,138.5	1,138,507
Shares not yet issued from authorised capital[1]	2,613.0	2,613,000	2,613.0	2,613,000
Total	**3,751.5**	**3,751,507**	**3,751.5**	**3,751,507**

[1] The Board of Managing Directors will only make use of the approved capital during its term up to a maximum of 50% of the share capital available after completion of the capital increase registered on 28 March 2013 and with the consent of the Supervisory Board.

The number of authorised shares was 3,751,507 thousand (previous year: 3,751,507 thousand shares). The accounting par value of the authorised shares was €3,751.5m (previous year: €3,751.5m).

As at 31 December 2014, 4,133 thousand shares (previous year: 4,288 thousand shares) had been pledged with the Group as collateral. This represents 0.4% (previous year: 0.4%) of the shares outstanding on the balance sheet date.

Securities transactions in treasury shares pursuant to Art. 71 (1), no. 7 of the German Stock Corporation Act (Aktiengesetz) were as follows:

	Number of shares in units	Accounting par value[1] €1,000	Percentage of share capital %
Balance as at 31.12.2014	–	–	0.00
Largest number acquired during the financial year	–	–	0.00
Total shares pledged by customers as collateral as at 31.12.2014	4,133,355	4,133	0.36
Shares acquired during the financial year	–	–	–
Shares disposed of during the financial year	–	–	–

[1] Accounting par value per share €1.00.

b) Capital reserve

Premiums from the issue of shares are shown in the capital reserve. In addition, if bonds and notes are issued for conversion and option rights entitling holders to purchase shares, the amounts realised are recognised in the capital reserve.

For the resale of treasury shares, the difference between the accounting par value and the market value of the share is recognised in the capital reserve, if the latter exceeds the original acquisition costs of these shares.

c) Retained earnings

Retained earnings consist of the statutory reserve and other reserves. The statutory reserve contains reserves which are mandated by German law; in the parent company financial statements, the amounts assigned to this reserve may not be distributed. The total amount of retained earnings stated in the balance sheet resulted from other retained earnings of €10,383m (previous year: €10.660m). There were no statutory reserves at 31 December 2013 or 31 December 2014.

In addition, costs arising in connection with capital increases, which must be shown as a deduction from equity in accordance with IAS 32.35, are deducted from retained earnings. In addition, the fair value of share-based payments settled in the form of equity instruments that have not yet been exercised is also shown.

For purchases of treasury shares, the difference between the acquisition costs and the notional par value is recognised in the retained earnings. The resale of treasury shares is reported as a mirror-image of the purchase of treasury shares up to the level of the acquisition costs (see section b) capital reserve)

d) Revaluation reserve

Gains or losses from revaluing financial investments at fair value are recognised in the revaluation reserve net of deferred taxes. Gains or losses are recognised in the income statement only after the asset has been disposed of or impaired.

e) Cash flow hedge reserve

The net gain or loss on remeasuring the effective part of cash flow hedges is reported in this equity item after deduction of deferred taxes. Commerzbank ended cash flow hedge accounting in the financial year 2009 and since then has been using micro hedge accounting and portfolio fair value hedge accounting to manage interest rate risks. From the date of this change, the cash flow hedge reserve reported in equity and the associated hedging transactions have been amortised in net interest income over the residual term of the hedging transactions. This has no impact on net income. However, cash flow hedge accounting is used by a number of subsidiaries.

f) Currency translation reserve

The currency translation reserve relates to translation gains and losses arising upon the consolidation of the capital accounts. This includes exchange rate differences arising from the currency translation of the financial statements of subsidiaries and companies accounted for using the equity method.

[1] Figures restated due to the restatement of credit protection insurance and the tax restatements (see page 160 f.).

(74) Conditional capital

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

						of which	
€m	Conditional capital 1.1.2014	Additions	Expirations/ utilisations	Authori-sation expired	Conditional capital 31.12.2014	Used conditional capital	Conditional capital still available
Convertible bonds/bonds with warrants/profit-sharing certificates	2,750	–	–	–	2,750	–	2,750
Total	**2,750**	**–**	**–**	**–**	**2,750**	**–**	**2,750**

As resolved at the AGM on 23 May 2012, the Company's share capital shall be conditionally increased by up to €2,750,000,000.00, divided into 2,750,000,000 no-par-value bearer shares (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 the holders or creditors of convertible bonds or convertible profit-sharing certificates or warrants attached to bonds or profit-sharing certificates with warrants issued or guaranteed by Commerzbank or by companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) of the German Stock Corporation Act), in the period up to 22 May 2017, exercise their conversion/option rights or fulfil their related conversion or option obligations on the basis of the authorisation resolved by the Annual General Meeting on 23 May 2012 (Authorisation 2012), and other forms of settlement were not chosen.

The Board of Managing Directors is authorised to specify the other details of the capital increase and its execution.

The Board of Managing Directors will only make use of the above-mentioned conditional capital during its term with the consent of the Supervisory Board up to a maximum of 50% of the existing share capital as at 31 December 2013. Furthermore, the Board of Managing Directors will use its authority to undertake capital-raising measures only up to a total maximum of 20% of the existing share capital and – insofar as the exclusion of subscription rights serves the purpose of issuing shares to members of the Board of Managing Directors, members of management or employees of Commerzbank Aktiengesellschaft or of companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest – not exceed the upper limit of 5% of the existing share capital as at 31 December 2013. These restrictions on utilisation may only be lifted by resolution of the AGM.

(75) Authorised capital

Date of AGM resolution	Original amount €m	Used in previous years for capital increases €m	Used in 2014 for capital increases €m	Authorisation expired €m	Residual amount €m	Date of expiry
6.5.2011	1,463	–	–	–	1,463	5.5.2016
23.5.2012	1,150	–	–	–	1,150	22.5.2017
Total	**2,613**	**–**	**–**	**–**	**2,613**	

The conditions for capital increases from authorised capital for the individual capital items as at 31 December 2013 are given in the Articles of Association of Commerzbank Aktiengesellschaft dated 29 May 2013 and by the undertaking declared under agenda item 10 of the AGM of 19 April 2013.

The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to increase the Company's share capital during the period up to 5 May 2016 through the issue of new no-par-value shares for cash or contributions in kind, in either one or several tranches, by a maximum 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:

- To exclude fractional amounts from subscription rights;
- To the extent necessary, to grant the holders of conversion or option rights, either already issued or still to be issued by Commerzbank Aktiengesellschaft or by companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) of the German Stock Corporation Act), subscription rights in the amount to which they would be entitled after exercising their conversion or option rights or fulfilling their corresponding conversion or option obligation;
- To issue employee 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 German Stock Corporation Act;
- In order to increase the share capital in exchange for contributions in kind;
- In the event of capital increases for cash, provided that the issue price of the new shares is not significantly lower than the stock exchange price for identical shares of the Company at the time the issue price is set. The shares issued under exclusion of subscription rights under Articles 203 (1), 186 (3) sentence 4 German Stock Corporation Act on the basis of this authorisation may not exceed a total of 10% of the Company's share capital at the time the authorisation becomes effective or at the time the authorisation is exercised, whichever amount is lower. The upper limit of 10% of the share capital 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 the 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 German Stock Corporation Act. The upper limit is further reduced by the pro-rata amount of share capital corresponding to those shares that must be issued to service options and convertible bonds with option or conversion rights or with option or conversion obligations, provided such bonds are issued during the period of validity of Authorised Capital 2011 while excluding subscription rights subject to appropriate application of Art. 186 (3) sentence 4 of the German Stock Corporation Act.

The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to increase the Company's share capital until 22 May 2017 through the issue of new no-par-value shares for cash or contributions in kind, in either one or several tranches, by a maximum of €1,150,000,000.00 (Authorised Capital 2012/I in accordance with Art. 4 (5) 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:

- to exclude fractional amounts from subscription rights;
- to the extent necessary to grant the holders of conversion or option rights, either already issued or still to be issued by Commerzbank Aktiengesellschaft or by companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) of the German 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 members of the Board of Managing Directors, members of the management or the employees of Commerzbank Aktiengesellschaft or of companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) of the German 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 to specify the other details of the capital increases and their execution.

The Board of Managing Directors will only make use of the above-mentioned approved capital during its terms up to a maximum of 50% of the share capital available after completion of the capital increase registered on 28 March 2013 and with the consent of the Supervisory Board. Furthermore, the Board of Managing Directors will use its authority to undertake capital-raising measures, excluding shareholders' subscription rights, only up to a total maximum of 20% of the existing share capital as at 31 December 2013 and – insofar as the exclusion of subscription rights serves the purpose of issuing shares to members of the Board of Managing Directors, members of the management or employees of Commerzbank Aktiengesellschaft or of companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest – not exceed the upper limit of 5% of the existing share capital as at 31 December 2013. These restrictions on utilisation may only be lifted by resolution of the AGM.

(76) The Bank's foreign currency position

As at 31 December 2014 the Commerzbank Group had the following foreign currency assets and debt (excluding fair values of derivatives):

€m	31.12.2014					31.12.2013[1]	
	USD	PLN	GBP	Others	Total	Total	Change in %
Cash reserve	1,631	686	5	820	3,142	7,112	−55.8
Claims on banks	19,391	495	2,377	3,738	26,001	24,058	8.1
Claims on customers	32,442	9,401	6,946	14,586	63,375	61,427	3.2
Trading assets	17,448	294	2,219	4,048	24,009	19,571	22.7
Financial investments	15,539	6,121	1,807	1,426	24,893	22,852	8.9
Other balance sheet items	1,682	720	751	978	4,131	5,211	−20.7
Foreign currency assets	**88,133**	**17,717**	**14,105**	**25,596**	**145,551**	**140,231**	**3.8**
Liabilities to banks	22,803	428	3,402	2,166	28,799	22,649	27.2
Liabilities to customers	21,860	13,185	2,394	4,628	42,067	44,671	−5.8
Securitised liabilities	5,131	540	860	5,561	12,092	13,143	−8.0
Trading liabilities	1,666	14	134	526	2,340	1,802	29.9
Other balance sheet items	5,182	660	1,168	1,109	8,119	4,437	83.0
Foreign currency liabilities	**56,642**	**14,827**	**7,958**	**13,990**	**93,417**	**86,702**	**7.7**

[1] Prior-year figures restated due to the restatement of credit protection insurance (see page 160 f.).

The open balance sheet positions outside the trading business are matched by corresponding foreign exchange forward contracts or currency swaps with matching maturities.

Notes on financial instruments

(77) Derivative transactions

The Commerzbank Group conducts transactions with derivative financial instruments, as explained below.

A derivative is a financial instrument with a value determined by a so-called underlying asset. The underlying asset may, for example, be an interest rate, commodity price, share price, foreign exchange rate or bond price. The financial instrument does not require any, or an initial net investment that is smaller than would be required for other types of instrument that would be expected to have a similar response to changes in market factors. It is settled at a future date.

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

The nominal amount shows the volume traded by the Bank. The positive and negative fair values listed in the table, however, are the expenses which would be incurred by the Bank or the counterparty to replace the contracts originally concluded with transactions of an equivalent financial value. From the Bank's point of view, a positive fair value thus indicates the maximum potential counterparty-specific default risk that existed from derivative transactions on the balance sheet date.

In order to minimise both the economic and regulatory credit risk arising from these instruments, we conclude master agreements (bilateral netting agreements) with our counterparties (such as 1992 ISDA Master Agreement Multi-Currency Cross-Border; German Master Agreement for Financial Futures). By means of such bilateral netting agreements, the positive and negative fair values of the derivatives contracts included under a master agreement can be offset against one another and the future regulatory risk add-ons for these products can be reduced. This netting process reduces the credit risk to a single net claim on the party to the contract (close-out-netting).

For both regulatory reports and the internal measurement and monitoring of our credit commitments, we use such risk-mitigating techniques only where we consider them enforceable in the jurisdiction in question, if the counterparty becomes insolvent. We obtain legal opinions from various international law firms in order to verify enforceability.

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

The table below shows the nominal amounts and the fair values of the derivative business broken down by interest rate-based contracts, currency-based contracts and contracts based on other price risks and the maturity structure of these transactions. The fair values are the sum totals of the positive and negative amounts per contract and are shown without deducting collateral and without taking account of any netting agreements, because these work on a cross-product basis. By definition, no positive fair values exist for options which have been written. The nominal amount represents the gross volume of all sales and purchases. The maturity dates listed for the transactions are based on the term to maturity of the contracts and not the maturity of the underlying. The table below also shows the fair value of derivatives based on the net method of presentation as set out in Note 1. The total effect of netting amounted to €98,917m as at 31 December 2014 (previous year: €101,665m). On the assets side, €96,374m (previous year: €100,476m) of this was attributable to positive fair values and €2,543m (previous year: €1,189m). Netting on the liabilities side involved negative fair values of €98,336m (previous year: €101,567m) and €581m margins payable (previous year: €98m).

31.12.2014	Nominal amount Residual terms						Fair value	
€m	due on demand	up to three 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	4	248,612	148,137	191,345	122,093	710,191	17,185	18,808
Foreign exchange spot and forward contracts	–	193,424	73,786	19,985	1,107	288,302	6,235	6,480
Interest rate and currency swaps	–	20,086	35,326	152,740	115,906	324,058	8,726	9,907
Currency call options	–	16,012	17,400	8,248	2,126	43,786	2,041	–
Currency put options	–	18,605	20,779	9,441	2,389	51,214	–	2,074
Other foreign exchange contracts	4	485	846	931	565	2,831	183	347
Exchange-traded products	–	483	105	35	–	623	–	–
Currency futures	–	439	10	5	–	454	–	–
Currency options	–	44	95	30	–	169	–	–
Total	**4**	**249,095**	**148,242**	**191,380**	**122,093**	**710,814**	**17,185**	**18,808**
Interest-based forward transactions								
OTC products	6	511,691	1,191,219	1,069,951	1,218,593	3,991,460	166,939	171,169
Forward rate agreements	–	118,617	657,420	4,108	–	780,145	284	261
Interest rate swaps	–	388,535	491,163	960,636	1,032,959	2,873,293	155,985	159,983
Call options on interest rate futures	–	2,012	23,915	47,485	81,598	155,010	10,272	–
Put options on interest rate futures	–	1,218	16,754	49,771	95,371	163,114	–	10,413
Other interest rate contracts	6	1,309	1,967	7,951	8,665	19,898	398	512
Exchange-traded products	–	640	32,041	2,995	3,636	39,312	–	–
Interest rate futures	–	623	23,288	2,982	2,858	29,751	–	–
Interest rate options	–	17	8,753	13	778	9,561	–	–
Total	**6**	**512,331**	**1,223,260**	**1,072,946**	**1,222,229**	**4,030,772**	**166,939**	**171,169**
Other forward transactions								
OTC products	1,796	16,435	41,652	94,191	17,108	171,182	6,021	6,615
Structured equity/index products	1,615	10,396	11,102	11,664	1,511	36,288	1,384	2,729
Equity call options	–	1,803	4,086	3,832	82	9,803	699	–
Equity put options	–	1,702	6,892	11,140	861	20,595	–	1,007
Credit derivatives	–	1,001	16,283	64,644	14,612	96,540	1,712	2,327
Precious metal contracts	1	657	1,189	1,259	–	3,106	208	365
Other transactions	180	876	2,100	1,652	42	4,850	2,018	187
Exchange-traded products	–	37,434	25,232	16,973	511	80,150	–	–
Equity futures	–	18,802	40	56	–	18,898	–	–
Equity options	–	11,889	17,414	14,442	502	44,247	–	–
Other futures	–	4,898	3,436	1,601	9	9,944	–	–
Other options	–	1,845	4,342	874	–	7,061	–	–
Total	**1,796**	**53,869**	**66,884**	**111,164**	**17,619**	**251,332**	**6,021**	**6,615**
Total pending forward transactions								
OTC products	1,806	776,738	1,381,008	1,355,487	1,357,794	4,872,833	190,145	196,592
Exchange-traded products	–	38,557	57,378	20,003	4,147	120,085	–	–
Total	**1,806**	**815,295**	**1,438,386**	**1,375,490**	**1,361,941**	**4,992,918**	**190,145**	**196,592**
Net position in the balance sheet							**93,771**	**98,256**

31.12.2013	Nominal amount Residual terms						Fair value	
€m	due on demand	up to three 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	8	233,674	145,670	186,724	121,791	687,867	12,603	11,985
Foreign exchange spot and forward contracts	–	184,498	71,525	21,712	819	278,554	3,514	3,889
Interest rate and currency swaps	–	17,587	42,634	148,720	115,950	324,891	7,610	6,660
Currency call options	–	14,211	13,323	7,172	2,305	37,011	1,307	–
Currency put options	–	17,099	16,974	8,605	2,190	44,868	–	1,324
Other foreign exchange contracts	8	279	1,214	515	527	2,543	172	112
Exchange-traded products	–	324	52	–	–	376	–	–
Currency futures	–	321	7	–	–	328	–	–
Currency options	–	3	45	–	–	48	–	–
Total	**8**	**233,998**	**145,722**	**186,724**	**121,791**	**688,243**	**12,603**	**11,985**
Interest-based forward transactions								
OTC products	5	559,333	1,980,142	1,835,917	1,587,116	5,962,513	153,248	154,358
Forward rate agreements	–	183,845	1,336,442	5,578	–	1,525,865	246	252
Interest rate swaps	–	370,689	601,645	1,723,549	1,406,109	4,101,992	146,926	148,095
Call options on interest rate futures	–	2,536	22,671	50,744	81,891	157,842	5,762	–
Put options on interest rate futures	–	1,332	17,994	52,753	96,937	169,016	–	5,578
Other interest rate contracts	5	931	1,390	3,293	2,179	7,798	314	433
Exchange-traded products	–	325	34,661	6,630	8,894	50,510	–	–
Interest rate futures	–	307	20,658	6,405	7,927	35,297	–	–
Interest rate options	–	18	14,003	225	967	15,213	–	–
Total	**5**	**559,658**	**2,014,803**	**1,842,547**	**1,596,010**	**6,013,023**	**153,248**	**154,358**
Other forward transactions								
OTC products	2,254	17,240	34,766	99,898	17,352	171,510	4,084	5,997
Structured equity/index products	1,852	10,118	7,619	15,956	2,224	37,769	1,172	2,698
Equity call options	–	1,569	4,646	3,117	112	9,444	931	–
Equity put options	–	1,844	7,330	9,385	968	19,527	–	1,160
Credit derivatives	–	2,565	13,853	69,138	14,034	99,590	1,508	1,785
Precious metal contracts	1	471	580	884	–	1,936	121	185
Other transactions	401	673	738	1,418	14	3,244	352	169
Exchange-traded products	–	39,759	28,509	15,422	469	84,159	–	–
Equity futures	–	18,204	316	28	–	18,548	–	–
Equity options	–	15,723	21,324	13,761	469	51,277	–	–
Other futures	–	4,535	2,999	866	–	8,400	–	–
Other options	–	1,297	3,870	767	–	5,934	–	–
Total	**2,254**	**56,999**	**63,275**	**115,320**	**17,821**	**255,669**	**4,084**	**5,997**
Total pending forward transactions								
OTC products	2,267	810,247	2,160,578	2,122,539	1,726,259	6,821,890	169,935	172,340
Exchange-traded products	–	40,408	63,222	22,052	9,363	135,045	–	–
Total	**2,267**	**850,655**	**2,223,800**	**2,144,591**	**1,735,622**	**6,956,935**	**169,935**	**172,340**
Net position in the balance sheet							**69,459**	**70,773**

Breakdown of derivatives business by borrower group:

The table below shows the positive and negative fair values of the Commerzbank Group's derivative business broken down by counterparty. The Commerzbank Group conducts derivative business primarily with counterparties with excellent credit ratings. A large portion of the fair values is concentrated in banks and financial institutions based in OECD countries.

€m	31.12.2014		31.12.2013	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
OECD central governments	7,369	5,240	4,377	3,403
OECD banks	73,160	82,645	55,423	60,784
OECD financial institutions	99,619	100,699	102,827	103,487
Other entities, private individuals	8,794	4,956	6,301	2,864
Non-OECD banks	1,203	3,052	1,007	1,802
Total	**190,145**	**196,592**	**169,935**	**172,340**

As at the balance sheet date the outstanding volume of the Commerzbank Group's transactions as a protection buyer and seller amounted to €50,506m (previous year: €52,215m) and €46,034m (previous year: €47,376m). We employ these products, which are used to transfer credit risk, both for arbitrage purposes in trading and in the banking book for diversifying our loan portfolios. The table below shows our risk structure in terms of the various risk assets that have been hedged.

€m	31.12.2014		31.12.2013	
	Nominal values Buyer of protection	Nominal values Seller of protection	Nominal values Buyer of protection	Nominal values Seller of protection
OECD central governments	4,861	5,648	4,893	4,897
OECD banks	7,267	7,052	5,962	6,290
OECD financial institutions	3,527	3,239	3,236	2,466
Other entities, private individuals	33,807	29,775	37,607	33,396
Non-OECD banks	1,044	320	517	327
Total	**50,506**	**46,034**	**52,215**	**47,376**

Details of derivatives in cash flow hedge accounting:

The nominal values of derivatives used for cash flow hedging until this was ended in 2009 (see Note 73) totalled €93bn as at 31 December 2014 (previous year: €151bn). The table below shows the periods in which these are likely to expire:

€bn	31.12.2014	31.12.2013
Up to 3 months	8	10
More than 3 months up to 1 year	28	47
More than 1 year up to 5 years	51	85
More than 5 years	6	9

Underlying hedged transactions existed in each maturity band with at least the same nominal value.

(78) Transferred financial assets

a) Assets pledged as collateral (own and third-party holdings)
Financial assets were pledged as collateral for the following financial liabilities:

€m	31.12.2014	31.12.2013	Change in %
Liabilities to banks	45,748	46,492	−1.6
Liabilities to customers	19,662	52,066	−62.2
Securitised liabilities	500	500	0.0
Trading liabilities	99	–	.
Other liabilities	–	–	.
Total	**66,009**	**99,058**	**−33.4**

The following financial assets (own and third-party holdings) were pledged as collateral for the above-mentioned liabilities, which are shown after netting.

€m	31.12.2014	31.12.2013	Change in %
Claims on banks and customers	23,566	24,225	−2.7
Trading assets and financial investments	55,083	76,099	−27.6
Other assets	17	31	−45.2
Total	**78,666**	**100,355**	**−21.6**

The recipient of the collateral has the right under contract or in accordance with customary practice to sell or pledge the following financial assets of the Commerzbank Group to others:

€m	31.12.2014	31.12.2013	Change in %
Claims on banks and customers	–	29	.
Trading assets and financial investments	6,101	5,522	10.5
Total	**6,101**	**5,551**	**9.9**

Collateral was furnished to borrow funds as part of securities repurchase agreements (repos). Collateral was also furnished for funds borrowed for specific purposes and securities-lending transactions. The transactions were carried out under the standard market terms for securities lending and repurchase transactions.

b) Financial assets which have been transferred but not derecognised (own holdings)

Securities from the Bank's own holdings were pledged as collateral in securities repurchase and lending transactions. These securities were not derecognised as all the risks and opportunities connected with the ownership of these securities were retained within the Commerzbank Group. The transferred securities and associated liabilities (before netting) were as follows:

31.12.2014	Trading assets	Financial investments		
€m	Held for trading	At fair value through profit or loss	Available-for-sale financial assets	Loans and receivables
Repurchase agreements as a borrower				
Carrying amount of securities transferred	3,324	–	569	–
Carrying amount of associated liabilities	3,254	–	555	–
Securities lent in securities lending transactions				
Carrying amount of securities transferred	2,133	–	–	–
Carrying amount of associated liabilities	2,005	–	–	–
Securities transferred to central bank (without repo agreements)				
Carrying amount of securities transferred	–	–	–	–
Carrying amount of associated liabilities	–	–	–	–

31.12.2013	Trading assets	Financial investments		
€m	Held for trading	At fair value through profit or loss	Available-for-sale financial assets	Loans and receivables
Repurchase agreements as a borrower				
Carrying amount of securities transferred	2,959	–	652	1,269
Carrying amount of associated liabilities	2,977	–	636	1,228
Securities lent in securities lending transactions				
Carrying amount of securities transferred	642	–	–	–
Carrying amount of associated liabilities	586	–	–	–
Securities transferred to central bank (without repo agreements)				
Carrying amount of securities transferred	–	–	–	–
Carrying amount of associated liabilities	–	–	–	–

The fair values of transactions where the counterparty (protection buyer) only has recourse to the transferred assets were as follows:

31.12.2014 €m	Trading assets Held for trading	Financial investments At fair value through profit or loss	 Available-for-sale financial assets	 Loans and receivables
Repurchase agreements as a borrower				
Fair value of securities transferred	3,324	–	569	–
Fair value of associated liabilities	3,254	–	555	–
Net position	**70**	**–**	**14**	**–**
Securities lent in securities lending transactions				
Fair value of securities transferred	2,133	–	–	–
Fair value of associated liabilities	2,005	–	–	–
Net position	**128**	**–**	**–**	**–**
Securities transferred to central bank (without repo agreements)				
Fair value of securities transferred	–	–	–	–
Fair value of associated liabilities	–	–	–	–
Net position	**–**	**–**	**–**	**–**

31.12.2013 €m	Trading assets Held for trading	Financial investments At fair value through profit or loss	 Available-for-sale financial assets	 Loans and receivables
Repurchase agreements as a borrower				
Fair value of securities transferred	2,959	–	652	1,215
Fair value of associated liabilities	2,977	–	636	1,228
Net position	**–18**	**–**	**16**	**–13**
Securities lent in securities lending transactions				
Fair value of securities transferred	642	–	–	–
Fair value of associated liabilities	586	–	–	–
Net position	**56**	**–**	**–**	**–**
Securities transferred to central bank (without repo agreements)				
Fair value of securities transferred	–	–	–	–
Fair value of associated liabilities	–	–	–	–
Net position	**–**	**–**	**–**	**–**

c) Transferred and derecognised financial assets with continuing involvement

Continuing involvement exists when the contractual rights and obligations relating to the transferred asset remain within the Commerzbank Group after transferring these financial assets. Continuing involvement may also arise from the assumption of new rights and obligations in connection with the transferred assets. No significant transactions were concluded in the Commerzbank Group where the assets were derecognised in spite of continuing involvement.

(79) Maturities of assets and liabilities

The table below lists all assets and liabilities (except for positive and negative fair values of derivative financial instruments) classified by whether they are short-term or long-term. Please refer to Note 77 for the maturity breakdown of derivatives. The residual term or the time of anticipated realisation or fulfilment is defined as short-term if the period between the reporting date and the instrument's maturity date is less than one year. Financial instruments in trading assets and liabilities without contractual maturities, the cash reserve item, non-current assets and liabilities held for sale and current taxes on income are classified as short-term. By contrast, the items holdings in companies accounted for using the equity method, intangible assets, fixed assets, investment properties and deferred taxes are generally classified as long-term. When classifying other assets and liabilities we make an assessment for the main items. For information on how the maturities of the main types of provisions are classified, please refer to Note 68.

€m	31.12.2014		31.12.2013[1]	
	Short-term	Long-term	Short-term	Long-term
Cash reserve	4,897	–	12,397	–
Claims on banks	74,074	5,962	81,180	6,365
Claims on customers	87,382	145,485	91,135	154,803
Trading assets	29,438	11,590	25,699	12,099
Financial investments	11,355	79,003	9,483	72,568
Holdings in companies accounted for using the equity method	–	677	–	719
Intangible assets	–	3,330	–	3,207
Fixed assets	–	1,916	–	1,768
Investment properties	–	620	–	638
Non-current assets and disposal groups held for sale	421	–	1,166	–
Current tax assets	716	–	812	–
Deferred tax assets	–	3,358	–	3,146
Other assets	2,642	972	2,010	1,000
Total	**210,925**	**252,913**	**223,882**	**256,313**
Liabilities to banks	74,303	25,140	53,354	24,340
Liabilities to customers	212,754	36,223	237,174	39,312
Securitised liabilities	15,276	33,537	20,773	43,897
Trading liabilities	5,557	2,705	5,460	2,432
Provisions	3,534	1,717	2,904	971
Current tax liabilities	239	–	245	–
Deferred tax liabilities	–	131	–	83
Liabilities from disposal groups held for sale	142	–	24	–
Other liabilities	3,342	5,435	2,601	4,664
Subordinated debt instruments	1,310	11,048	1,056	12,658
Total	**316,457**	**115,936**	**323,591**	**128,357**

[1] Figures restated due to the restatement of credit protection insurance and tax restatements (see page 160 f.).

In the maturity breakdown, we show the residual terms of financial instruments that are subject to contractual maturities. The residual term is defined as the period between the balance sheet date and the contractual maturity date of the financial instruments. In the case of financial instruments which are paid in partial amounts, the residual term of each partial amount has been used.

31.12.2014	Residual terms				
€m	due on demand and unlimited term	up to three months	3 months to 1 year	1 year to 5 years	more than 5 years
Claims on banks	29,070	22,944	22,164	5,587	383
Claims on customers	26,368	37,407	25,732	65,371	83,652
Bonds, notes and other interest-rate-related securities and promissory note loans in trading assets	117	892	2,562	5,153	6,437
Bonds, notes and other interest-rate-related securities held in financial investments	–	3,818	7,537	33,655	44,066
Total	**55,555**	**65,061**	**57,995**	**109,766**	**134,538**
Liabilities to banks	43,629	24,850	5,824	14,040	11,100
Liabilities to customers	151,728	40,523	20,503	13,357	22,866
Securitised liabilities	–	5,031	10,245	24,888	8,649
Trading liabilities	–	722	1,844	1,381	1,324
Subordinated debt instruments[1]	–	95	1,244	6,221	5,075
Total	**195,357**	**71,221**	**39,660**	**59,887**	**49,014**

[1] Excluding deferred interest and discounts (€–1,010m) and remeasurement effects (€733m).

31.12.2013[1]	Residual terms				
€m	due on demand and unlimited term	up to three months	3 months to 1 year	1 year to 5 years	more than 5 years
Claims on banks	27,741	40,353	13,172	5,964	408
Claims on customers	30,162	39,305	27,836	73,626	81,661
Bonds, notes and other interest-rate-related securities and promissory note loans in trading assets	98	2,738	2,024	6,051	6,048
Bonds, notes and other interest-rate-related securities held in financial investments	–	5,098	4,385	34,342	36,947
Total	**58,001**	**87,494**	**47,417**	**119,983**	**125,064**
Liabilities to banks	31,130	16,275	5,949	13,211	11,129
Liabilities to customers	157,291	62,303	17,580	15,412	23,900
Securitised liabilities	–	7,926	12,847	32,661	11,236
Trading liabilities	–	831	1,738	1,163	1,269
Subordinated debt instruments[2]	–	13	1,079	5,436	7,660
Total	**188,421**	**87,348**	**39,193**	**67,883**	**55,194**

[1] Figures restated due to the restatement of credit protection insurance (see page 160 f.).
[2] Excluding deferred interest and discounts (€–1,107m) and remeasurement effects (€633m).

(80) Information on the fair value hierarchy of financial instruments

Measurement of financial instruments

Under IAS 39, all financial instruments are initially recognised at fair value; financial instruments that are not classified as at fair value through profit or loss are recognised at fair value plus certain transaction costs. Subsequently, those financial instruments that are classified as at fair value through profit or loss and available-for-sale financial assets are measured at fair value on an ongoing basis. For this purpose, at fair value through profit or loss includes derivatives, instruments held for trading and instruments designated at fair value.

Under IFRS 13, the fair value of an asset is the amount for which it could be sold between knowledgeable, willing, independent parties in an arm's length transaction. The fair value therefore represents a realisable price. The fair value of a liability is defined as the price at which the debt could be transferred to a third party as part of an orderly transaction. The fair value of a liability also reflects own credit risk. If third parties provide security for our liabilities (e.g. guarantees), this security is not taken into account in the valuation of the liability, as the Bank's repayment obligation remains the same.

The most suitable measure of fair value is the quoted price for an identical instrument in an active market (fair value hierarchy Level 1). An active market is one in which transactions in the asset or liability take place sufficiently regularly and with sufficient volume to ensure pricing data is available continuously. As a rule, therefore, quoted prices are to be used if they are available. The relevant market used to determine the fair value is generally the market with the greatest activity (main market). To reflect the price at which an asset could be exchanged or a liability settled, asset positions are valued at the bid price and liability positions are valued at the ask price.

In those cases where no quoted prices are available, valuation is based on quoted prices for similar instruments in active markets. Where quoted prices are not available for identical or similar financial instruments, fair value is derived using an appropriate valuation model where the data inputs – except for non-material parameters – are obtained from verifiable market sources (fair value hierarchy Level 2). In accordance with IFRS 13, valuation methods are to be chosen that are commensurate with the situation and for which the required information is available. For the selected methods, observable input parameters are to be used to the maximum extent possible and unobservable input parameters to the least extent possible.

While most valuation techniques rely on data from observable market sources, certain financial instruments are measured using models that incorporate at least one material input for which there is insufficient recent observable market data. IFRS 13 recognises the market approach, income approach and cost approach as potential methods of measurement. The market approach relies on measurement methods that draw on information about identical or comparable assets and liabilities. The income approach reflects current expectations about future cash flows, expenses and income. The income approach may also include option price models. The cost approach (which may only be applied to non-financial instruments) defines fair value as the current replacement cost of the asset, taking into account the asset's current condition. These valuations inherently include a greater level of management judgement. These unobservable inputs may include data that is extrapolated or interpolated, or may be derived by approximation to correlated or historical data. However, such inputs maximise market or third-party inputs and rely as little as possible on company-specific inputs (fair value hierarchy Level 3).

Valuation models must be consistent with accepted economic methodologies for pricing financial instruments and must incorporate all factors that market participants would consider appropriate in setting a price. All fair values are subject to the Commerzbank Group's internal controls and procedures which set out the standards for independently verifying or validating fair values. These controls and procedures are carried out and coordinated by the Independent Price Verification (IPV) Group within the finance function. The models, inputs and resulting fair values are reviewed regularly by Senior Management and the Risk function.

The fair values which can be realised at a later date can deviate from the estimated fair values.

The following summary shows how these measurement principles are applied to the key classes of financial instrument held by the Commerzbank Group:

- Listed derivatives are valued at the bid or offer price available on active markets. In some cases, theoretical prices may also be used. The fair value of OTC derivatives is determined using valuation models that are well established on the financial markets. On the one hand, models may be used that measure the expected future cash flows and discount these to determine the net present value of the financial instruments. On the other hand, alternative models may be used that determine the value at which there is no scope for arbitrage between a given instrument and other related traded instruments. For some derivatives, the valuation models used in the financial markets may differ in the way that they model the fair value and may use different input parameters or use identical input but to different degrees. These models are regularly calibrated to recent market prices.

  Input parameters for these models are derived, where possible, from observable data such as prices or indices that are published by the relevant exchange, third-party brokers or organisations that provide generally recognised prices based on data submitted by significant market participants. Where input parameters are not directly observable, they may be derived from observable data through extrapolation or interpolation, or may be approximated by reference to historical or correlated data. Input parameters for derivative valuations would typically include underlying spot or forward security prices, volatility, interest rates and exchange rates.

  The fair value of options is comprised of two parts, the intrinsic value and the time value. The factors used to determine the time value include the strike price compared to the underlying, the volatility of the underlying market, the time to expiry and the correlations between the underlying assets and underlying currencies.
- Equities, bonds and asset-backed securities (ABS) are valued using market prices from the relevant exchange, third-party brokers or organisations that provide generally recognised prices based on data submitted by significant market participants. In the absence of such prices, the price for similar quoted instruments is used and adjusted to reflect the contractual differences between the instruments. In the case of more complex securities traded in markets that are not active, the fair value is derived using a valuation model that calculates the present value of the expected future cash flows. In such cases, the input parameters reflect the credit risk associated with those cash flows. Unlisted equities are recognised at cost if it is impossible to establish either a price quotation in an active market or the relevant parameters for the valuation model.
- Structured instruments are securities that combine features of fixed income and equity securities. As opposed to traditional bonds, structured instruments generally pay out a variable return based on the performance of some underlying asset with this return potentially being significantly higher (or lower) than the return on the underlying. In addition to the interest payments, the redemption value and maturity date of the structured debt instrument can also be affected by the derivatives embedded in the instrument. The methodology for determining the fair value of structured instruments can vary greatly as each instrument is individually customised and therefore the terms and conditions of each instrument must be considered individually. Structured instruments can provide exposure to almost any asset class, such as equities, commodities and foreign exchange, interest rate, credit and fund products.

Fair value hierarchy

Under IFRS 13, financial instruments carried at fair value are assigned to the three levels of the fair value hierarchy as follows (see measurement of financial instruments above):

Level 1: Financial instruments where the fair value is based on quoted prices for identical financial instruments in an active market;

Level 2: Financial instruments where no quoted prices are available for identical instruments in an active market and the fair value is established using valuation techniques which rely on observable market parameters;

Level 3: Financial instruments where valuation techniques are used that incorporate at least one material input for which there is insufficient observable market data and where at least this input has a more than insignificant impact on the fair value.

The allocation of certain financial instruments to the relevant level is subject to the judgement of management on a systematic basis, particularly if the valuation is based both on observable market data and unobservable market data. An instrument's classification may also change over time due to changes in market liquidity and consequently in price transparency. In the tables below the financial instruments reported in the balance sheet at fair value are grouped by balance sheet item and valuation method. They are broken down according to whether fair value is based on quoted market prices (Level 1), observable market data (Level 2) or unobservable market data (Level 3).

Financial assets | €bn		31.12.2014				31.12.2013			
		Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Claims on banks	At fair value through profit or loss	–	27.7	–	27.7	–	41.0	–	41.0
Claims on customers	At fair value through profit or loss	–	18.5	0.5	19.0	–	25.9	0.3	26.2
Positive fair values of derivative hedging instruments	Hedge accounting	–	4.5	–	4.5	–	3.6	–	3.6
Trading assets	Held for trading	32.5	92.7	5.1	130.3	35.5	66.3	1.8	103.6
of which positive fair values from derivatives		–	85.4	3.9	89.3	–	65.0	0.8	65.8
Financial investments	At fair value through profit or loss	2.4	–	–	2.4	1.5	0.8	–	2.3
	Available-for-sale financial assets	37.9	4.5	0.1	42.5	32.5	2.0	0.1	34.6
Total		**72.8**	**147.9**	**5.7**	**226.4**	**69.5**	**139.6**	**2.2**	**211.3**

Financial liabilities | €bn		31.12.2014				31.12.2013			
		Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities to banks		–	26.6	–	26.6	–	11.4	–	11.4
Liabilities to customers	At fair value through profit or loss	–	23.1	–	23.1	–	56.4	–	56.4
Securitised liabilities	At fair value through profit or loss	1.5	–	–	1.5	3.1	–	–	3.1
Negative fair values of derivative hedging instruments	At fair value through profit or loss	–	9.4	–	9.4	–	7.7	–	7.7
Trading liabilities	Hedge accounting	7.8	86.9	2.5	97.2	7.8	62.6	0.6	71.0
of which negative fair values from derivatives	Held for trading	–	86.3	2.5	88.8	–	62.6	0.5	63.1
Subordinated debt instruments		–	–	–	–	–	–	–	–
Total	At fair value through profit or loss	**9.3**	**146.0**	**2.5**	**157.8**	**10.9**	**138.1**	**0.6**	**149.6**

A reclassification of levels occurs where a financial instrument is reclassified from one level of the 3-level valuation hierarchy to another. A reclassification of the financial instrument may be caused by market changes which impact on the input factors used to value the financial instrument.

A number of reclassifications from Level 1 to Level 2 were carried out in the fourth quarter of 2014, as there were no listed market prices available. These involved €1.5bn each of available-for-sale bonds and bonds held for trading. Held for trading liabilities of €0.2bn were also reclassified. Opposite reclassifications were made from Level 2 to Level 1 for €0.4bn of available-for-sale bonds, as quoted market prices became available again.

€0.6bn of bonds held for trading and €0.9bn of securities to which the fair value option is applied were also reclassified from Level 2 to Level 1. The reclassifications were determined on the basis of the holdings on 30 September 2014. Apart from this, there were no other significant reclassifications between Level 1 and Level 2.

The changes in financial assets in the Level 3 category in 2014 were as follows:

Financial assets €m	Claims on customers	Trading assets	of which positive fair values from derivatives	Financial investments		Total
	At fair value through profit or loss	Held for trading	Held for trading	At fair value through profit or loss	Available-for-sale financial assets	
Fair value as at 1.1.2013	**302**	**2,175**	**954**	**53**	**645**	**3,175**
Changes in the group of consolidated companies	–	–	–	–	–	–
Gains or losses recognised in income statement during the period	–19	–119	–77	2	–26	–162
of which unrealised gains/losses	–	–85	–43	8	–	–77
Gains or losses recognised in revaluation reserve	–	–	–	–	7	7
Purchases	–	612	6	–	165	777
Sales	–	–476	–29	–	–3	–479
Issues	–	–	–	–	–	–
Redemptions	–	–373	–311	–30	–706	–1,109
Reclassification to level 3	1	713	550	2	110	826
Reclassifications from level 3	–	–719	–318	–2	–133	–854
Fair value as at 31.12.2013	**284**	**1,813**	**775**	**25**	**59**	**2,181**
Changes in the group of consolidated companies	–	–	–	–	–	–
Gains or losses recognised in income statement during the period	–2	194	169	–	–	192
of which unrealised gains/losses	–2	206	180	–	–	204
Gains or losses recognised in revaluation reserve	–	–	–	–	–1	–1
Purchases	–	251	7	–	89	340
Sales	–	–225	–152	–	–	–225
Issues	–	–	–	–	–	–
Redemptions	–	–13	–10	–28	–	–41
Reclassification to level 3	184	3,376	3,161	11	289	3,860
Reclassifications from level 3	–15	–249	–31	–6	–312	–582
Fair value as at 31.12.2014	**451**	**5,147**	**3,919**	**2**	**124**	**5,724**

The unrealised gains or losses on financial instruments held for trading purposes (trading assets and derivatives) are part of the net trading income. The unrealised gains or losses on claims and financial investments at fair value through profit or loss are recognised in the net gain or loss from applying the fair value option.

Material reclassifications from Level 2 to Level 3 were carried out in financial year 2014 due to the absence of observable market parameters. The reclassifications amounted to €2.3bn for positive fair values from derivatives, €0.2bn each for available-for-sale financial instruments and loans and collateralised securities held for trading and €0.1bn for loans at fair value through profit or loss. In addition, market data was not observable for available-for-sale bonds and equities, necessitating a reclassification of €0.1bn from Level 1 to Level 3. Apart from this, there were no significant reclassifications of financial assets into or out of Level 3.

The changes in financial liabilities in the Level 3 category in 2014 were as follows:

Financial liabilities €m	Trading liabilities	of which negative fair values from derivatives	Total
	Held for trading	Held for trading	
Fair value as at 1.1.2013	**840**	**837**	**840**
Changes in the group of consolidated companies	–	–	–
Gains or losses recognised in income statement during the period	−47	−47	−47
of which unrealised gains/losses	−41	−41	−41
Purchases	42	42	42
Sales	−7	−7	−7
Issues	–	–	–
Redemptions	−274	−274	−274
Reclassification to level 3	384	229	384
Reclassifications from level 3	−305	−252	−305
Fair value as at 31.12.2013	**633**	**528**	**633**
Changes in the group of consolidated companies	–	–	–
Gains or losses recognised in income statement during the period	28	28	28
of which unrealised gains/losses	−2	−2	−2
Purchases	45	45	45
Sales	−7	–	−7
Issues	–	–	–
Redemptions	−17	−17	−17
Reclassification to level 3	2,088	2,030	2,088
Reclassifications from level 3	−235	−81	−235
Fair value as at 31.12.2014	**2,535**	**2,533**	**2,535**

The unrealised gains or losses on financial instruments held for trading purposes (trading liabilities and derivatives) are part of the net trading income.

Significant reclassifications from Level 2 to Level 3 totalling €1.6bn were made in 2014 for negative fair values from derivatives as observable data was no longer available on the market. Apart from this, there were no significant reclassifications of financial liabilities into or out of Level 3.

Sensitivity analysis

Where the value of financial instruments is based on unobservable input parameters (Level 3), the precise level of these parameters at the balance sheet date may be derived from a range of reasonable possible alternatives at the discretion of management. In preparing the Group financial statements, appropriate levels for these unobservable input parameters are chosen which are consistent with existing market evidence and in line with the Group's valuation control approach.

The purpose of this disclosure is to illustrate the potential impact of the relative uncertainty in the fair values of financial instruments with valuations based on unobservable input parameters (Level 3). Interdependencies frequently exist between the parameters used to determine Level 3 fair values. For example, an anticipated improvement in the overall economic situation may cause share prices to rise, while securities perceived as being lower risk, such as German Government Bonds, may lose value. Such interdependencies are accounted for by means of correlation parameters insofar as they have a significant effect on the fair values in question. If a valuation model uses several parameters, the choice of one parameter may restrict the range of possible values the other parameters may take. So, by definition, this category will contain more illiquid instruments, instruments with longer-term maturities and instruments where sufficient independent observable market data is difficult to obtain. The purpose of this information is to illustrate the main unobservable input parameters for Level 3 financial instruments and subsequently present various inputs on which the key input parameters were based.

The main unobservable input parameters for Level 3 and the key related factors may be summarised as follows:

- Internal rate of return (IRR):
  The IRR is defined as the discount rate that sets the net present value of all cash flows from an instrument equal to zero. For bonds, the IRR depends, for example, upon the current bond price, the nominal value and the duration.
- Equity correlation:
  Correlation is a measure of how two instruments move in relation to each other. Correlation is expressed as the correlation coefficient, which ranges between −1 and +1.

  Many popular equity derivative products involve several underlying reference assets (equity basket correlation). The performance is determined by taking the average of the baskets; locking in at certain time intervals the best (or worst) performers; or picking the best (or worst) performer at maturity.

  Basket products such as index baskets may have their performance linked to a number of indices. The inputs used to price these include the interest rate, index volatility, index dividend and the correlations between the indices. The correlation coefficients are typically provided by independent data providers. For correlated paths the average basket value can then be estimated by a large number of samples (Monte Carlo simulation).

  A quanto (quantity adjusting option) swap is a swap with varying combinations of interest rate, currency and equity swap features, where the yield spread is based on the movement of two different countries' interest rates. Payments are settled in the same currency.

  The inputs needed to value an equity quanto swap are the correlation between the underlying index and the FX forward rate, the volatility of the underlying index, the volatility of the FX forward rate and maturity.
- Credit spread:
  The credit spread is the yield spread (premium or discount) between securities that are identical in all respects except for their respective credit quality. The credit spread represents the excess yield above the benchmark reference instrument that compensates for the difference in creditworthiness between the instrument and the benchmark. Credit spreads are quoted in terms of the number of basis points above (or below) the quoted benchmark. The wider (higher) the credit spread in relation to the benchmark, the lower the instrument's creditworthiness, and vice versa for narrower (lower) credit spreads.
- Discount yield:
  Discount yield is a measure of a bond's percentage return. Discount yield is most frequently used to calculate the yield on short-term bonds and treasury bills sold at a discount. This yield calculation uses the convention of a 30-day month and 360-day year. The inputs required to determine the discount yield are the par value, purchase price and the number of days to maturity.
- Credit correlation:
  Credit derivative products such as collateralised debt obligations (CDOs), CDS indices, such as iTraxx and CDX, and First-to-default (FTD) basket swaps all derive their value from an underlying portfolio of credit exposures.

  Correlation is a key determinant in the pricing of FTD swaps. Default correlation assumptions can have a significant impact on the distribution of losses experienced by a credit portfolio. It is the loss distribution that captures the default characteristics of a portfolio of credits and ultimately determines the pricing of the FTD swaps.

At low correlation, the assets are virtually independent. In the case of an extremely low expected standard correlation, the distribution is almost symmetrical. There is a high probability of experiencing a few losses but almost no probability of experiencing a very large number of losses. Also the probability of experiencing zero losses is low. With a medium expected standard correlation, the distribution becomes more "skewed". There is thus a higher probability of experiencing no defaults, but also a higher probability of experiencing a large number of losses. As a result, there is a greater likelihood of assets defaulting together. The tail of the portfolio loss distribution is pushed out, with more of the risk therefore in the senior tranche.

At a high correlation, the portfolio virtually behaves like a single asset, which either does or does not default.

- Mean reversion of interest rates:
  This is a theory suggesting that prices and returns eventually move back towards the mean or average. This mean or average can be the historical average of a price or yield or another relevant average such as average economic growth or the average return of an industry.

  A single-factor interest rate model used to price derivatives is the Hull-White model. This assumes that short rates have a normal distribution and are subject to mean reversion. Volatility is likely to be low when short rates are near zero, which is reflected in a larger mean reversion in the model. The Hull-White model is an extension of the Vasicek and Cox-Ingersoll-Ross (CIR) models.
- Interest rate-forex (IR-FX) correlation:
  The IR-FX correlation is relevant for the pricing of exotic interest rate swaps involving the exchange of funding payments in one currency and an exotic structured leg that is usually based on the development of two government bond yields in different currencies.

  Data vendors provide a service for quanto swaps as well as for CMS quanto spread options in the same currency pairs. We participate in these services and receive consensus mid prices for these, together with spreads and standard deviations of the distribution of prices provided by all participants.

  The model parameters required as inputs include, for example, rate/rate (Dom-For currency) and rate/FX (Dom-FX and For-FX) correlations. These are not directly observable on the market, but can be derived from consensus prices then used to price these transactions.

  For the calculation of the correlation sensitivities, the different types of correlations (rate/rate and rate/FX) are shifted one after the other and the exotics interest rate swaps portfolio is revalued each time. The calculated price differences to the respective basis prices determine the sensitivity values for each correlation type. These calculations are done for the various currency pairs.
- Recovery rates, survival and default probabilities:
  Supply and demand as well as the arbitrage relationship with asset swaps tends to be the dominant factor driving pricing of credit default swaps. Models for pricing default swaps tend to be used more for exotic structures and off-market default swap valuation for which fixed interest payments above or below the market rate are agreed. These models calculate the implied default probability of the reference asset as a means of discounting the cash flows in a default swap. The model inputs are credit spreads and recovery rates that are used to interpolate ("bootstrap") a time series of survival probabilities of the reference asset. A typical recovery rate assumption in the default swap market for senior unsecured contracts is 40%.

  Assumptions about recovery rates will be a factor determining the shape of the survival probability curve. Different recovery rate assumptions translate into different survival probability rates. For a given credit spread, a high recovery assumption implies a higher probability of default (relative to a low recovery assumption) and hence a lower survival probability.

  There is a relationship over time between default rates and recovery rates of corporate bond issuers. In particular, there is an inverse correlation between the two: an increase in the default rate (defined as the percentage of issuers defaulting) is generally associated with a decline in the average recovery rate.

  In practice, market participants use market spreads to determine implied default probabilities. Estimates of default probabilities also depend on the joint loss distributions of the parties involved in a credit derivative transaction. The copula function is used to measure the correlation structure between two or more variables. The copula function creates a joint distribution while keeping the characteristics of the two independent marginal distributions.

The following ranges for the material unobservable parameters were used in the valuation of our Level 3 financial instruments:

€m		2014			2014	
	Valuation technique	Assets	Liabilities	Significant unobservable input parameter	Range	
Derivatives		**3,919**	**2,532**			
Equity-related transactions	Discounted cash flow model	199	145	IRR (%)	2.6	3.1
Credit derivatives	Discounted cash flow model	3,547	2,184	Credit spread (bps)	100	500
				Recovery rate (%)	40	80
Interest-rate-related transactions	Option pricing model	173	203	IR-FX correlation (%)	– 37	73
Other transactions		–	–		–	–
Securities		**1,726**	**4**			
Interest-rate-related transactions	Price based model	1,726	4	Price (%)	–	100
of which ABS	Price based model	1,677	–	Price (%)	–	218
Equity-related transactions		–	–		–	–
Loans	Price based model	**78**	**– 1**	Price (%)	**93**	**100**
Summe		**5,723**	**2,535**			

The table below shows the impact on the income statement of reasonable parameter estimates on the edges of these ranges for instruments in the fair value hierarchy Level 3. This sensitivity analysis for financial instruments in fair value hierarchy 3 is broken down by type of instrument:

€m	2014		
	Positive effects on income statement	Negative effects on income statement	Changed parameters
Derivatives	**57**	**– 60**	
Equity-related transactions	16	– 19	IRR
Credit derivatives	36	– 36	Credit spread, recovery rate
Interest-rate-related transactions	5	– 5	Correlation
Other transactions	–	–	
Securities	**40**	**– 21**	
Interest-rate-related transactions	40	– 21	Price
of which ABS	36	– 17	Discount yield, recovery rate, credit spread
Equity-related transactions	–	–	
Loans	**8**	**– 8**	Price

The selected parameters lie at the extremes of their range of reasonable possible alternatives. In practice, however, it is unlikely that all unobservable parameters would simultaneously lie at the extremes of this range. Consequently, the estimates provided are likely to exceed the actual uncertainty in the fair values of these instruments. The purpose of these figures is not to estimate or predict future changes in fair value. The unobservable market parameters were either shifted by between 1.0 and 10.0% as deemed appropriate by our independent valuation experts for each type of instrument or a measure of standard deviation was applied.

Day one profit or loss

The Commerzbank Group has entered into transactions where the fair value was calculated using a valuation model, where not all material input parameters are observable in the market. The initial carrying value of such transactions is the transaction price. The difference between the transaction price and the fair value under the model is termed the "day one profit or loss". The day one profit or loss is not recognised immediately in the income statement but pro rata over the term of the transaction. As soon as there is a quoted market price on an active market for such transactions or all material input parameters become observable, the accrued day one profit or loss is immediately recognised in net trading income. A cumulated difference between transaction price and model valuation is calculated for the Level 3 items in all categories. Material impacts only result from financial instruments held for trading; the development was as follows:

€m	Day one profit or loss		
	Trading assets	Trading liabilities	Total
Balance as at 1.1.2013	**–**	**2**	**2**
Allocations not recognised in income statement	–	–	–
Reversals recognised in income statement	–	1	1
Balance as at 31.12.2013	**–**	**1**	**1**
Allocations not recognised in income statement	–	–	–
Reversals recognised in income statement	–	–	–
Balance as at 31.12.2014	**–**	**1**	**1**

(81) Fair value of financial instruments

Determination of fair value

This note provides more information on the fair values of financial instruments which are not recognised at fair value in the balance sheet. Their fair value must be disclosed in accordance with IFRS 7. For the financial instruments reported in the balance sheet at fair value the accounting methodology is set out in the accounting and measurement policies (Notes 2 to 30) and in the sections "Measurement of financial instruments" and "Fair value hierarchy" in Note 80.

The nominal value of financial instruments that fall due on a daily basis is taken as their fair value. These instruments include the cash reserve as well as overdrafts and demand deposits in the claims on banks and customers or liabilities to banks and customers items. We allocate these to Level 2.

Market prices are not available for loans as there are no organised markets for trading these financial instruments. A discounted cash flow model is used for loans with parameters based on a risk-free yield curve (swap curve), credit spreads and a maturity-based premium to cover liquidity spreads, plus fixed premiums for administrative expenses and the cost of capital. Data on the credit spreads of major banks and corporate customers is available making it possible to classify them as Level 2. When using credit spreads, neither liquidity spreads nor premiums for administrative costs and the cost of capital may be considered, since implicitly they are already included in credit risk. If no observable input parameters are available, it may also be appropriate to classify the fair value of loans as Level 3.

In the case of reclassified securities contained in the IAS 39 loans and receivables category the fair value is determined on the basis of available market prices insofar as an active market once again exists (Level 1). If there is no active market, recognised valuation methods are to be used to determine the fair values. In general, the discounted cash flow model is applied to the valuation. The parameters used comprise yield curves, risk and liquidity spreads and premiums for administrative costs and the cost of capital. Depending on the input parameters used (observable or not observable), classification is made at Level 2 or Level 3.

For liabilities to banks and customers, a discounted cash flow model is generally used for determining fair value, since market data is usually not available. In addition to the yield curve, own credit spread and a premium for operating expenses are also taken into account. In the case of promissory note loans issued by banks, the cost of capital is also taken into account. Since credit spreads of the respective counterparties are not used in the measurement of liabilities, they are usually classified as Level 2. In the case of nonobservable input parameters, classification at Level 3 may also be appropriate.

The fair value of securitised liabilities and subordinated debt instruments is determined on the basis of available market prices. If no prices are available, the discounted cash flow model is used to determine the fair values. A number of different factors, including current market interest rates, the own credit spread and capital costs, are taken into account in determining fair value.

If available market prices are applied to securitised liabilities and subordinated debt instruments, they are to be classified as Level 1. Otherwise, classification at Level 2 normally applies, since valuation models rely to a high degree on observable input parameters.

The tables below compares the fair values of the balance sheet items with their carrying amounts:

	Fair value		Carrying amount		Difference	
Assets | €bn	**31.12.2014**	**31.12.2013**	**31.12.2014**	**31.12.2013**	**31.12.2014**	**31.12.2013**
Cash reserve	4.9	12.4	4.9	12.4	–	–
Claims on banks	80.0	87.5	80.0	87.5	–	–
Reverse repos and cash collaterals	48.1	56.2	48.1	56.2		
Claims from money market transactions	1.3	3.5	1.3	3.5		
Promissory note loans	3.0	5.0	3.0	5.0	–	–
Other claims	27.7	22.9	27.7	22.9	–	–
Loan loss provisions	−0.1	−0.1	−0.1	−0.1		
Claims on customers	235.7	247.0	232.9	245.9	2.8	1.1
Reverse repos and cash collaterals	22.9	28.5	22.9	28.5		
Claims from money market transactions	0.3	6.2	0.3	6.2		
Promissory note loans	18.0	17.3	18.8	17.7	−0.8	−0.4
Construction and ship financing[1]	100.8	100.9	100.5	101.4	0.3	−0.5
Other claims[1]	99.4	100.8	96.1	98.8	3.3	2.0
Loan loss provisions	−5.7	−6.7	−5.7	−6.7		
Value adjustment portfolio fair value hedges[2]	–	–	0.4	0.1	−0.4	−0.1
Positive fair values of derivative hedging instruments	4.5	3.6	4.5	3.6	–	–
Trading assets	130.3	103.6	130.3	103.6	–	–
Financial investments	87.3	78.9	90.4	82.1	−3.1	−3.2
Loans and receivables	42.1	42.0	45.2	45.2	−3.1	−3.2
Available for sale[3]	42.8	34.6	42.8	34.6		
At fair value through profit or loss	2.4	2.3	2.4	2.3		
Non-current assets and disposal groups held for sale[4]	0.2		0.2		–	

[1] Changes in the disclosure of construction and ship financing (see page 202).
[2] The fair value adjustments on portfolio fair value hedges are contained in the relevant balance sheet line items for the hedged items.
[3] Including unlisted equity holdings.
[4] Financial instruments only (see Note 60); data for 31 December 2013 not available.

	Fair value		Carrying amount		Difference	
Liabilities | €bn	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Liabilities to banks	99.4	77.7	99.4	77.7	–	–
Repos and cash collaterals	33.4	18.3	33.4	18.3		
Liabilities from money market transactions	21.1	17.6	21.1	17.6		
Other liabilities	44.9	41.8	44.9	41.8	–	–
Liabilities to customers	249.5	276.3	249.0	276.5	0.5	–0.2
Repos and cash collaterals	20.2	49.9	20.2	49.9		
Liabilities from money market transactions	46.5	45.3	46.5	45.3		
Other liabilities	182.8	181.1	182.3	181.3	0.5	–0.2
Securitised liabilities	52.0	66.5	48.8	64.7	3.2	1.8
Measured at amortised cost	50.5	63.4	47.3	61.6	3.2	1.8
At fair value through profit or loss	1.5	3.1	1.5	3.1		
Value adjustment portfolio fair value hedges[1]	–	–	1.3	0.7	–1.3	–0.7
Negative fair values of derivative hedging instruments	9.4	7.7	9.4	7.7	–	–
Trading liabilities	97.2	71.0	97.2	71.0	–	–
Liabilities from disposal groups held for sale[2]	0.1		0.1		–	
Subordinated debt instruments	13.1	14.2	12.4	13.7	0.7	0.5

[1] The fair value adjustments on portfolio fair value hedges are contained in the relevant balance sheet line items for the hedged items.
[2] Financial instruments only (see Note 70); data for 31 December 2013 are not available.

The fair values shown above as at 31 December 2014 were distributed along the fair value hierarchy (Levels 1, 2 and 3) as follows:

€bn	31.12.2014				31.12.2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash reserve	–	4.9	–	4.9	–	12.4	–	12.4
Claims on banks	–	78.1	1.9	80.0	–	84.9	2.6	87.5
Claims on customers	–	39.0	196.7	235.7	–	41.5	205.6	247.1
Value adjustment portfolio fair value hedges	–	–	–	–	–	–	–	–
Positive fair values of derivative hedging instruments	–	4.5	–	4.5	–	3.6	–	3.6
Trading assets	32.5	92.7	5.1	130.3	35.5	66.3	1.8	103.6
Financial investments	41.4	16.8	29.1	87.3	35.3	6.4	37.2	78.9
Non-current assets and disposal groups held for sale[1]	0.1	0.1	–	0.2				
Liabilities								
Liabilities to banks	–	99.0	0.4	99.4	–	76.5	1.2	77.7
Liabilities to customers	–	249.5	–	249.5	–	264.8	11.5	276.3
Securitised liabilities	13.0	39.0	–	52.0	21.1	40.9	4.5	66.5
Value adjustment portfolio fair value hedges	–	–	–	–	–	–	–	–
Negative fair values of derivative hedging instruments	–	9.4	–	9.4	–	7.7	–	7.7
Trading liabilities	7.8	86.9	2.5	97.2	7.8	62.6	0.6	71.0
Liabilities from disposal groups held for sale[1]	–	0.1	–	0.1				
Subordinated debt instruments	0.1	13.0	–	13.1	0.8	12.2	1.2	14.2

[1] Data for 31 December 2013 are not available.

(82) Information on financial assets and financial liabilities for which the fair value option is applied

In the Commerzbank Group, the fair value option is primarily used to avoid accounting mismatches arising from securities and loans hedged with interest rate or credit derivatives. This also applies to structured debt instruments we have issued which have been hedged with interest rate or foreign currency derivatives.

The fair value option is also used for financial instruments of which the management and performance is evaluated on a fair value basis and for financial instruments with embedded derivatives.

All in all, the results of applying the fair value option amounted to €–129m (previous year: €–27m) (see Note 34).

Applying the fair value option in order to avoid accounting mismatches and for financial instruments with embedded derivatives produced the following values as broken down by balance sheet item:

€m	31.12.2014	31.12.2013	Change in %
Claims on banks	–	–	.
Claims on customers	453	425	6.6
Financial investments	2,428	2,207	10.0
Total assets	**2,881**	**2,632**	**9.5**
Liabilities to banks	24	25	–4.0
Liabilities to customers	1,485	1,427	4.1
Securitised liabilities	1,467	3,059	–52.0
Subordinated debt instruments	8	8	.
Total liabilities	**2,984**	**4,519**	**–34.0**

Of the total claims of €453m measured at fair value, €130m (previous year: €129m) were hedged by credit derivatives. In the year under review, the change in the fair value of claims attributable to changes in default risk was €16m (previous year: €26m) and amounted cumulatively to €–111m (previous year: €–127m).

The change in the fair value of the related risk-limiting credit derivatives amounted to €– 6m in the 2014 financial year (previous year: €–20m) and amounted cumulatively to €12m (previous year: €18m).

For liabilities to which the fair value option was applied, the change in fair value in 2014 for credit risk reasons was €56m (previous year: €–4m). The cumulative change was €26m (previous year: €–30m). The repayment amount of financial liabilities at fair value through profit or loss was €2,898m (previous year: €4,495m).

The credit risk-specific changes in the fair value of the claims and liabilities were primarily calculated as changes in fair values less value changes resulting from market conditions.

The fair value option was also used for financial instruments if they are managed in line with our risk and liquidity management and their performance is measured on a fair value basis. This applied chiefly to repurchase agreements, money market transactions and cash collaterals paid and received. The following balance sheet items were affected:

€m	31.12.2014	31.12.2013	Change in %
Claims on banks	27,690	40,998	−32.5
Claims on customers	18,512	25,728	−28.0
Financial investments	20	97	−79.4
Total assets	**46,222**	**66,823**	**−30.8**
Liabilities to banks	26,526	11,406	.
Liabilities to customers	21,586	54,959	−60.7
Securitised liabilities	–	–	.
Subordinated debt instruments	–	–	.
Total liabilities	**48,112**	**66,365**	**−27.5**

There were no significant changes in the fair values of assets and liabilities arising from default risk, since these consisted of short-term money market transactions and collaterals in securities lending business. Furthermore, for €36,497m of financial assets at fair value through profit or loss (reverse repos after netting; previous year: €54,371m) we received €39,364m (previous year: €71,652m) of securities as collateral to reduce counterparty risk.

The repayment amount of financial liabilities at fair value through profit or loss was €48,116m (previous year: €66,361m).

(83) Information on netting of financial instruments

The table below shows the reconciliation of amounts before and after netting, as well as the amounts of existing netting rights which do not satisfy the netting criteria, separately for all recognised financial assets and liabilities which

- are already netted in accordance with IAS 32.42 (financial instruments I) and
- are subject to an enforceable, bilateral master netting agreement or a similar agreement but are not netted in the balance sheet (financial instruments II).

For the netting agreements we conclude master agreements with our counterparties (such as 1992 ISDA Master Agreement Multi-Currency Cross-Border; German Master Agreement for Financial Futures). By means of such netting agreements, the positive and negative fair values of the derivatives contracts included under a master agreement can be offset against one another. This netting process reduces the credit risk to a single net claim on the party to the contract (close-out-netting).

We apply netting to receivables and liabilities from repurchase agreements (reverse repos and repos) and to positive and negative fair values of derivatives. The balance sheet netting pertains to transactions with central counterparties.

Assets | €m	31.12.2014		31.12.2013	
	Reverse repos	Positive fair values of derivative financial instruments	Reverse repos	Positive fair values of derivative financial instruments
Gross amount of financial instruments	52,874	190,145	74,566	169,935
Book values not eligible for netting	5,588	8,430	5,664	5,417
a) Gross amount of financial instruments I and II	47,286	181,715	68,902	164,518
b) Amount netted in the balance sheet for financial instruments I[1]	15,036	96,374	18,884	100,476
c) Net amount of financial instruments I and II = a) – b)	32,250	85,341	50,018	64,042
d) Master agreements not already accounted for in b)				
Amount of financial instruments II which do not fulfil or only partially fulfil the criteria under IAS 32.42[2]	1,793	63,067	6,756	48,440
Fair value of financial collaterals relating to financial instruments I and II not already accounted for in b)[3]				
Non-cash collaterals[4]	15,950	2,043	30,963	928
Cash collaterals	16	10,738	123	7,731
e) Net amount of financial instruments I and II = c) – d)	14,491	9,493	12,176	6,943
f) Fair value of financial collaterals of central counterparties relating to financial instruments I	14,479	664	11,598	207
g) Net amount of financial instruments I and II = e) – f)	12	8,829	578	6,736

1 Of which for positive fair values €581m (previous year: €98m) is attributable to margins.
2 Lesser amount of assets and liabilities.
3 Excluding rights or obligations to return arising from the transfer of securities.
4 Including financial instruments not reported on the balance sheet (e.g. securities provided as collateral in repo transactions)

Liabilities and equity | €m	31.12.2014		31.12.2013	
	Repos	Negative fair values of derivative financial instruments	Repos	Negative fair values of derivative financial instruments
Gross amount of financial instruments	49,883	196,592	72,950	172,340
Book values not eligible for netting	1,123	6,284	2,058	3,690
a) Gross amount of financial instruments I and II	48,760	190,308	70,892	168,650
b) Amount netted in the balance sheet for financial instruments I[1]	15,036	98,336	18,884	101,567
c) Net amount of financial instruments I and II = a) – b)	33,724	91,972	52,008	67,083
d) Master agreements not already accounted for in b)				
Amount of financial instruments II which do not fulfil or only partially fulfil the criteria under IAS 32.42[2]	1,793	63,067	6,756	48,440
Fair value of financial collaterals relating to financial instruments I and II not already accounted for in b)[3]				
Non-cash collaterals[4]	17,804	2,165	26,115	621
Cash collaterals	3	22,058	21	15,389
e) Net amount of financial instruments I and II = c) – d)	14,124	4,682	19,116	2,633
f) Fair value of financial collaterals of central counterparties relating to financial instruments I	14,072	664	19,050	207
g) Net amount of financial instruments I and II = e) – f)	52	4,018	66	2,426

1 Of which for negative fair values €2,543m (previous year: €1,189m) is attributable to margins.
2 Lesser amount of assets and liabilities.
3 Excluding rights or obligations to return arising from the transfer of securities.
4 Including financial instruments not reported on the balance sheet (e.g. securities provided as collateral in repo transactions).

Other notes

(84) Concentration of credit risk

Concentrations of credit risk may arise through business relations with individual borrowers or groups of borrowers which share a number of features and which are individually able to service debt and are influenced to the same extent by changes in certain overall economic conditions. Besides obtaining collateral and applying a uniform lending policy, the Bank has entered into a number of master netting agreements to minimise credit risks. These give the Bank the right to net claims on and liabilities to a customer in the event of the default or insolvency of that customer. The carrying values of credit risks relating to claims on customers were as follows:

	Claims	
€m	31.12.2014	31.12.2013[1]
Customers in Germany	**152,235**	**155,577**
Corporate customers	66,811	70,217
Manufacturing	24,878	24,164
Construction	984	799
Trading	8,938	8,313
Services and others	32,011	36,941
Public sector	21,281	22,620
Private customers	64,143	62,740
Customers outside Germany	**86,295**	**97,013**
Corporate and retail customers	78,672	90,339
Public sector	7,623	6,674
Sub-total	**238,530**	**252,590**
Less valuation allowances	−5,663	−6,652
Total	**232,867**	**245,938**

[1] Prior-year figures restated due to restatement of credit protection insurance (see page 160 f.).

The carrying values of credit risks relating to contingent liabilities and irrevocable lending commitments were as follows:

	Contingent liabilities, irrevocable lending commitments	
€m	31.12.2014	31.12.2013
Customers and banks in Germany	**41,997**	**40,242**
Banks	860	668
Corporate customers	36,191	35,321
Manufacturing	22,192	20,923
Construction	1,490	1,683
Trading	3,698	4,441
Services and others	8,811	8,274
Public sector	121	62
Private Customers	4,825	4,191
Customers and banks outside Germany	**55,193**	**47,564**
Banks	11,170	10,205
Corporate and retail customers	43,964	37,255
Public sector	59	104
Sub-total	**97,190**	**87,806**
Less provisions	–193	–230
Total	**96,997**	**87,576**

The book values of credit risk concentrations in loans and receivables, contingent liabilities and irrevocable lending commitments listed above do not form the basis for the internal management of credit risk, as credit risk management also takes account of collateral, probabilities of default and other economic factors. To this extent these amounts are therefore not representative of the Bank's assessment of its actual credit risk.

(85) Maximum credit risk

The maximum credit risk exposure in accordance with IFRS 7 – excluding collateral or other credit enhancements – is equal to the carrying amount of the relevant assets in each class, or the nominal value in the case of irrevocable lending commitments and contingent liabilities. The table below shows the carrying amounts or nominal values of financial instruments with a potential default risk:

Maximum credit risk | €m	31.12.2014	31.12.2013[1]	Change in %
Bonds, notes and other interest-rate-related securities under	104,237	97,731	6.7
Trading assets	15,161	16,959	–10.6
Financial investments	89,076	80,772	10.3
Claims on banks	80,036	87,545	–8.6
Claims on customers	232,867	245,938	–5.3
Positive fair values of derivative financial instruments	93,771	69,459	35.0
Trading assets	89,315	65,818	35.7
Hedging instruments under IAS 39	4,456	3,641	22.4
Other trading assets	931	634	46.8
Irrevocable lending commitments	59,850	52,326	14.4
Contingent liabilities	37,147	35,250	5.4

[1] Prior-year figures restated due to the restatement of credit protection insurance (see page 160 f.).

The maximum credit risk exposures listed above do not form the basis for the management of credit risk internally, as credit risk management also takes account of collateral, probabilities of default and other economic factors (see the section on default risks in the Group Risk Report). These amounts are therefore not representative of the Bank's assessment of its actual credit risk.

(86) Subordinated assets

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

€m	31.12.2014	31.12.2013	Change in %
Claims on banks	1	50	−98.0
Claims on customers	406	475	−14.5
Trading assets	190	211	−10.0
Financial investments	47	55	−14.5
Total	**644**	**791**	**−18.6**
of which on or in banks in which an equity holding exists	–	–	.

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

(87) Contingent liabilities and irrevocable lending commitments

The Commerzbank Group extends credit facilities to its customers, granting them rapid access to funds to meet their short-term and long-term financing needs. The credit facilities can be presented in different forms, as shown in the following examples:

- Guarantees, where the Group guarantees the repayment of a loan borrowed by a customer from another party;
- Standby letters of credit, which enhance a customer's credit standing and enable the customer to obtain trade finance at a lower cost;
- Documentary credits for trade finance payments, which are made on behalf of a customer and where the Group is reimbursed at a later date;
- Stand-by-facilities for short-term debt instruments and debt paper issued on a revolving basis, which enable customers to issue money market paper or medium-term debt instruments when needed without having to go through the normal issue procedure every time.

Customers' total exposure under loans and guarantees may be secured by collateral. In addition third parties may have sub-participations in irrevocable lending commitments and guarantees.

The figures listed in the table below do not take account of any collateral and would only have to be written off if all customers utilised their facilities completely and then defaulted (and there was no collateral). In practice the majority of these facilities expire without ever being utilised. As a result these amounts are unrepresentative in terms of assessing risk, the actual future loan exposure or resulting liquidity requirements. The Group Risk Report contains further information on credit risk and liquidity risk and how they are monitored and managed.

€m	31.12.2014	31.12.2013	Change in %
Contingent liabilities	**37,147**	**35,250**	**5.4**
from rediscounted bills of exchange credited to borrowers	7	6	16.7
from guarantees and indemnity agreements	37,069	35,220	5.2
Credit guarantees	2,508	2,277	10.1
Other guarantees	26,027	25,037	4.0
Letters of credit	8,128	7,481	8.6
Guarantees for ABS securitisations	–	–	.
Other warranties	406	425	–4.5
Other commitments	71	24	.
Irrevocable lending commitments	**59,850**	**52,326**	**14.4**
Book credits to banks	992	1,148	–13.6
Book credits to customers	57,118	49,952	14.3
Acceptance credits	1,452	954	52.2
Letters of credit	288	272	5.9
Total	**96,997**	**87,576**	**10.8**

The maturities of contingent liabilities and irrevocable lending commitments were as follows:

€m	31.12.2014		31.12.2013		Change in %
	Contingent liabilities	Irrevocable lending commitments	Contingent liabilities	Irrevocable lending commitments	
Due on demand	317	482	341	455	0.4
Up to 3 months	21,119	9,676	20,214	9,427	3.9
More than 3 months up to 1 year	8,483	12,396	7,714	10,561	14.2
More than 1 year up to 5 years	6,074	35,990	5,483	30,833	15.8
More than 5 years	1,154	1,306	1,498	1,050	–3.5
Total	**37,147**	**59,850**	**35,250**	**52,326**	**10.8**

Loan loss provisions for off balance-sheet commitments have been deducted from the respective items in these tables.

In addition to the credit facilities listed above, the Commerzbank Group can also sustain losses from legal risks where the occurrence of a loss may not be probable, but is not improbable either, and for which no provisions have been recognised. A reliable assessment either of the date on which the risk will materialise or of potential reimbursements is impossible. Depending on the outcome of the legal proceedings, the estimate of our risk of loss may be either too low or too high. However, in a large majority of cases the contingent liabilities for legal risks do not materialise and therefore the amounts are not representative of the actual future losses. As at 31 December 2014 the contingent liability for legal risks amounted to €992m (previous year: €946m) and related to the following material issues:

- As a result of the insolvency of its counterparty Commerzbank terminated the ISDA Master Agreement between the counterparties in 2008, which led to the close-out of a large number of transactions. In May 2013 Commerzbank received an alternative dispute resolution (ADR) notice concerning the calculation of the close-out values for some of these transactions. In the subsequent mediation procedure the demands of the parties were so far apart that the Bank rejected the proposed compromise. Discussions are currently ongoing about the modalities of arbitration proceedings.
- Several actions have been taken against a subsidiary of Commerzbank by customers of a former, now bankrupt, corporate customer which held its bank accounts with the subsidiary. The aim of the action is to obtain damages from the subsidiary for allegedly assisting the management of the bankrupt corporate customer in its fraudulent dealings in relation to the management of its accounts. The Bank believes the claims are unfounded.
- During the bankruptcy proceedings of a former customer, Commerzbank has been sued together with the customer's managing directors and a further 19 persons and companies on the basis of joint and several liability for alleged fraudulent bankruptcy. The action was rejected in the court of first instance insofar as it affected Commerzbank. The court ruled that although the bankruptcy could be regarded as fraudulent in accounting terms, there was no fraud in relation to the financing transactions. The claimants are appealing this decision.
- Commerzbank has been sued for damages for allegedly invalidly taking in pledge and realising globally certificated stocks. The suit was rejected in the court of first instance in 2010. The appeal was rejected in 2013. As leave to appeal again was denied, the plaintiff has since launched a complaint against denial of leave to appeal at the German Federal Court of Justice.
- Following the sale of the stake in the Public Joint-Stock Company “Bank Forum”, Kiev, Ukraine (Bank Forum) in 2012, Commerzbank was contacted by the purchasers raising claims under the contract of sale and alleging that the contract of sale was invalid as a result of fraud. Commerzbank has been investigating and assessing whether the accusations made by the purchasers are justified since the middle of last year. To date Commerzbank is not aware of any circumstances justifying the claims made by the purchasers. The parties are currently engaged in arbitration on the basis of the arbitration clauses in the contract. The purchasers are demanding that the contract of sale should be declared invalid, the sale reversed and the instalments paid towards the purchase price reimbursed, together with compensation for the losses they have sustained. Commerzbank rejects these demands and has lodged claims against the purchasers for the payment of the remainder of the purchase price and against the guarantor of the purchase price under the guarantee.
- The Commerzbank Group held an equity holding in a company which was sold by way of a leveraged buyout. During the insolvency proceedings of this company a number of lawsuits were taken against the Commerzbank Group for repayment of the proceeds it received for the sale of its stake. Two of these suits have been rejected but are currently going through the appeals process.

In addition, Commerzbank Aktiengesellschaft may be subject to an additional funding obligation with respect to the German bank levy in 2015.

(88) Repurchase agreements (repo and reverse repo transactions), securities lending and cash collaterals

Under its repurchase agreements, the Commerzbank Group sells or purchases securities with the obligation to repurchase or return them. The money received from repurchase agreements where we are the borrower (i.e. where we are under an obligation to take the securities back) is shown in the balance sheet as a liability to banks or customers. The securities delivered to the lender continue to be reported in the balance sheet in accordance with their relevant category. As lender the Commerzbank Group recognises a claim on the borrower equal to the cash collateral it has paid out. We hold the securities, which are the collateral for the transaction, in custody.

Securities lending transactions are conducted with other banks and customers in order to cover our need to meet delivery commitments or to enable us to effect securities repurchase agreements in the money market. We show lent securities in our balance sheet under our trading portfolio or under financial investments, whereas borrowed securities do not appear in the balance sheet. We report cash collateral which we have furnished for securities lending transactions (cash collaterals out) as a claim and collateral received as a liability (cash collaterals in). Cash collaterals are also deposited and received as security in connection with derivative transactions.

The repurchase agreements and securities lending transactions concluded up to the balance sheet date and the cash collaterals broke down as follows:

€m	31.12.2014	31.12.2013	Change in %
Repurchase agreements as a borrower			
Carrying amount of securities transferred	42,011	70,633	−40.5
Cash collaterals received			
Liabilities to banks	19,582	8,455	.
Liabilities to customers	15,265	45,611	−66.5
Securities lent in securities lending transactions			
Carrying amount of securities transferred	35,342	22,667	55.9
Cash collaterals received			
Liabilities to banks	13,828	9,833	40.6
Liabilities to customers	4,939	4,242	16.4
Sum of the carrying amounts of securities transferred	**77,353**	**93,300**	**−17.1**
Sum of collaterals received	**53,614**	**68,141**	**−21.3**
Repurchase agreements as a lender			
Fair value of securities received	45,071	72,967	−38.2
Cash collaterals paid			
Claims on banks	25,106	35,938	−30.1
Claims on customers	12,732	19,744	−35.5
Securities borrowed in securities lending transactions			
Fair value of securities received	37,889	29,537	28.3
Cash collaterals paid[1]			
Claims on banks	22,990	20,215	13.7
Claims on customers	10,154	8,739	16.2
Sum of fair value from securities received	**82,960**	**102,504**	**−19.1**
Sum of collaterals given	**70,982**	**84,636**	**−16.1**

[1] Including cash collateral paid out in connection with derivatives.

The carrying value of securities lent was €35.342m (previous year: €22.667m) against which there were related liabilities of €18.767m (previous year: €14.075m) as well as securities of €9,585m (previous year: €10,313m) as collateral. The claims and liabilities from repurchase agreements are shown after netting.

(89) Collateral received

The fair value of collaterals received, which the Bank has a right to sell on or pledge even where the provider does not default, were as follows:

€m	31.12.2014	31.12.2013	Change in %
Total amount of collaterals received	86,730	102,504	– 15.4
of which			
Resold or repledged	69,150	77,464	– 10.7
of which			
Subject to an obligation to return	–	–	.

The transactions were carried out on standard market terms for securities lending and repurchase transactions and loan transactions.

(90) Fiduciary transactions

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

€m	31.12.2014	31.12.2013	Change in %
Claims on banks	47	47	0.0
Claims on customers	509	567	– 10.2
Other assets	1,171	931	25.8
Fiduciary assets	**1,727**	**1,545**	**11.8**
Liabilities to banks	59	58	1.7
Liabilities to customers	905	1,046	– 13.5
Other liabilities	763	441	73.0
Fiduciary liabilities	**1,727**	**1,545**	**11.8**

(91) Capital requirements and leverage ratio

The regulations on the definition of capital and capital requirements changed in the European Union at the beginning of 2014. The main new European supervisory regulations are set out in the Capital Requirements Directive (CRD) IV and the Capital Requirements Regulation (CRR), which, unlike the CRD IV Directive, has direct legal effect for all European banks. This legislation is supplemented at national level in Germany by further provisions in the German Banking Act, the German Solvency Regulation and other regulations. In addition Implementing Technical Standards (ITS) and Regulatory Technical Standards (RTS) are due to be published; these are intended to provide transparency about the regulation of particularly complex matters. The new regulations reduce the eligibility of regulatory capital components, provide for additional deductions from capital, generally increase the capital requirements and ultimately set higher minimum requirements for banks' capital adequacy.

To ensure that all these requirements do not take effect on a single date, certain parts of these new rules are subject to defined phase-in rules.

The table below shows the increase in the expected minimum capital requirement for the Commerzbank Group.

	Expected Basel 3 phase-in capital requirements for Commerzbank group					
Effective 1 January, for the applicable year	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Capital ratios | %						
Common Equity Tier 1 (CET1)	4.000	4.500	4.500	4.500	4.500	4.500
Capital conservation buffer	0.000	0.000	0.625	1.250	1.875	2.500
Anticyclical capital buffer[1]	0.000	0.000				
Expected buffer for Other Systemically Important Institutions (OSII)[1]	0.000	0.000				
Total CET1	4.000	4.500	5.125	5.750	6.375	7.000
Additional Tier 1	1.500	1.500	1.500	1.500	1.500	1.500
Tier 1 capital	5.500	6.000	6.625	7.250	7.875	8.500
Tier 2 capital	2.500	2.000	2.000	2.000	2.000	2.000
Total capital	8.000	8.000	8.625	9.250	9.875	10.500

[1] The future capital requirements of both buffers have not yet been finalised.

Common Equity Tier 1 (CET 1) capital consists largely of subscribed capital plus reserves and non-controlling interests. Adjustments to this figure may be necessitated by any number of causes, for example goodwill, intangible assets, write-downs of assets (if assets are not valued cautiously enough in the regulator's view), shortfalls due to the comparison of expected losses with the provisions recognised for them and the correction of tax loss carryforwards. Adding Additional Tier 1 capital (AT1), which can contain subordinated debt instruments with certain conditions, produces Tier 1 capital. Tier 2 capital consists largely of subordinated debt instruments which are not eligible as Additional Tier 1 capital. The eligibility of these capital components has been reduced, as they must now be amortised on a straight-line basis over the last five years of their term.

At the same time the European Banking Authority (EBA), in conjunction with the European Central Bank (ECB), carried out both a detailed Asset Quality Review (AQR) and stress test of the large European banks in 2014 for the first time. Commerzbank passed both the ECB's AQR and the EBA's stress test. According to the results of the ECB AQR, as at 1 January 2014 the Common Equity Tier 1 (CET1) ratio under the Basel 3 transitional arrangements was 10.8% and therefore significantly above the minimum hurdle of 8.0%.

In the baseline of the stress test, taking the AQR results into account, Commerzbank recorded a CET1 ratio of 11.4% and was therefore significantly above the hurdle of 8.0%. The Bank's CET1 ratio was also well above the 5.5% hurdle under the adverse scenario, at 8.0%. Even with full application of Basel 3 and taking the AQR results into account, the CET1 ratio under the adverse scenario was a comfortable 6.9%.

The table below shows the current risk-weighted assets, the resultant capital requirements and the capital amounts and capital ratios (2013 shows Basel 2.5):

€m	31.12.2014[1]	31.12.2013
Credit risk	173,563	159,000
Market risk[2]	20,055	8,675
Operational risk	21,560	22,913
Total	**215,178**	**190,588**
Common Equity Tier 1 (CET1)	25,123	24,887
Tier 1 capital	25,123	25,706
Total capital	31,476	36,651
Core Tier 1 ratio (%)	11.7	13.1
Tier 1 ratio (%)	11.7	13.5
Total capital ratio (%)	14.6	19.2

[1] The information includes the consolidated profit attributable to Commerzbank shareholders.
[2] Includes credit valuation adjustment risk from 2014.

Commerzbank seeks to achieve the following objectives in managing its capital:

- Adherence to the statutory minimum capital requirements at Group level and in all companies included in the regulatory Group,
- Ensuring that the planned capital ratios are met, including the new ECB/EBA requirements,
- Provision of sufficient reserves to guarantee the Bank's freedom of action at all times,
- Strategic allocation of Tier 1 capital to business segments and divisions in order to exploit growth opportunities.

The financial crisis made the importance of adequate CET1 capital levels for banks become an issue of increasing public concern. At Commerzbank Tier 1 capital has always been a key management target. The Bank's specifications for the capital ratios far exceed the minimum statutory requirements. The Bank's risk-taking capability and market expectations play an important role in determining the internal capital ratio targets. For this reason Commerzbank has stipulated minimum ratios for regulatory capital. Furthermore, Commerzbank has set itself the goal of achieving a CET1 ratio of 10.0% of risk-weighted assets by the end of 2016 (after fully implementing the transitional arrangements under the Capital Requirements Regulation (CRR) and the German Banking Act, i.e. on a "fully loaded" basis). CET1 capital is allocated via a regular process which takes account of the Bank's strategic direction, profitable new business opportunities in the core business of each banking department as well as risk appetite issues.

All measures relating to the Bank's capital are proposed by the Bank's central Asset Liability Committee and approved by the Board of Managing Directors, subject to the authorisation granted by the AGM. During the past year Commerzbank met the minimum statutory capital requirements as well as the requirements of the ECB and EBA at all times. All of the proposed new regulations are still subject to change. Large parts of the proposed ITS and RTS are still outstanding. Consequently all figures for risk-weighted assets, capital and capital ratios reflect Commerzbank's current understanding of the regulations. In the pro forma calculation of fully loaded implementation of the CRR requirements, the transitional regulations are completely disregarded.

The table below showing the composition of the Commerzbank Group's capital shows the figures on both a phase-in basis (i.e. the currently applicable regulations) and a fully loaded basis as at the end of 2014. The reconciliation of equity reported in the balance sheet with regulatory capital is already integrated in these figures.

Position | €m	**31.12.2014 phase-in**	**31.12.2014 fully loaded**
Equity as shown in balance sheet	**26,960**	**26,960**
Effect from debit valuation adjustments	–38	–188
Correction to revaluation reserve	906	–
Correction to cash flow hedge reserve	246	246
Correction to phase-in (IAS 19)	1,022	–
Non-controlling interests (minority)	–135	–426
Goodwill	–2,090	–2,090
Intangible assets	–969	–969
Surplus in plan assets	–57	–283
Deferred tax assets from loss carryforwards	–128	–639
Shortfall due to expected loss	–496	–827
Prudential valuation	–469	–469
Own shares	–17	–68
First loss positions from securitisations	–360	–360
Advance payment risks	–	–
Deduction of offset components of additional core capital (AT 1)	935	–
Deferred tax assets from temporary differences which exceed the 10% threshold	–89	–886
Others and rounding	–98	–99
Core Tier 1	**25,123**	**19,902**
Additional Tier 1	**–**	**–**
Tier 1 capital	**25,123**	**19,902**
Tier 2 capital	**6,353**	**6,404**
Equity	**31,476**	**26,306**
Risk-weighted assets	**215,178**	**214,072**
Core Tier 1 ratio (%)	**11.7**	**9.3**
Total capital ratio (%)	**14.6**	**12.3**

The CRD IV/CRR has introduced the leverage ratio as a new tool and indicator for quantifying the risk of excessive debt levels. The leverage ratio shows the ratio of Tier 1 capital to leverage exposure, consisting of the non-risk-weighted assets plus off-balance-sheet positions. The way in which exposure to derivatives, securities financing transactions and off-balance sheet positions is calculated is laid down by regulators.

As a non-risk sensitive figure the leverage ratio is intended to supplement risk-based measures of capital adequacy.

Leverage ratio according to CRR (regulatory standard applicable on reporting date)	31.12.2014
Leverage exposure "phase-in" (€m)	586,053
Leverage exposure "fully loaded" (€m)	582,057
Leverage ratio "phase-in" (%)	4.3
Leverage ratio "fully loaded" (%)	3.4

(92) Securitisation of loans

The use of credit derivatives (such as credit default swaps, total return swaps and credit-linked notes) can reduce the risk weighting of a loan portfolio. The hedging effect of a credit derivative may relate both to individual loans or securities and to entire portfolios of loans or securities. As a rule, security is furnished by means of a synthetic securitisation by credit default swap (CDS) and/or by credit-linked notes (CLNs). This enables us to achieve three important goals:

- Risk diversification (reduction of credit risks in the portfolio, especially concentration risks),
- Easing the burden on equity capital (the transfer of credit risks to investors leads to a reduction in the regulatory capital requirements under the Solvency Regulation) and
- Funding (use of securitisation as an alternative funding instrument to unsecured bearer bonds).

As at the 2014 financial year-end, the Commerzbank Group (Commerzbank Aktiengesellschaft and one subsidiary) had launched six securitisation programmes as the buyer of protection.

The range of legal maturity dates stretches from 7 to 76 years. A total of €4,7bn loans to customers had been securitised by end-December 2014 (previous year: €6.1bn). This reduced the Bank's risk-weighted assets by €2,0bn (previous year: €2.7bn).

Name of transaction	Buyer of protection	Year transacted	Contract period of transactions in years	Type of claim	Total lending €m	Reduction of risk-weighted assets €m
CoSMO Finance II–2 Limited	Commerzbank Aktiengesellschaft	2012	10	Mittelstand customers	1,974	798
CoCo Finance II–1 Limited	Commerzbank Aktiengesellschaft	2012	10	Large corporates	1,975	1,033
CoTrax Finance II–1 Limited	Commerzbank Aktiengesellschaft	2013	7	Banks	412	161
Provide GEMS 2002–1 PLC	Hypothekenbank Frankfurt Aktiengesellschaft	2002	45	Residential real estate portfolio	83	15
Semper Finance 2006–1[1]	Hypothekenbank Frankfurt Aktiengesellschaft	2006	76	Project Castle – commercial real estate portfolio	236	–
Semper Finance 2007–1	Hypothekenbank Frankfurt Aktiengesellschaft	2007	36	Commercial real estate portfolio	18	12
total					**4,698**	**2,019**

[1] The transaction Semper Finance 2006–1 has been terminated with effect from 31 March 2015 and is in the amortisation phase. There is no reduction in risk-weighted assets from the remainder of the portfolio.

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

	2014			2013		
	Total	male	female	Total	male	female
Group	49,867	23,780	26,087	51,399	24,720	26,679
in Germany	38,077	18,239	19,838	39,692	19,171	20,521
outside Germany	11,790	5,541	6,249	11,707	5,549	6,158

The above figures include both full-time and part-time personnel. Not included in the figures is the average number of employees undergoing training within the Group. The average time worked by part-time staff was 62.7% (previous year: 61.8%) of the standard working time.

	2014			2013		
	Total	male	female	Total	male	female
Trainees	2,092	1,004	1,088	2,226	1,077	1,149

(94) Related party transactions

a) Business relationships

As part of its normal business Commerzbank Aktiengesellschaft and/or its consolidated companies do business with related entities and persons. These include subsidiaries that are controlled but not consolidated for reasons of materiality, joint ventures, associated companies accounted for using the equity method, equity holdings, external providers of occupational pensions for employees of Commerzbank Aktiengesellschaft, key management personnel and members of their families as well as companies controlled by these persons. Key management personnel refers exclusively to members of Commerzbank Aktiengesellschaft's Board of Managing Directors and Supervisory Board who were active during the financial year.

Besides the size of the stake held by the German federal government as guarantor of the Financial Market Stabilisation Authority (FMSA), which administers the Financial Market Stabilisation Fund (SoFFin), other factors (including membership of the supervisory board) which could allow a shareholder to exert a significant influence on Commerzbank Aktiengesellschaft also need to be taken into account. As a result the German federal government and entities controlled by it constitute related parties as defined by IAS 24.

In the tables below we present relationships with federal government-controlled entities and agencies separately from relationships with other related parties. Assets, liabilities and off-balance sheet items involving related parties (excluding federal agencies) changed as follows in the year under review:

Assets | €m	31.12.2014	31.12.2013	Change in %
Claims on banks	**41**	**83**	−50.6
Non-consolidated subsidiaries	–	–	.
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	41	83	−50.6
Claims on customers	**1,118**	**1,386**	−19.3
Non-consolidated subsidiaries	556	514	8.2
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	514	859	−40.2
Key management personnel	4	4	0.0
Other related entities/persons	44	9	.
Trading assets	**13**	**14**	−7.1
Non-consolidated subsidiaries	9	10	−10.0
Joint ventures	–	1	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	4	3	33.3
Other related entities/persons	–	–	.
Financial investments	**40**	**45**	−11.1
Non-consolidated subsidiaries	33	30	10.0
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	1	10	−90.0
Other related entities/persons	6	5	20.0
Other assets	**51**	**40**	27.5
Non-consolidated subsidiaries	–	–	.
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	51	40	27.5
Total	**1,263**	**1,568**	**−19.5**

Liabilities | €m	31.12.2014	31.12.2013	Change in %
Liabilities to banks	**–**	**4**	.
Non-consolidated subsidiaries	–	–	.
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	–	4	.
Liabilities to customers	**665**	**1,227**	−45.8
Non-consolidated subsidiaries	110	124	−11.3
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	66	138	−52.2
Key management personnel	5	8	−37.5
Other related entities/persons	484	957	−49.4
Trading liabilities	**3**	**–**	.
Non-consolidated subsidiaries	–	–	.
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	–	–	.
Other related entities/persons	3	–	.
Subordinated debt instruments	**394**	**618**	−36.2
Non-consolidated subsidiaries	–	–	.
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	–	–	.
Other related entities/persons	394	618	−36.2
Other liabilities	**26**	**24**	8.3
Non-consolidated subsidiaries	26	24	8.3
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	–	–	.
Total	**1,088**	**1,873**	**−41.9**

The total liabilities to other related companies include €0.5bn (previous year: €0.9bn) for external pension providers.

Off-balance-sheet items | €m	31.12.2014	31.12.2013	Change in %
Guarantees and collaterals granted to	**220**	**101**	.
Non-consolidated subsidiaries	18	20	−10.0
Joint ventures	–	–	.
Associated companies accounted for using the equity method and holdings in related companies	84	81	3.7
Key management personnel	–	–	.
Other related entities/persons	118	–	.
Guarantees and collaterals received from	**6**	**–**	.
Non-consolidated subsidiaries	–	–	.
Joint ventures	–	–	.
Associated companies accounted for using the equity method and holdings in related companies	6	–	.
Key management personnel	–	–	.
Other related entities/persons	–	–	.

The guarantees and collateral were granted in the course of the Bank's ordinary banking activities.

The following income arose from loan agreements with, deposits from and services provided in connection with related parties (excluding federal agencies):

Income | €m	1.1.–31.12.2014	1.1.–31.12.2013[1]	Change in %
Non-consolidated subsidiaries			
Interest income	32	36	−11.1
Commission income	16	12	33.3
Net gain or loss from trading and remeasurement	2	–	.
Other net income	1	–	.
Joint ventures			
Interest income	–	–	.
Commission income	–	–	.
Current net income from companies accounted for using the equity method	−6	7	.
Holdings in associated companies accounted for using the equity method and holdings in related companies			
Interest income	15	46	−67.4
Commission income	70	4	.
Current net income from companies accounted for using the equity method	49	53	−7.5
Net gain or loss from trading and remeasurement	−11	–	.
Key management personnel			
Interest income	–	–	.
Commission income	–	–	.
Other related entities/persons			
Interest income	2	–	.
Commission income	–	–	.
Net gain or loss from trading and remeasurement	1	–	.
Totals			
Interest income	49	82	−40.2
Commission income	86	16	.
Current net income from companies accounted for using the equity method	43	60	−28.3
Net gain or loss from trading and remeasurement	−8	7	.
Other net income	1	–	.

[1] Prior-year figures restated.

The expenses from loan agreements with, deposits from and services provided in connection with related parties (excluding federal agencies) are shown in the table below.

The operating expenses under key management personnel relate to remuneration of board members reported as personnel expense and salaries of the employee representatives on the Supervisory Board employed by the Commerzbank Group. They also include remuneration paid to the members of the Supervisory Board. The taxes item relates to VAT reimbursed to members of the Supervisory Board.

Expenses | €m	1.1.–31.12.2014	1.1.–31.12.2013[1]	Change in %
Non-consolidated subsidiaries			
Interest expenses	2	1	.
Net risk provisions in the credit business	−1	−1	0.0
Commission expenses	–	–	.
Operating expenses	60	44	36.4
Write-downs/impairments	4	7	−42.9
Other expenses	4	1	.
Joint ventures			
Interest expenses	–	–	.
Commission expenses	–	–	.
Operating expenses	–	–	.
Write-downs/impairments	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies			
Interest expenses	–	1	.
Net risk provisions in the credit business	–	48	.
Commission expenses	2	5	−60.0
Operating expenses	9	5	80.0
Write-downs/impairments	11	14	−21.4
Other expenses	4	4	0.0
Key management personnel			
Interest expenses	–	–	.
Commission expenses	–	–	.
Operating expenses	14	15	−6.7
Write-downs/impairments	–	–	.
Taxes	–	–	.
Other related entities/persons			
Interest expenses	44	47	−6.4
Commission expenses	–	–	.
Operating expenses	–	–	.
Write-downs/impairments	–	–	.
Totals			
Interest expenses	46	49	−6.1
Net risk provisions in the credit business	−1	47	.
Commission expenses	2	5	−60.0
Operating expenses	83	64	29.7
Write-downs/impairments	15	21	−28.6
Other expenses	8	5	60.0
Taxes	–	–	.

[1] Prior-year figures restated.

Claims on key management personnel were as follows:

	31.12.2014		31.12.2013	
	Board of Managing Directors	Supervisory Board	Board of Managing Directors	Supervisory Board
Claims (€1,000)	3,165	563	3,822	592
Last due date[1]	2042	2047	2042	2047
Range of interest rates used (%)[2]	1.52–5.5	2.28–5.1	2.09–5.5	2.28–5.1

[1] As well as loans with fixed repayment dates, loans were also extended without a specified maturity.
[2] In individual cases up to 15.4% was charged for overdrafts in the Board of Managing Directors (previous year: 11.9%) and up to 11.8% in the Supervisory Board (previous year 10.1%).

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

With the exception of rental guarantees the companies of the Commerzbank Group did not have any contingent liabilities relating to members of the Board of Managing Directors or the Supervisory Board in the year under review.

Banking transactions with related parties are carried out on normal market terms and conditions.

Transactions with federal agencies

The Commerzbank Group conducts transactions with federal government-controlled entities as part of its ordinary business activities on standard market terms and conditions. The table below sets out the assets and liabilities relating to transactions with federal agencies:

€m	31.12.2014	31.12.2013	Change in %
Cash reserve	247	3,430	–92.8
Claims on banks	154	262	–41.2
Claims on customers	1,438	2,040	–29.5
Trading assets	970	1,957	–50.4
Financial investments	3,484	2,299	51.5
Total	**6,293**	**9,988**	**–37.0**
Liabilities to banks	13,255	12,301	7.8
Liabilities to customers	89	1,367	–93.5
Trading liabilities	845	401	.
Total	**14,189**	**14,069**	**0.9**
Guarantees and collaterals			
granted	242	221	9.5
received	–	–	.

The financial instruments included under trading assets and financial investments are debt instruments.

Income and expenses for transactions with federal agencies were as follows:

€m	1.1.–31.12.2014	1.1.–31.12.2013[1]	Change in %
Income			
Interest income	259	481	– 46.2
Commission income	2	4	– 50.0
Net gain or loss from trading and remeasurement	6	–	.
Expenses			
Interest expenses	166	335	– 50.4
Commission expenses	–	–	.
Net risk provisions in the credit business	12	–	.
Operating expenses	1	1	0.0
Write-downs/impairments	–	–	.

[1] Prior-year figures restated.

b) Remuneration of key management personnel

A detailed description of the remuneration system for the members of the Board of Managing Directors and for members of the Supervisory Board is provided in the remuneration report (see page 31 ff.).

Board of Managing Directors. The table below shows a breakdown of the total remuneration of the Board of Managing Directors in accordance with both the IAS 24.17 and German Accounting Standard 17 classifications (see the remuneration report). The expense under the IAS 24 classification is based on the regulations of the underlying standards (IAS 19 and IFRS 2).

The short-term employee benefits also contain the other remuneration. This includes standard non-monetary benefits (chiefly use of company cars and insurance plus the tax due on these, and employer contributions to the BVV occupational retirement fund).

The post-employment benefits contain the service cost included in pension provisions.

Figures for individual board members in accordance with the German Accounting Standard 17 rules are set out in the remuneration report (see page 35 f.).

€1.000	2014	2013
Short-term employee benefits	7,263	8,969
Post-employment benefits	2,995	3,900
Other long-term benefits	916	922
Termination benefits	–	–
Share-based remuneration	3,368	4,332
Total remuneration in accordance with IAS 24.17	**14,542**	**18,123**
less		
Post-employment benefits	2,995	3,900
Termination benefits	–	–
Measurement and other differences[1]	– 374	934
Total remuneration in accordance with the Remuneration report[2]	**11,921**	**13,289**

[1] This includes the difference arising from measurement on the grant date (German Accounting Standard 17) and on the balance sheet date (IFRS 2) among other factors.
[2] The legal basis is Art. 314 (1) no. 6 (a) sentence 1 of the German Commercial Code (HGB).

The assets backing the Bank's retirement benefit plan for present and former members of the Board of Managing Directors or their surviving dependants have been transferred to Commerzbank Pensions-Trust e.V. as part of a contractual trust arrangement.

The net present value of pension entitlements of the active members of the Board of Managing Directors was €28,448 thousand as at 31 December 2014 (previous year: €19,871 thousand). The service costs reflected in the calculation of pension provisions in 2014 amounted to €2,995 thousand (previous year: €3,900 thousand).

The amounts are calculated considering the current term of appointment of the individual board members and assuming none of the board members will collect a pension before reaching the age of 62 (except in a potential case of incapacity to work) and that they will remain on the board until such time. The pension entitlements and service costs for the individual board members are set out in the remuneration report (see page 34).

After deduction of plan assets transferred, provisions for pension obligations in respect of active members of the Board of Managing Directors at 31 December 2014 were €5,969 thousand (previous year[1]: €2,626 thousand).

Payments to former members of the Board of Managing Directors of Commerzbank Aktiengesellschaft and their surviving dependants came to €7,986 thousand in the 2014 financial year (previous year: €6,526 thousand). The pension liabilities for these persons amounted to €97,700 thousand (previous year: €79,674 thousand).

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 2014 of €1.657 thousand (previous year: €1.686 thousand). Of this figure, the fixed remuneration and remuneration for committee memberships amounted to €1,305 thousand (previous year: €1,290 thousand) and attendance fees to €352 thousand (previous year: €396 thousand). Attendance fees are paid for participating in the meetings of the Supervisory Board and its six committees (Presiding, Audit, Risk, Nomination, Conciliation and Social Welfare Committees) which met in the year under review. The overall remuneration of €1,657 thousand (previous year: €1.686 thousand) is categorised as short-term employee benefits in accordance with IAS 24.17.

The VAT (currently 19%) payable on the remuneration of the members of the Supervisory Board resident in Germany was reimbursed by the Bank, but is not counted as a component of remuneration. No value added tax is payable for members of the Supervisory Board resident outside Germany.

The Board of Managing Directors and Supervisory Board held no more than 1% in total (previous year: less than 1%) of the issued shares and option rights of Commerzbank Aktiengesellschaft as at 31 December 2014.

(95) Share-based payment plans

Due to the performances already made by employees (including the Board of Managing Directors) there were expenses relating to share-based payments in the 2014 financial year. Further details and the terms and conditions of the share-based payment plans are available in Note 25 of this annual report. Share-based payment expense was as follows:

€m	2014	2013
Cash-settled plans	44	42
of which		
Commerzbank Incentive Plan	41	41
Equity-settled plans	3	3
Total	**47**	**45**

The provisions for cash-settled plans and the reserves in equity for plans settled with equity instruments were as follows:

€m	31.12.2014	31.12.2013
Provisions	65	54
of which		
Share awards	1	12
Commerzbank Incentive Plan	63	41
Equity reserves	6	10

Share awards. The number of rights outstanding under the share award programmes developed as follows during the financial year:

Number of awards units	Share awards
Balance as at 1.1.2013	**6,562,418**
Effect from capital measure (reverse stock split)	–5,744,343
Granted during the year	172,259
Forfeited during the year	221,640
Exercised during the year	203,103
Expired during the year	–
Balance as at 31.12.2013	**565,591**
Granted during the year	3,565
Forfeited during the year	2,900
Exercised during the year	528,996
Expired during the year	–
Balance as at 31.12.2014	**37,260**

Commerzbank-Incentive-Plan. The number of shares in 2014 changed as follows:

Number of awards units	Commerzbank Incentive Plan
Balance as at 1.1.2013	**10,657,415**
Effect from capital measure (reverse stock split)	–23,643,916
Granted during the year	15,627,321
Forfeited during the year	–
Exercised during the year	724,259
Expired during the year	52,182
Balance as at 31.12.2013	**1,864,379**
Granted during the year	2,329,825
Forfeited during the year	9,741
Exercised during the year	968,411
Expired during the year	37,130
Balance as at 31.12.2014	**3,178,922**

(96) Other commitments

Payment commitments to Group external entities and non-consolidated entities on shares not fully paid up amounted to €38.5m (previous year: €21.8m).

Liquiditäts-Konsortialbank (Liko) GmbH, Frankfurt am Main, ceased operations in 2014 and is in liquidation. There was therefore no longer a funding obligation (previous year: €96m).

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

Securities with a book value of €7,686m (previous year: €6,606m) have been deposited as collateral to meet obligations to futures and options exchanges and clearing houses.

(97) Lessor and lessee figures

Lessor disclosures – operating leases

Commerzbank acts as a lessor in operating lease arrangements. As at the balance sheet date these leases primarily comprised chartered ships, real estate and vehicles. No contingent rents have been agreed in the leases.

The following minimum lease payments stemming from non-cancellable leases will accrue to the Commerzbank Group over the next few years from operating leases granted:

Due date | €m	**31.12.2014**	**31.12.2013**
Up to 1 year	174	196
1 year to 5 years	375	471
More than 5 years	184	103
Total	**733**	**770**

Impairment reversals of €7m were recognised as income during the financial year.

Lessor disclosures – finance leases

Commerzbank acts as a lessor for finance leases. As at the balance sheet date these leases primarily comprise leased real estate and office furniture and equipment (e.g. vehicles, office machines).

The relationship between gross investments and net present value of the minimum lease payments was as follows:

€m	**31.12.2014**	**31.12.2013**
Outstanding lease payments	1,791	1,602
+ guaranteed residual values	92	100
= minimum lease payments	1,883	1,702
+ non-guaranteed residual values	9	9
= gross investments	1,892	1,711
of which from sale and leaseback transactions	251	264
– unrealised financial income	200	178
= net investments	1,692	1,533
– net present value of non-guaranteed residual values	3	7
= net present value of minimum lease payments	1,689	1,526
of which from sale and leaseback transactions	213	221

The minimum lease payments include the total lease instalments to be paid by the lessee under the lease agreement plus the guaranteed residual value. The non-guaranteed residual value is estimated at the beginning of the lease agreement and reviewed as at the reporting date on a regular basis. Unrealised financial income is equivalent to the interest implicit in the lease agreement between the reporting date and the end of the contract.

The accumulated allowance for uncollectable minimum lease payments receivable was €52m (previous year[1]: €49m). In addition €5m (previous year: –) of contingent rents were recognised as income in the year under review.

The term of the gross investment and net present values of the minimum lease payments from non-cancellable finance leases broke down as follows:

Residual terms as at 31.12.	Gross investments		of which from sale and leaseback transactions	
€m	2014	2013	2014	2013
Up to 1 year	513	579	55	47
1 year to 5 years	1,177	907	143	145
More than 5 years	202	225	53	72
Total	**1,892**	**1,711**	**251**	**264**

Residual terms as at 31.12.	Net present value of minimum lease payments		of which from sale and leaseback transactions	
€m	2014	2013	2014	2013
Up to 1 year	455	520	46	37
1 year to 5 years	1,059	808	129	122
More than 5 years	175	198	38	62
Total	**1,689**	**1,526**	**213**	**221**

Lessee disclosures – operating leases

The Group's existing obligations arising from operating leases involve rental and leasing agreements for buildings, office furniture and equipment and led in the financial year 2014 to expenses of €325m (previous year: €391m). The breakdown of the expenses was as follows:

€m	2014	2013
Minimum lease payments	149	179
Payments for terminable agreements	11	14
Conditional payments	171	205
less sublease income	6	7
Total	**325**	**391**

For rental and lease agreements that cannot be terminated, the following expenses are forecast for future years:

Residual terms as at 31.12.	Non-cancellable rental and leasing contracts		of which from sale and leaseback transactions[1]	
€m	2014	2013	2014	2013
Up to 1 year	452	454	10	2
1 year to 5 years	1,124	1,293	28	4
More than 5 years	967	1,076	26	–
Total	**2,543**	**2,823**	**64**	**6**

[1] The sale and leaseback transactions relate solely to non-cancellable lease agreements.

[1] Prior-year figures restated.

For real estate, mostly rental agreements were concluded, but occasionally also lease agreements. These lease agreements are usually long term and include opt-out clauses, options for the lessee to extend the lease for follow-up periods or price adjustment clauses. Price adjustment clauses exist in a number of different forms such as step-up leases and index clauses. Lease agreements may also include purchase options. Operating lease agreements do not entail any restrictions with respect to the future payment of dividends or contraction of additional debt.

Subletting agreements have been signed for buildings no longer in use in the Commerzbank Group. These leases are non-cancellable. The following income will accrue to the Commerzbank Group in the next few years from these leases:

Due date | €m	**2014**	**2013**
Up to 1 year	38	35
1 year to 5 years	37	66
More than 5 years	53	54
Total	**128**	**155**

(98) Date of release for publication

The Group financial statements were approved by the Board of Managing Directors for submission to the Supervisory Board on 3 March 2015. The Supervisory Board is responsible for reviewing and formally approving the Group financial statements. Preliminary figures for the 2014 results were released by the Board of Managing Directors for publication on 9 February 2015.

(99) Corporate Governance Code

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

An annual declaration of compliance with the German Corporate Governance Code pursuant to Art. 161, Stock Corporation Act has also been issued for comdirect bank Aktiengesellschaft and made permanently available on the internet (www.comdirect.de).

(100) Letters of comfort

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

Name	**Registered office**
comdirect bank Aktiengesellschaft	Quickborn
Commerzbank (Eurasija) SAO	Moscow
Commerzbank Inlandsbanken Holding GmbH	Frankfurt am Main
Commerzbank International S.A.	Luxembourg
CommerzTrust GmbH	Frankfurt am Main
Commerz Markets LLC	New York
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg
Hypothekenbank Frankfurt Aktiengesellschaft	Eschborn

(101) Information on unconsolidated structured entities

The unconsolidated structured entities of the Commerzbank Group comprise the transaction types (clusters) set out below. The changes compared with the prior year are as follows: the asset-backed securities cluster has been added, the credit derivatives and structured capital markets clusters have been incorporated in the Others cluster and the Private Finance Initiative cluster has been renamed Private Finance Initiative & Structured Credit Legacy (PFI and SCL).

- Asset-backed securities (ABSs)
  Asset-backed securities are collateralised securities designed to convert particular assets, usually loans, into fixed-interest tradable securities through securitisation. The underlying assets can include, for example, consumer loans (auto loans, credit card assets), mortgage loans and high-grade corporate loans. The companies are financed through the issue of various tranches of asset-backed securities and the investors in these securities are subject to the default risk of the underlying asset. Commerzbank only invests in investment grade ABS tranches.
- Own securitisations
  These are true-sale and synthetic securitisations used for the purpose of steering the liquidity, capital and risk-weighted assets of the Bank. The companies that acquire the assets are financed through the issue of various tranches of securities that are placed on the capital market.
- Securitisation platform
  Commerzbank sponsors a securitisation platform. With this conduit programme, Commerzbank structures, arranges and securitises the receivables of third parties who are customers of Mittelstandsbank and Corporates & Markets. The companies refinance themselves through the issue of asset-backed securities and liquidity lines. Default risk is covered by external bad debt insurance as well as existing over-hedging.
- Hedge funds
  These are investments in hedge fund units made in the interest of the customer. The performance and risk of the units are passed on to the customer by means of total return swaps or certificates. Commerzbank thus secures itself financially and does not invest for its own account.
- Leasing structured entities
  These companies design need-based leasing and financing concepts for large plant such as real estate, aircraft, ships and regenerative energy systems. Normally, for every transaction an autonomous company is established in which the Commerz Real Group is a majority or minority stakeholder. These companies mostly operate in the legal form of a GmbH & Co. KG. As a financial services company, the Commerz Real Group does not provide loans to these companies. Loans are instead provided by lending institutions within and outside the Group. The core business of Commerz Real does, however, include administration related to the structured entities, such as the regular renewal of expiring fixed interest rate periods and loans with fixed repayment dates.
- Private Finance Initiative & Structured Credit Legacy (PFI and SCL)
  The cluster comprises positions from the former Portfolio Restructuring Unit (PRU), which was responsible for managing down assets related to the proprietary trading and investment activities which were discontinued in 2009. The positions managed by this segment initially included asset-backed securities (ABSs) without a state guarantee, other structured credit products, proprietary trading positions in corporate and bank bonds and exotic credit derivatives. The companies are largely financed through the issue of various types of asset-backed securities and bonds. The investors in these securities are therefore subject to the default risk of the underlying or the issuer.

- Others
  These are structured entities which do not fulfil the above criteria. These primarily comprise all mutual funds launched by Commerz Funds Solutions S.A. and not consolidated. Capital market transactions by Structured Capital Markets (SCM) and structured entities in connection with credit derivatives transactions also fall into this category. The business of Commerz Funds Solutions S. A. comprises all types of passive investment funds. The company offers ETFs as well as mutual funds covering different strategies for European markets and particular asset classes. Funds of funds also offer investors the opportunity to benefit across asset classes from the performance of equity, bond and commodity indices depending on the market situation. Commerzbank holds units in individual mutual funds in order to ensure a liquid market or supports new fund launches with a seed money contribution. SCM carries out transactions for customers with limited access to the capital markets and brings them together with alternative providers of capital. SCM comprises the areas of Structured Finance (SF), Structured Asset Solutions (SAS) and Securitised Products (SP). The focus in Structured Finance is on structuring and carrying out tax-efficient financing and investments for companies and financial institutions. Structured Asset Solutions concentrates on the customer-oriented securitisation of credit financing and short-term leasing financing. Securitised Products is focused on synthetic and true-sale securitisations for public and private placements.

  Credit derivatives include cash collateralised debt obligations and synthetic collateralised debt obligations as well as senior tranches of securitisation transactions outside the scope of the conduit business of Commerzbank. The companies are financed through the issue of various tranches of securities. Investors in these securities are subject to the default risk of the underlying, while the buyer of protection is protected against this risk.

The carrying amounts of the assets and liabilities and income and expenses of the Commerzbank Group relating to unconsolidated structured entities are set out in the tables below: The size of the unconsolidated structured entities and the Commerzbank Group's maximum exposure to loss are also shown.

The maximum exposure to loss for the Commerzbank Group with regard to unconsolidated structured entities resulted from recognised assets and from lending commitments and guarantees provided to unconsolidated structured entities that had not yet been utilised as at the reporting dates. The maximum risk of loss on assets with regard to unconsolidated structured entities is equivalent to the current carrying values of these items after loss provisions. For loan commitments and guarantees we treat the nominal value of the commitment as the maximum risk of loss.

The maximum risk of loss is shown gross, i.e. without regard to collateral or hedging activities serving the purpose of risk mitigation.

As at 31 December 2014 the transactions with unconsolidated structured entities were as follows:

€m	ABS	Own securiti-sations	Securiti-sation platform	Hedge funds	Leasing structured entities	PFI and SCL	Others
Assets as at 31.12.2014	**1,288**	**104**	**688**	**514**	**504**	**5,313**	**127**
Claims on customers	–	102	667	–	498	251	9
Trading assets	8	–	21	429	–	4,433	89
Financial investments	1,280	–	–	–	–	629	–
Other assets	–	2	–	85	6	–	29
Liabilities as at 31.12.2014	**–**	**1,131**	**81**	**6**	**24**	**131**	**83**
Liabilities to customers	–	–	77	–	24	–	18
Securitised liabilities	–	203	–	–	–	–	–
Trading liabilities	–	–	4	6	–	131	65
Other liabilities	–	928	–	–	–	–	–
Income and expenses							
Net interest income after loan loss provisions	3	−64	29	–	23	122	−38
Net commission income	–	−3	1	–	10	–	–
Net trading income and net investment income	–	–	–	21	–	326	−30
Other net income	–	–	–	–	−2	–	–
Maximum exposure to loss as at 31.12.2014							
Assets	1,288	104	687	514	505	5,313	127
Lending commitments	–	–	2,670	–	–	15	–
Guarantees	–	–	–	–	–	–	–

The transactions with unconsolidated structured entities were as follows as at 31 December 2013:

€m	ABS	Own securiti-sations	Securiti-sation platform	Hedge funds	Leasing structured entities	PFI and SCL[1]	Others[1]
Assets as at 31.12.2013	**–**	**116**	**967**	**414**	**553**	**5,276**	**206**
Claims on customers	–	111	947	–	549	475	36
Trading assets	–	–	20	260	–	3,990	106
Financial investments	–	4	–	154	4	811	–
Other assets	–	1	–	–	–	–	64
Liabilities as at 31.12.2013	**–**	**1,416**	**70**	**7**	**20**	**91**	**106**
Liabilities to customers	–	–	70	–	20	–	8
Securitised liabilities[2]	–	586	–	–	–	–	–
Trading liabilities	–	–	–	5	–	91	98
Other liabilities	–	830	–	2	–	–	–
Income and expenses							
Net interest income after loan loss provisions	–	6	28	–	26	63	−42
Net commission income	–	−4	1	–	15	–	–
Net trading income and net investment income	–	1	–	24	–	185	34
Other net income	–	–	–	–	−3	–	–
Maximum exposure to loss as at 31.12.2013							
Assets	–	116	967	414	553	5,276	206
Lending commitments	–	–	2,632	–	–	27	30
Guarantees	–	–	16	–	–	–	–

[1] The credit derivatives and SCM clusters were integrated in the Others cluster. The PFI cluster was renamed PFI and SCL.
[2] Prior-year figures restated.

The size of the unconsolidated structured entities as at 31 December 2014 was as follows:

€m	ABS	Own securiti-sations	Securiti-sation platform	Hedge funds	Leasing structured entities	PFI and SCL[1]	Others[1]
Size as at 31.12.2014[2]	11,673	3,210	4,131	514	4,941	5,313	2,213
Size as at 31.12.2013[2]	–	2,911	3,151	414	5,588	5,276	1,778

[1] The credit derivatives and SCM clusters were integrated in the Others cluster. The PFI cluster was renamed PFI and SCL.
[2] The size of unconsolidated structured entities generally reflects the total assets of the companies. The issuance volume is shown for the ABS cluster and the stakes held by Commerzbank are shown for the hedge funds and PFI and SCL clusters.

Commerzbank also acts as sponsor of structured entities in whichit does not have an equity holding. An entity is regarded as sponsored if:

- it was launched and/or structured by Commerzbank;
- it has received or bought assets from the Commerzbank Group;
- it is guaranteed by the Commerzbank Group or was marketed intensively by the Commerzbank Group.

As at 31 December 2014 the gross income of the Commerzbank Group from sponsored unconsolidated structured entities was €95m. This involved interest and commission income and was largely accounted for by the securitisation platform, leasing structured entities and others clusters. The carrying amounts of the assets of the Commerzbank Group relating to sponsored unconsolidated structured entities totalled €1,393m.

(102) Information on significant non-controlling interests

Significant non-controlling interests – including the segment they belong to – were as listed below. They consist of the subsidiary mBank S.A. and the comdirect bank subgroup. As Commerz Europe (Ireland) has been deconsolidated as it is no longer material, the non-controlling interests reported in the prior year are no longer included.

	mBank S.A., Warsaw, Poland		comdirect bank subgroup	
	Central & Eastern Europe		Private Customers	
	31.12.2014	31.12.2013[1]	31.12.2014	31.12.2013
Attributable to non-controlling interests				
Capital (%)	30.5	30.4	18.7	18.9
Voting rights (%)	30.5	30.4	18.7	18.9
Consolidated profit or loss (€m)	85	72	12	12
Equity (€m)	710	679	107	102
Dividend paid on shares (in €m)	52	31	10	12
Assets[2] (€m)	8,108	7,349	2,844	2,674
Liabilities[2] (€m)	7,379	6,651	2,733	2,570
Profit or loss[2] (€m)	84	75	12	12
Other comprehensive income[2] (€m)	–2	–23	7	–6
Total comprehensive income[2] (€m)	82	52	19	6
Cash flows[2] (€m)	96	–239	–241	140

[1] Prior-year figures restated due to restatement of credit protection insurance (see page 160 f.).
[2] Before elimination of intragroup-transactions.

(103) Details pursuant to Art. 26a of the German Banking Act (KWG)

The following information pursuant to Art. 26a KWG relates to the companies of Commerzbank Group consolidated under IFRS. Return on capital[1] for the Group was 0.07% as at 31 December 2014. For the statement of business purpose please refer to our ownership interests (page 290 ff.) in the electronic version of the annual report available on the internet at www.commerzbank.com > Investor Relations. The turnover figure is based on each company's separate financial statements under International Financial Reporting Standards (IFRS) and comprises income before loan loss provisions. The pre-tax profit or loss and taxes on income are also taken from each company's separate financial statements under IFRS. The average number of employees includes both full-time personnel and part-time personnel converted into full-time equivalents.

31.12.2014	Turnover €m	Pre-tax profit or loss €m	Taxes on income €m[1]	Employees number
Germany	7,392	616	221	38,078
China including Hong Kong	109	61	7	231
France	40	17	11	86
United Kingdom	938	385	19	1,369
Luxembourg	392	307	12	556
Netherlands	38	29	5	40
Poland	984	441	85	7,747
Russia	67	49	10	144
Singapore	100	38	–4	342
USA	222	127	51	460
Others	249	85	18	807

[1] The difference between the tax ratios and nominal tax rates in the different countries largely derive from effects relating to the retrospective recognition and impairment of deferred taxes and from prior-year taxes (e.g. recognition and release of tax provisions).

[1] Return on capital is calculated as profit after tax divided by total assets.

(104) Ownership interests

We provide the following information pursuant to Art. 313 (2) of the German Commercial Code (HGB) and IFRS 12.10 and IFRS 12.21 on the Group Financial Statements. The data on the equity and net profit or loss of the companies is taken from their financial statements under national accounting regulations. Footnotes, information on business purpose and further comments on the tables below appear at the end of this note.

1. Affiliated companies

a) Affiliated companies included in the Group financial statements

Name	Registered office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000	
ABORONUM Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin KG	Düsseldorf, Germany	SOFDL	0.0	85.0	EUR	0	1	
ADMERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	SOFDL	100.0		EUR	23	1	
ASBERGIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	SOUNT	100.0		EUR	2,308	–	a)
Aspiro S.A.	Lodz, Poland	SOUNT	100.0		PLN	264,367	124,753	
ASTUTIA Beteiligungs-gesellschaft mbH	Düsseldorf, Germany	SOFDL	100.0		EUR	3,825	–	a)
Atlas Vermögens-verwaltungsgesellschaft mbH	Frankfurt/Main, Germany	BETGE	100.0		EUR	250,739	–	a)
AVOLO Aviation GmbH & Co. Geschlossene Investment KG	Karlsruhe, Germany	SOFDL	0.1	85.1	EUR	2,791	2,791	
AWL I Sp. z o.o.	Warsaw, Poland	SOUNT	100.0		PLN	302	–3	
BDH Development Sp. z o.o.	Lodz, Poland	SOUNT	100.0		PLN	97,323	–5,223	
Brafero-Sociedade Imobiliária, S.A.	Lisbon, Portugal	SOUNT	100.0		EUR	22,157	1,308	
BRE Agent Ubezpieczeniowy Sp. z o.o.	Warsaw, Poland	SOUNT	100.0		PLN	17,429	8,506	
BRE Ubezpieczenia Sp. z o.o.	Warsaw, Poland	SOUNT	100.0		PLN	27,109	4,454	
BRE Ubezpieczenia Towarzystwo Ubezpieczen i Reasekuracji S.A.	Warsaw, Poland	VERSI	95.0		PLN	161,028	94,340	
Bridge Re Limited	Hamilton, Bermuda	SOFDL	100.0		USD	424	–202	
Brussels Urban Invest S.A.	Brussels, Belgium	SOUNT	100.0		EUR	–3,207	–2,100	
CB Building Kirchberg GmbH	Düsseldorf, Germany	SOUNT	100.0		EUR	5,141	1,339	
CBG Commerz Beteiligungs-gesellschaft Holding mbH	Frankfurt/Main, Germany	BETGE	100.0		EUR	6,137	–	a)
CBG Commerz Beteiligungskapital GmbH & Co. KG	Frankfurt/Main, Germany	BETGE	100.0		EUR	56,700	5,700	
CFB-Fonds Transfair GmbH	Düsseldorf, Germany	SOFDL	100.0		EUR	1,176	–	a)
CGM Lux 1 S.à.r.l.	Luxembourg, Luxembourg	SOUNT	100.0		EUR	–170,415	–13,660	
CGM Lux 2 S.à.r.l.	Luxembourg, Luxembourg	SOUNT	100.0		EUR	–64,654	–5,596	
CGM Lux 3 S.à.r.l.	Luxembourg, Luxembourg	SOUNT	100.0		EUR	–108,476	–8,356	
CG NL Holding B.V.	Amsterdam, Netherlands	SOUNT	100.0		EUR	20	–20	
Coba Vermögensverwaltungs-gesellschaft mbH	Düsseldorf, Germany	SOUNT	100.0		EUR	26	–	a)

Name	Registered office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000	
comdirect bank Aktiengesellschaft	Quickborn, Germany	KREDI	81.3		EUR	467,948	65,903	
Commerz Asset Management Asia Pacific Pte Ltd	Singapore, Singapore	BETGE	100.0		SGD	27,981	2,372	
Commerzbank Asset Management Asia Ltd.	Singapore, Singapore	KAFOG	100.0		SGD	1,938	–116	
Commerzbank Auslandsbanken Holding AG	Frankfurt/Main, Germany	BETGE	100.0		EUR	183,000	–	a) b)
Commerzbank Capital Investment Company Limited	London, United Kingdom	BETGE	100.0		GBP	0	0	
Commerz Bankenholding Nova GmbH	Frankfurt/Main, Germany	BETGE	100.0		EUR	1,416,644	–	a)
Commerzbank (Eurasija) SAO	Moskow, Russia	KREDI	100.0		RUB	11,674,453	2,165,119	
Commerzbank Finance 2 S.à.r.l.	Luxembourg, Luxembourg	SOFDL	100.0		EUR	305	–22	
Commerzbank Finance 3 S.à.r.l.	Luxembourg, Luxembourg	SOFDL	100.0		EUR	786	–16	
Commerzbank Finance BV	Amsterdam, Netherlands	BETGE	100.0		EUR	1,231	–51	
Commerzbank Finance Limited	London, United Kingdom	SOFDL	100.0		GBP	11,721	32,733	1)
Commerzbank Holdings France	Paris, France	SOFDL	100.0		EUR	80,916	–1,139	
Commerzbank Holdings (UK) Limited	London, United Kingdom	SOFDL	100.0		GBP	15,399	–8,820	
Commerzbank Immobilien- und Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	BETGE	100.0		EUR	462,597	–	a)
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main, Germany	BETGE	100.0		EUR	1,987,957	–	a)
Commerzbank International S.A.	Luxembourg, Luxembourg	KREDI	100.0		EUR	558,321	96,187	
Commerzbank Leasing 1 S.à.r.l.	Luxembourg, Luxembourg	SOFDL	100.0		GBP	147	–12	
Commerzbank Leasing 2 S.à.r.l.	Luxembourg, Luxembourg	SOFDL	100.0		GBP	3,886	–265	
Commerzbank Leasing 4 S.à.r.l.	Luxembourg, Luxembourg	SOFDL	100.0		GBP	4,925	–57	
Commerzbank Leasing 5 S.à r.l.	Luxembourg, Luxembourg	SOFDL	100.0		GBP	10,330	47	
Commerzbank Leasing 6 S.à.r.l.	Luxembourg, Luxembourg	SOFDL	100.0		GBP	98	5	
Commerzbank Leasing December (11)	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Commerzbank Leasing December (12) Limited	London, United Kingdom	SOFDL	100.0		GBP	526	67	
Commerzbank Leasing December (13) Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Commerzbank Leasing December (17) Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Commerzbank Leasing December (19) Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Commerzbank Leasing December (1) Limited	London, United Kingdom	SOFDL	100.0		GBP	345	6	
Commerzbank Leasing December (20) Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	

Name	Registered office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000	
Commerzbank Leasing December (22) Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Commerzbank Leasing December (23) Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Commerzbank Leasing December (24) Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Commerzbank Leasing December (26) Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Commerzbank Leasing December (3) Limited	London, United Kingdom	SOFDL	100.0		GBP	763	−51	
Commerzbank Leasing December (9) Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Commerzbank Leasing Holdings Limited	London, United Kingdom	BETGE	100.0		GBP	16,157	617	
Commerzbank Leasing Limited	London, United Kingdom	SOFDL	100.0		GBP	1,249	145	
Commerzbank Leasing March (3) Limited	London, United Kingdom	SOUNT	100.0		GBP	136	123	
Commerzbank Leasing September (5) Limited	London, United Kingdom	SOFDL	100.0		GBP	32	7	
Commerzbank Overseas Holdings Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Commerzbank Securities Ltd	London, United Kingdom	SOUNT	100.0		GBP	10	0	
Commerzbank Securities Nominees Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Commerzbank U.S. Finance, Inc.	Wilmington, Delaware, USA	SOFDL	100.0		USD	336	−205	
Commerzbank Zrt.	Budapest, Hungary	KREDI	100.0		HUF	26,898,337	1,272,780	
Commerz Business Consulting GmbH	Frankfurt/Main, Germany	SOUNT	100.0		EUR	92	–	a)
Commerz Direktservice GmbH	Duisburg, Germany	SOUNT	100.0		EUR	1,178	–	a)
Commerz (East Asia) Limited	Hong Kong, Hong Kong	SOFDL	100.0		EUR	2,991	481	
Commerz Equipment Leasing Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
CommerzFactoring GmbH	Mainz, Germany	SOFDL	50.1		EUR	1,099	–	a)
Commerz Funds Solutions S.A.	Luxembourg, Luxembourg	KAFOG	100.0		EUR	9,350	2,632	
Commerz Grundbesitz Beteiligungs-gesellschaft mbH & Co. KG	Frankfurt/Main, Germany	BETGE	90.0		EUR	14,741	1,063	
Commerz Markets LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	455,789	29,874	
Commerz Pearl Limited	London, United Kingdom	SOFDL	100.0		GBP	21	0	
Commerz Property GmbH & Co. Hamburg KG	Frankfurt/Main, Germany	SOUNT	100.0		EUR	2,596	1,420	
Commerz Real AG	Eschborn, Germany	SOFDL	100.0		EUR	408,394	–	a)
Commerz Real Asset Verwaltungsgesellschaft mbH	Grünwald, Germany	SOFDL	100.0		EUR	25	–	a)
Commerz Real Baumanagement GmbH	Düsseldorf, Germany	SOUNT	100.0		EUR	4,238	–	a)

Name	Registered office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000	
Commerz Real Estate Master FCP-SIF	Luxembourg, Luxembourg	SOUNT	55.4		EUR	108,758	35,463	2)
Commerz Real Fonds Beteiligungsgesellschaft mbH	Düsseldorf, Germany	SOUNT	100.0		EUR	151	–	a)
Commerz Real Immobilien GmbH	Düsseldorf, Germany	SOFDL	100.0		EUR	12,936	–	a)
Commerz Real Investment-gesellschaft mbH	Wiesbaden, Germany	KAFOG	100.0		EUR	21,968	–	a)
Commerz Real IT-Leasing GmbH	Düsseldorf, Germany	SOFDL	100.0		EUR	1,954	–	a)
Commerz Real Kapitalverwaltungs-gesellschaft mbH	Düsseldorf, Germany	KAFOG	100.0		EUR	5,000	–	a)
Commerz Real Mobilienleasing GmbH	Düsseldorf, Germany	SOFDL	100.0		EUR	5,310	–	a)
Commerz Real Verwaltung und Treuhand GmbH	Düsseldorf, Germany	SOFDL	100.0		EUR	26	–	a)
Commerz Securities Hong Kong Limited	Hong Kong, Hong Kong	SOFDL	100.0		EUR	10,575	1,004	
Commerz Services Holding GmbH	Frankfurt/Main, Germany	BETGE	100.0		EUR	11,829	–	a)
Commerz Systems GmbH	Frankfurt/Main, Germany	SOUNT	100.0		EUR	6,464	–	a)
Commerz Transaction Services Mitte GmbH	Erfurt, Germany	SOUNT	100.0		EUR	2,714	–	a)
Commerz Transaction Services Nord GmbH	Magdeburg, Germany	SOUNT	100.0		EUR	1,492	–	a)
Commerz Transaction Services Ost GmbH	Halle (Saale), Germany	SOUNT	100.0		EUR	1,550	–	a)
Commerz Transaction Services West GmbH	Hamm, Germany	SOUNT	100.0		EUR	1,256	–	a)
CR KaiserKarree Holding S.a.r.l.	Luxembourg, Luxembourg	SOFDL	100.0		EUR	–37,036	0	
Dom Maklerski mBanku S.A.	Warsaw, Poland	SOFDL	100.0		PLN	125,936	15,528	
Dresdner Capital LLC I	Wilmington, Delaware, USA	SOFDL	100.0		USD	1,748	42	
Dresdner Capital LLC IV	Wilmington, Delaware, USA	SOFDL	100.0		JPY	18,641	15	
Dresdner Kleinwort Capital Inc.	Wilmington, Delaware, USA	SOFDL	100.0		USD	7,217	–76	
Dresdner Kleinwort & Co. Holdings, Inc.	Wilmington, Delaware, USA	SOFDL	100.0		USD	231,034	–280	
Dresdner Kleinwort do Brasil Limitada	Rio de Janeiro, Brazil	SOFDL	100.0		BRL	–21,584	31	
Dresdner Kleinwort EIV Manager, Inc.	Wilmington, Delaware, USA	SOUNT	100.0		USD	–18	0	
Dresdner Kleinwort Finance Inc.	Wilmington, Delaware, USA	SOFDL	100.0		USD	3,404	39	
Dresdner Kleinwort Flags Inc.	Wilmington, Delaware, USA	BETGE	100.0		USD	140,478	0	
Dresdner Kleinwort Group Holdings, LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	170,916	–1	
Dresdner Kleinwort Group LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	394,669	–52	
Dresdner Kleinwort Holdings II, Inc.	Wilmington, Delaware, USA	BETGE	100.0		USD	83,938	314	

Name	Registered office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000	
Dresdner Kleinwort Holdings LLC	Wilmington, Delaware, USA	BETGE	100.0		USD	376,641	–1	
Dresdner Kleinwort LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	34,163	–1	
Dresdner Kleinwort Luminary Inc.	Wilmington, Delaware, USA	SOFDL	100.0		USD	747,563	–43,316	
Dresdner Kleinwort Moon LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	19,332	–2,017	
Dresdner Kleinwort Services (Guernsey) Limited	St. Peter Port, Guernsey	SOFDL	100.0		GBP	2	0	
Dresdner Kleinwort Wasserstein Securities (India) Private Limited	Mumbai, India	SOFDL	75.0		INR	50,772	1,044	
Dresdner Lateinamerika Aktiengesellschaft	Hamburg, Germany	SOFDL	100.0		EUR	32,109	–	a)
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Alpha Objekt Hauptverwaltung Frankfurt KG	Düsseldorf, Germany	SOUNT			EUR	–47,573	13,361	c)
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Beta Objekt Hauptverwaltung Frankfurt KG	Düsseldorf, Germany	SOUNT			EUR	–47,609	13,361	c)
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Objekt Erfurt KG	Düsseldorf, Germany	SOUNT	0.1		EUR	–6,569	1,605	c)
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Objekt Halle Am Markt KG	Düsseldorf, Germany	SOUNT	6.0	5.9	EUR	–4,409	508	c)
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf Breite Straße KG	Düsseldorf, Germany	SOUNT	0.0		EUR	4,525	1,083	c)
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Essen Lindenallee KG	Düsseldorf, Germany	SOUNT			EUR	–7,426	98	c)
Dr. Gubelt Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Frankfurt Neue Mainzer Straße KG	Düsseldorf, Germany	SOUNT	0.0		EUR	–53,341	489	c)
Dr. Gubelt Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Schwabing KG	Düsseldorf, Germany	SOUNT	1.6	10.0	EUR	388	–4,041	c)
DSB Vermögensverwaltungs-gesellschaft mbH	Frankfurt/Main, Germany	SOFDL	100.0		EUR	25	–	a)
EHY Real Estate Fund I, LLC	Wilmington, Delaware, USA	BETGE	100.0		EUR	–3,560	–26	
Entertainment Asset Holdings C.V.	Amsterdam, Netherlands	SOUNT	58.2		USD	–717	–75	
Entertainment Asset Holdings GP B.V.	Amsterdam, Netherlands	SOFDL	100.0		USD	0	0	
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktien-gesellschaft in Luxemburg	Luxembourg, Luxembourg	KREDI	100.0		EUR	209,719	–17,579	3)
Eschborn Capital LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	8,279	–2,596	
Espacio Leon Propco S.L.U.	Madrid, Spain	SOUNT	100.0		EUR	–25,365	–2,393	
Eurohypo Capital Funding LLC II	Wilmington, Delaware, USA	SOFDL	100.0		EUR	3	0	
Eurohypo Capital Funding Trust II	Wilmington, Delaware, USA	SOFDL	100.0		EUR	1	0	
European Bank for Financial Services GmbH (ebase)	Aschheim, Germany	KREDI	100.0		EUR	33,267	6,516	

Name	Registered office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000	
FABA Vermietungsgesellschaft mbH	Frankfurt/Main, Germany	SOFDL	100.0		EUR	26	–	a)
Felix (CI) Limited	George Town, Cayman Islands	SOUNT	100.0		GBP	26	0	
Film Library Holdings LLC	Wilmington, Delaware, USA	SOUNT	51.0		USD	12,888	2,580	
Forum Almada, Gestao de Centro Comercial, Sociedade Unipessoal Lda. II & Comandita	Lisbon, Portugal	SOUNT	100.0		EUR	38,816	1,374	
Forum Almada-Gestao de Centro Commercial, Sociedade Unipessoal, Lda.	Lisbon, Portugal	SOUNT	100.0		EUR	−74,638	−5,078	
Forum Montijo, Gestao de Centro Comercial Sociedade Unipessoal, Lda	Lisbon, Portugal	SOUNT	100.0		EUR	−61,043	−3,016	
Frankfurter Gesellschaft für Vermögens-anlagen mit beschränkter Haftung	Eschborn, Germany	BETGE	100.0		EUR	6,025	–	a)
Garbary Sp. z.o.o.	Poznan, Poland	SOUNT	100.0		PLN	44,060	−3,140	
G-G-B Gebäude- und Grundbesitz GmbH	Eschborn, Germany	BETGE	100.0		EUR	256	–	a)
GRAMOLINDA Vermietungs-gesellschaft mbH	Grünwald, Germany	SOFDL	50.0		EUR	32	0	
GRAMOLINDA Vermietungsgesellschaft mbH & Co. Objekt Frankfurt KG	Grünwald, Germany	SOUNT	94.0	40.0	EUR	−43	24	
Greene Birch Ltd.	George Town, Cayman Islands	SOFDL	100.0		USD	238,895	48,031	
Greene Elm Trading III LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	127,883	−29,182	
Greene Elm Trading II LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	92,219	301	
Greene Elm Trading I LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	52,055	169	
Greene Elm Trading IV LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	87,044	−7,734	
Greene Elm Trading VI LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	100,000	2,573	
Greene Elm Trading V LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	100,000	−13,508	
Greene Oak LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	99,962	102	
Gresham Leasing March (1) Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Gresham Leasing March (2) Limited	London, United Kingdom	SOFDL	25.0	100.0	GBP	2,465	39	
gr Grundstücks GmbH Objekt Corvus	Eschborn, Germany	SOFDL	100.0		EUR	35	3	
gr Grundstücks GmbH Objekt Corvus & Co. Sossenheim KG	Frankfurt/Main, Germany	SOUNT	100.0		EUR	30	80	
Groningen Urban Invest B.V.	Amsterdam, Netherlands	SOUNT	100.0		EUR	7,101	−96	
Hanseatic Ship Asset Management GmbH	Hamburg, Germany	SOUNT	100.0		EUR	245,119	−14,863	
Herradura Ltd	London, United Kingdom	SOFDL	100.0		GBP	5	0	
HF Estate Management GmbH	Eschborn, Germany	SOUNT	100.0		EUR	3,280	–	a)
Hurley Investments No.3 Limited	George Town, Cayman Islands	SOFDL	100.0		GBP	0	0	

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Hypothekenbank Frankfurt Aktiengesellschaft	Eschborn, Germany	KREDI	100.0		EUR	5,661,992	–	a)
Kommanditgesellschaft MS "CPO ALICANTE" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	90.0		EUR	20,429	8,846	b)
Kommanditgesellschaft MS "CPO ANCONA" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	77.4	77.3	EUR	37,473	7,217	b)
Kommanditgesellschaft MS "CPO BILBAO" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	90.0		EUR	18,956	10,640	b)
Kommanditgesellschaft MS "CPO MARSEILLE" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	77.4	77.3	EUR	35,746	4,829	b)
Kommanditgesellschaft MS "CPO PALERMO" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	73.9		EUR	40,072	7,006	b)
Kommanditgesellschaft MS "CPO TOULON" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	90.0		EUR	42,115	17,988	b)
Kommanditgesellschaft MS "CPO VALENCIA" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	90.0		EUR	18,138	10,693	b)
LUGO Photovoltaik Beteiligungs-gesellschaft mbH	Düsseldorf, Germany	SOFDL	100.0		EUR	–10,733	85	
Marylebone Commercial Finance (2)	London, United Kingdom	SOUNT	100.0		GBP	0	0	
mBank Hipoteczny S.A.	Warsaw, Poland	KREDI	100.0		PLN	620,098	18,320	
mBank S.A.	Warsaw, Poland	KREDI	69.5		PLN	10,279,586	1,184,096	
mCentrum Operacji Sp. z o.o.	Aleksandrów Lodzki, Poland	SOUNT	100.0		PLN	34,843	–4,541	
MERKUR Grundstücks GmbH	Frankfurt/Main, Germany	SOFDL	100.0		EUR	7,985	–	a)
mFaktoring S.A.	Warsaw, Poland	SOFDL	100.0		PLN	70,743	15,791	
mFinance France S.A.	Paris, France	SOFDL	100.0		PLN	174	9	4)
mLeasing Sp. z o.o.	Warsaw, Poland	SOFDL	100.0		PLN	231,628	34,091	
mLocum S.A.	Lodz, Poland	SOUNT	80.0		PLN	148,602	13,201	
MLV 45 Sp. z o.o. sp. k.	Warsaw, Poland	BETGE	100.0		PLN	536,465	–191	
MOLARIS Verwaltungs- und Vermietungsgesellschaft mbH	Düsseldorf, Germany	SOFDL	25.0		EUR	700	647	c)
MS "BEETHOVEN" Schiffahrts-gesellschaft mbH & Co. KG	Hamburg, Germany	SOUNT	99.9		EUR	21,996	–6,133	
MS "BELLINI" Schiffahrts gesellschaft mbH & Co. KG	Hamburg, Germany	SOUNT	99.9		EUR	15,055	–176	
MS "BIZET" Schiffahrts gesellschaft mbH & Co. KG	Hamburg, Germany	SOUNT	99.0		EUR	12,842	–1,797	
MS "BRAHMS" Schiffahrts gesellschaft mbH & Co. KG	Hamburg, Germany	SOUNT	99.9		EUR	18,372	–68	
MS "CHOPIN" Schiffahrts gesellschaft mbH & Co. KG	Hamburg, Germany	SOUNT	98.0		EUR	20,590	–69	
MS "HAYDN" Schiffahrts gesellschaft mbH & Co. KG	Hamburg, Germany	SOUNT	99.0		EUR	15,311	–383	
MS "MOZART" Schiffahrts gesellschaft mbH & Co. KG	Hamburg, Germany	SOUNT	99.9		EUR	16,310	–2,168	
MS "PAGANINI" Schiffahrts-gesellschaft mbH & Co. KG	Hamburg, Germany	SOUNT	99.9		EUR	17,374	824	
MS "PUCCINI" Schifffahrts gesellschaft mbH & Co. KG	Hamburg, Germany	SOUNT	51.0		EUR	8,052	–837	
MS "PUGNANI" Schiffahrts gesellschaft mbH & Co. KG	Hamburg, Germany	SOUNT	99.9		EUR	13,226	–2,175	

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MS "ROSSINI" Schiffahrts gesellschaft mbH & Co. KG	Hamburg, Germany	SOUNT	99.9		EUR	12,460	−1,844	
MS "SATIE" Schiffahrts gesellschaft mbH & Co. KG	Hamburg, Germany	SOUNT	99.9		EUR	14,823	−278	
MS "SCHUBERT" Schiffahrts-gesellschaft mbH & Co. KG	Hamburg, Germany	SOUNT	99.0		EUR	23,434	−89	
MS "STRAUSS" Schiffahrts gesellschaft mbH & Co. KG	Hamburg, Germany	SOUNT	99.9		EUR	13,147	−583	
MS "VIVALDI" Schiffahrts gesellschaft mbH & Co. KG	Hamburg, Germany	SOUNT	99.9		EUR	14,375	−226	
MS "WAGNER" Schiffahrts gesellschaft mbH & Co. KG	Hamburg, Germany	SOUNT	99.0		EUR	12,260	−180	
mWealth Management S.A.	Warsaw, Poland	SOFDL	100.0		PLN	35,946	14,911	
NAVALIS Schiffsbetriebsgesellschaft mbH & Co. MS "NEDLLOYD JULIANA" KG	Hamburg, Germany	SOUNT	93.6	92.8	EUR	5,791	12,484	
NAVIPOS Schiffsbeteiligungs-gesellschaft mbH	Hamburg, Germany	SOFDL	100.0		EUR	199	−19	b)
Netherlands Urban Invest B.V.	Amsterdam, Netherlands	SOUNT	100.0		EUR	11,640	3,756	
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte Plön und Preetz KG	Düsseldorf, Germany	SOFDL	90.0	65.0	EUR	226	113	
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lampertheim KG	Düsseldorf, Germany	SOUNT	100.0		EUR	55	−194	
NOVELLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	SOFDL	100.0		EUR	11,176	–	a)
Number X Bologna S.r.l.	Milan, Italy	SOUNT	100.0		EUR	7,304	−387	
Number X Real Estate GmbH	Eschborn, Germany	BETGE	100.0		EUR	21,565	−8,481	
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Luna KG	Grünwald, Germany	SOUNT	100.0	51.0	EUR	3,497	336	
Pisces Nominees Limited	London, United Kingdom	SOFDL	100.0		GBP	0	0	
Property Invest Ferdinando di Savoia S.r.l.	Milan, Italy	SOUNT	100.0		EUR	12,923	−302	
Property Invest GmbH	Eschborn, Germany	SOUNT	100.0		EUR	21,021	−3,627	
Property Invest Italy S.r.l.	Milan, Italy	SOUNT	100.0		EUR	36,639	−756	
REFUGIUM Beteiligungsgesellschaft mbH	Grünwald, Germany	SOFDL	100.0		EUR	8,598	77	
Rood Nominees Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Rook Finance LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	93,479	7,127	
SB-Bauträger GmbH & Co. Urbis Hochhaus-KG	Frankfurt/Main, Germany	SOUNT	100.0		EUR	241	0	
SECUNDO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	SOUNT	100.0		EUR	5,811	–	a)
Service-Center Inkasso GmbH Düsseldorf	Düsseldorf, Germany	SOUNT	100.0		EUR	335	–	a)
Space Park GmbH & Co. KG	Frankfurt/Main, Germany	SOUNT	90.0		EUR	93,171	276	

Name	Registered office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000	
Sterling Energy II LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	69,123	5,388	
Sterling Energy LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	127,080	– 5,036	
Thurlaston Finance Limited	George Town, Cayman Islands	SOUNT	100.0		GBP	0	0	
TOMO Vermögensverwaltungs-gesellschaft mbH	Frankfurt/Main, Germany	BETGE	100.0		EUR	22,778	–	a)
Transfinance a.s.	Prague, Czech Republic	SOFDL	100.0		CZK	256,380	– 144,957	
Twins Financing LLC	Dover, Delaware, USA	SOUNT	60.0		USD	16,023	– 67	
Urban Invest Holding GmbH	Eschborn, Germany	BETGE	100.0		EUR	11,497	– 1,896	
U.S. Residential Investment I, L.P.	Wilmington, Delaware, USA	SOUNT	90.0		USD	10,913	– 7,118	
Watling Leasing March (1)	London, United Kingdom	SOUNT	100.0		GBP	0	0	
WebTek Software Private Limited	Bangalore, India	SOFDL	100.0		INR	214,565	– 731	
Westend Grundstücksgesellschaft mbH	Eschborn, Germany	SOUNT	100.0		EUR	260	–	a)
Wilmots Leasing AB	Stockholm, Sweden	SOFDL	100.0		SEK	50	0	
Wohnbau-Beteiligungsgesellschaft mbH	Frankfurt/Main, Germany	SOUNT	100.0		EUR	288	– 2	
Yarra Finance Limited	George Town, Cayman Islands	SOUNT	100.0		GBP	0	0	
Zelos Luxembourg S.C.S.	Luxembourg, Luxembourg	BETGE	100.0		EUR	– 18,911	– 13,716	

b) Affiliated companies not included in the Group financial statement due to their minor significance

Name	Registered office	Share of capital held %	Voting rights (where different) %	
1. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
11. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
12. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
13. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
14. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
14. CR Immobilien-Vermietungsgesellschaft mbH & Co. Objekt Berlin Lindencorso KG	Düsseldorf, Germany	81.4		
14. CR Immobilien-Vermietungsgesellschaft mbH & Co. Objekt ENEX-Babelsberg KG	Düsseldorf, Germany	75.0	76.2	
10. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
2. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
2. CR Immobilien-Vermietungsgesellschaft mbH & Co. Objekt Balingen KG	Düsseldorf, Germany	73.4	75.0	
2. CR Immobilien-Vermietungsgesellschaft mbH & Co. Objekt Heilbronn KG	Düsseldorf, Germany	78.1	77.3	
3. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
4. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
5. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
6. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
7. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
8. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
9. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ABALINGA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		5)
ABANTITIM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ABANTUM Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ABELASSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ABESTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		a)
ABORONUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ACARINA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ACCESSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ACCOMO Hotelportfolio GmbH & Co. Geschlossene Investment KG	Düsseldorf, Germany	100.0		
ACCOMO Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ACILIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
ACINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ACOLA Grundstücks-Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
ACONITA Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main, Germany			c)
ACRONA Photovoltaik-Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Actium Leasobjekt Gesellschaft mbH	Frankfurt/Main, Germany	100.0		a)
ACTOSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ADAMANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ADAMANTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Elbphilharmonie KG	Düsseldorf, Germany	50.0		
ADELIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ADELIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Teltow KG	Düsseldorf, Germany	94.9	94.6	
ADENARA Flugzeug-Leasinggesellschaft mbH	Düsseldorf, Germany	100.0		
ADRUGA Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
ADURAMA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
AFINA, Bufete de Socios Financieros, S.A.	Madrid, Spain	98.7	99.3	
AGALINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AGARBA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AGASILA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AHOIH Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AHOTELLO Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AJOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AJUNTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AKERA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALACRITAS Verwaltungs- und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALBELLA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALBOLA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALCARDA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		6)
ALDINGA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALDULA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALEMONA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALFUTURA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALICANTE NOVA Shipping Limited	Monrovia, Liberia	100.0		
ALIVERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALMARENA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALMARENA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin KG	Düsseldorf, Germany	0.0	50.0	c)
ALMONDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALMURUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALSANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALSANTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte RiCö KG	Düsseldorf, Germany	0.0	85.0	
ALSENNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALSTRUCTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALUBRA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALVENTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALVINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALZOLA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AMALIA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
AMENA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AMERA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
AMONEUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AMTERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ANBANA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ANCAVA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ANCONA NOVA Shipping Limited	Monrovia, Liberia	100.0		
ANDINO Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		a)
ANEA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Anthusa Alpha GmbH	Eschborn, Germany	100.0		
Anthusa Beta GmbH	Eschborn, Germany	100.0		
ARAFINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ARAUNA Verwaltung und Treuhand GmbH	Düsseldorf, Germany			c)
ARBITRIA Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
AREBA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
Ariondaz SAS	Paris, France	100.0		
ARVINA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ASCARA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ASCETO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ASERTUNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ASKANZA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ASKANZA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lüdenscheid KG	Düsseldorf, Germany	100.0		
ASKIBA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Aspiro net Sp. z.o.o. w likwidacji	Lodz, Poland	100.0		
ASSANDRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ASSENTO Photovoltaik-Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ASSERTA Flugzeug-Leasinggesellschaft mbH	Düsseldorf, Germany	100.0		
ASTRADA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
ATERNA Mobilien-Vermietungsgesellschaft mbH	Berlin, Germany	100.0		
Atlas-Alpha GmbH	Frankfurt/Main, Germany	100.0		a)
ATUNO Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
AURESTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AVALERIA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AVANCIA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AVARICA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AVENDO Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.0		
AVERTUM Flugzeug-Leasinggesellschaft mbH	Düsseldorf, Germany	100.0		
AVERTUM Flugzeug-Leasinggesellschaft mbH & Co. Zweite Legacy 600 KG	Düsseldorf, Germany	100.0		
AVIO Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
AVOLO Flugzeugleasinggesellschaft mbH	Karlsruhe, Germany	100.0		
BENE Verwaltung und Treuhand GmbH	Düsseldorf, Germany			c)
BERGA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Grünwald, Germany	100.0	19.0	
Beteiligungsgesellschaft für Industrie und Handel mbH	Frankfurt/Main, Germany	100.0		
BILBAO NOVA Shipping Limited	Monrovia, Liberia	100.0		
Blue Amber Fund Management S.A.	Luxembourg, Luxembourg	100.0		
BONITAS Mobilien-Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Alzenau KG	Düsseldorf, Germany			c)
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Friedrichshafen KG	Düsseldorf, Germany	0.0	51.0	c)
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Lauchhammer KG	Berlin, Germany			c)
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Neustadt-Schwaig KG	Grünwald, Germany	85.5	86.0	
BRE Property Partner Sp. z o.o.	Warsaw, Poland	100.0		
Call Center Poland S.A.	Warsaw, Poland	100.0		7)
CB Euregio GmbH	Frankfurt/Main, Germany	100.0		
CBG Commerz Beteiligungskapital Verwaltungs GmbH	Frankfurt/Main, Germany	100.0		
CB Lux Kirchberg GmbH	Frankfurt/Main, Germany	100.0		
ccp.pl S.A.	Warsaw, Poland	100.0		8)
CCR Courtage i.L.	Paris, France	100.0		
CERI International Sp. z o.o.	Lodz, Poland	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
CGG Canada Grundbesitz GmbH	Wiesbaden, Germany	100.0		
CGI Stadtgalerie Schweinfurt Verwaltungs- GmbH	Wiesbaden, Germany	100.0		
CGI Victoria Square Limited	London, United Kingdom	100.0		
CGI Victoria Square Nominees Limited	London, United Kingdom	100.0		
CG Japan GmbH	Wiesbaden, Germany	100.0		
CG Real Estate Luxembourg S.à.r.l.	Luxembourg, Luxembourg	100.0		
CIV GmbH Beta	Frankfurt/Main, Germany	100.0		
COLLEGIUM GLASHÜTTEN Zentrum für Kommunikation Gesellschaft mit beschränkter Haftung	Glashütten, Germany	100.0		a)
Commerzbank Capital Management Unternehmensbeteiligungs GmbH	Frankfurt/Main, Germany	100.0		a)
Commerzbank Investments (UK) Limited	London, United Kingdom	100.0		
Commerzbank Leasing December (6) Limited	London, United Kingdom	100.0		
Commerzbank Pension Trustees Limited	London, United Kingdom	100.0		
Commerzbank Representative Office Nigeria Limited	Lagos, Nigeria	100.0		
Commerzbank Representative Office Panama, S.A.	City of Panama, Panama	100.0		
Commerzbank Sao Paulo Servicos Ltda.	Sao Paulo, Brazil	100.0		
Commerzbank Sponsoring GmbH	Frankfurt/Main, Germany	100.0		a)
Commerz Brasil Holding e Servicos Ltda.	Sao Paulo, Brazil	100.0		
Commerz Building and Management GmbH	Essen, Germany	100.0		a)
Commerz Europe (Ireland)	Dublin, Ireland	100.0		
Commerz GOA Realty Associates LLC	New York, New York, USA	49.0		c)
COMMERZ GOA REALTY Management, LLC	Atlanta, Georgia, USA	49.0		c)
Commerz Grundbesitz Gestao de Centros Commerciais, Sociedade Unipessoal, Lda.	Lisbon, Portugal	100.0		
Commerz Keyes Avenue Properties (Proprietary) Ltd.	Johannesburg, South Africa	100.0		
CommerzKommunalbau GmbH	Düsseldorf, Germany	100.0		
CommerzLeasing Anlagen-Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
CommerzLeasing GmbH	Düsseldorf, Germany	100.0		
Commerz Management Services Limited	Dublin, Ireland	100.0		
Commerz (Nederland) N.V.	Amsterdam, Netherlands	100.0		
Commerz Nominees Limited	London, United Kingdom	100.0		
Commerz Property GmbH	Frankfurt/Main, Germany	100.0		a)
Commerz Real Asia Pacific Limited	Hong Kong, Hong Kong	100.0		
Commerz Real Asset Structuring GmbH	Düsseldorf, Germany	100.0		
Commerz Real Beteiligungsgesellschaft mbH	Düsseldorf, Germany	16.9	17.0	c)
Commerz Real Finanzierungsleasing GmbH	Düsseldorf, Germany	100.0		a)
Commerz Real Fund Management S.à.r.l.	Luxembourg, Luxembourg	100.0		
Commerz Real Nederland B. V.	Capelle a/d Ijssel, Netherlands	100.0		
Commerz Real Partner Süd GmbH	Düsseldorf, Germany	100.0		
Commerz Real Southern Europe GmbH	Wiesbaden, Germany	100.0		
Commerz Realty Associates GP V, LLC	Wilmington, Delaware, USA	49.0		
Commerz Real Western Europe GmbH	Wiesbaden, Germany	100.0		
CommerzStiftungsTreuhand GmbH	Frankfurt/Main, Germany	100.0		
Commerz Trade Services Sdn. Bhd.	Kuala Lumpur, Malaysia	100.0		
CommerzTrust GmbH	Frankfurt/Main, Germany	100.0		
CommerzVentures GmbH	Frankfurt/Main, Germany	100.0		
ContactPoint Sp. z o.o.	Warsaw, Poland	100.0		
Crédito Germánico S.A.	Montevideo, Uruguay	100.0		
CRI Erste Beteiligungsgesellschaft mbH	Wiesbaden, Germany	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
CRI Zweite Beteiligungsgesellschaft mbH	Wiesbaden, Germany	100.0		
CR Station General Partner Inc.	Toronto, Canada	100.0		
CSA COMMERZ SOUTH AFRICA (PROPRIETARY) LIMITED	Johannesburg, South Africa	100.0		
CSK Sp. z.o.o.	Lodz, Poland	100.0		
Czwarty Polski Fundusz Rozwoju Sp. z.o.o. in liquidation	Lodz, Poland	100.0		
DAUNUS Vermietungsgesellschaft mbH	Grünwald, Germany			a) c)
Delphi I Eurohypo LLC	Wilmington, Delaware, USA	100.0		
DFI S.r.l. in liquidazione	Milan, Italy	100.0		9)
DIO Vermietungsgesellschaft mbH	Grünwald, Germany			a) c)
DRABELA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DREBACUSA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf, Germany	50.0		c)
DREBANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DREBENDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DREBOSTA Grundstücks-Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
DREBOSTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Schwerin KG	Grünwald, Germany			c)
DRECORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DREDOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DREFLORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DREFUMA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DREKONTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DRELARA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DRELOBA Grundstücks-Vermietungsgesellschaft & Co. Objekt Gevelsberg KG	Grünwald, Germany			c)
DRELOBA Grundstücks-Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
DRELOSINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DRENITA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DRESANA Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
Dresdner Kleinwort Derivative Investments Limited	London, United Kingdom	100.0		
DRETERUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DREVERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dortmund KG	Düsseldorf, Germany	0.0		c)
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Duisburg KG	Düsseldorf, Germany	0.0		c)
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hamburg Altstadt KG i.L.	Stuttgart, Germany	0.0		c)
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Potsdam Alte Wache KG	Düsseldorf, Germany	0.0		c)
Dr. Gubelt Grundstücks- Vermietungsgesellschaft mbH & Co. Objekt Stuttgart KG i.L.	Düsseldorf, Germany	0.6		c)
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Wuppertal KG	Düsseldorf, Germany	100.0	99.9	
Dr. Gubelt Immobilien Vermietungs-Gesellschaft mbH & Co. Objekt Bochum KG	Düsseldorf, Germany	0.0	50.0	c)
Elfte Umbra Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	100.0		a)
EuREAM GmbH	Wiesbaden, Germany	100.0		
Eurohypo Investment Banking Limited	London , United Kingdom	100.0		
Fernwärmenetz Leipzig GmbH	Leipzig, Germany	100.0		
FLOR Vermietungsgesellschaft mbH	Grünwald, Germany			a) c)

Name	Registered office	Share of capital held %	Voting rights (where different) %	
FORNAX Kraftwerk-Beteiligungsgesellschaft mbH	Grünwald, Germany	50.0		c)
Forum Algarve - Gestao de Centro comercial, Sociedade Unipessoal, Lda.	Lisbon, Portugal	100.0		
Frega Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	100.0		
FUHRTIVUS Grundstücks-Vermietungsgesellschaft Objekt Lauchhammer mbH	Düsseldorf, Germany			c)
Galbraith Investments Limited	London, United Kingdom	100.0		
GALLO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany			a) c)
General Leasing (No.16) Limited	London, United Kingdom	100.0		
Gesellschaft für Kreditsicherung mbH	Berlin, Germany	63.3		
GIE Dresdner Kleinwort France i.L.	Paris, France	100.0		
GIE Victoria Aéronautique	Paris, France	100.0		
GO German Office GmbH	Wiesbaden, Germany	100.0		a)
GRADARA Vermietungsgesellschaft mbH	Grünwald, Germany			c)
GRALANA Vermietungsgesellschaft mbH	Grünwald, Germany			c)
GRAMINA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GRAMOLSEMPA GmbH	Düsseldorf, Germany			c)
GRASSANO Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GRATNOMA Grundstücks-Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GRAVIATION Flugzeug-Vermietungsgesellschaft mbH	Grünwald, Germany			c)
Greene Elm Trading IX LLC	Wilmington, Delaware, USA	100.0		
Greene Elm Trading VIII LLC	Wilmington, Delaware, USA	100.0		
Greene Elm Trading VII LLC	Wilmington, Delaware, USA	100.0		
Greene Elm Trading X LLC	Wilmington, Delaware, USA	100.0		
GRENADO Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
Gresham Leasing March (3) Limited	London, United Kingdom	70.0		
GRETANA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GRONDOLA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GROSINA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Berlin Marzahn KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Berlin Weißensee KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Chemnitz KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Darmstadt KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Dreieich KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Dresden KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Essen KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Hannover EXPOPark KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Hannover Hauptbetrieb KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Leipzig KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Saarbrücken KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Saarlouis KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Stuttgart KG	Grünwald, Germany	0.6	5.0	c)
GROTEGA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GRUMENTO Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GRUMONA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GRUMOSA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GRUNATA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)

Name	Registered office	Share of capital held %	Voting rights (where different) %	
Grundbesitzgesellschaft Berlin Rungestr. 22–24 mbH i.L.	Eschborn, Germany	100.0		
Grupa PINO Sp. z o.o. w likwidacji	Warsaw, Poland	100.0		
H 47 Verwaltungsgesellschaft mbH	Düsseldorf, Germany	94.4	94.0	
HAJOBANTA GmbH	Düsseldorf, Germany			c)
HAJOBURGA Beteiligungsgesellschaft mbH	Düsseldorf, Germany			c)
HAJOGA-US Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
HAJOLENA Beteiligungsgesellschaft mbH	Düsseldorf, Germany			c)
HAJOLINDA Beteiligungsgesellschaft mbH	Düsseldorf, Germany			c)
HAJOLUCA Beteiligungsgesellschaft mbH	Düsseldorf, Germany			c)
HAJOMA Beteiligungsgesellschaft mbH	Düsseldorf, Germany			c)
HAJOMINA Beteiligungsgesellschaft mbH	Düsseldorf, Germany			c)
HAJORALDIA Verwaltung und Treuhand GmbH	Düsseldorf, Germany			c)
HAJOSINTA Beteiligungsgesellschaft mbH	Düsseldorf, Germany			c)
HAJOSOLA Beteiligungsgesellschaft mbH	Düsseldorf, Germany			c)
HAJOTARA Beteiligungsgesellschaft mbH	Düsseldorf, Germany			c)
Hamudi S.A.	Madrid, Spain	100.0		
Hanseatic SAM Verwaltungsgesellschaft mbH	Hamburg, Germany	100.0		
Haus am Kai 2 O.O.O.	Moskow, Russia	100.0		
HDW Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main, Germany	100.0		
HIMUS Grundstücks-Vermietungsgesellschaft mbH	Grünwald, Germany			a) c)
Histel Beteiligungs GmbH	Frankfurt/Main, Germany	100.0		a)
HT Beteiligungs-Verwaltungs GmbH i.L.	Munich, Germany			c)
HVI Handels- und Verwertungsgesellschaft für Immobilien mbH i.L.	Düsseldorf, Germany	94.0		
Immobiliengesellschaft Ost Hägle, spol. s.r.o	Prague, Czech Republic	100.0		
Immobilien-Vermietungsgesellschaft Reeder & Co. Objekt Airport Bürocenter Dresden KG	Dresden, Germany	83.3	82.7	
Immobilienverwaltungsgesellschaft Grammophon Büropark mbH	Berlin, Germany	100.0		
Immobilienverwaltungsgesellschaft Schlachthof Offenbach mbH	Eschborn, Germany	100.0		
IMMOFIDUCIA Sp. z. o.o.	Warsaw, Poland	100.0		
IMO Autopflege Beteiligungsverwaltungsgesellschaft mbH	Mülheim an der Ruhr, Germany			c)
IWP International West Pictures GmbH & Co. Erste Produktions KG	Cologne, Germany	95.2		
IWP International West Pictures Verwaltungs GmbH	Cologne, Germany	100.0		
JBBK Verwaltungs S.à.r.l.	Luxembourg, Luxembourg			c)
JMD III Sp. z o.o.	Warsaw, Poland	100.0		
KENSTONE GmbH	Eschborn, Germany	100.0		a)
KTC Kommunikations- und Trainings-Center Königstein GmbH	Königstein, Germany	100.0		a)
LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH	Ludwigshafen, Germany	100.0		
LENIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Essenbach KG	Düsseldorf, Germany			c)
LIVIDA MOLARIS Grundstücks-Vermietungsgesellschaft mbH	Erfurt, Germany			c)
LOCO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Air Treads KG	Düsseldorf, Germany			c)
LOUISENA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
LOUISENA Vermietungsgesellschaft mbH & Co. Objekt Königstein KG	Grünwald, Germany			c)
Lufthansa Leasing GmbH & Co. Echo-Oscar KG i. L.	Grünwald, Germany	100.0	99.6	
LUTEA MOLARIS Grundstücks-Vermietungsgesellschaft mbH	Berlin, Germany			c)
M 31 Beteiligungsgesellschaft mbH	Düsseldorf, Germany			c)
Main Incubator GmbH	Frankfurt/Main, Germany	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
MAIORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hamburg KG	Düsseldorf, Germany	2.7		c)
Mana Holdings I LLC	Wilmington, Delaware, USA	100.0		
Mana III LLC	Wilmington, Delaware, USA	100.0		
Mana II LLC	Wilmington, Delaware, USA	100.0		
Mana I LLC	Wilmington, Delaware, USA	100.0		
Mana IV LLC	Wilmington, Delaware, USA	100.0		
MARBARDA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MARBENTA Vermietungsgesellschaft mbH i.L.	Düsseldorf, Germany			c)
MARBINO Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MARBREVA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MARBREVA Vermietungsgesellschaft mbH & Co. Objekt AOK Bayern KG	Düsseldorf, Germany	100.0	50.0	c)
MARBREVA Vermietungsgesellschaft mbH & Co. Objekt AOK Rheinland-Pfalz KG	Düsseldorf, Germany	100.0	50.0	c)
MARIUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MARLINTA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MAROLA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
Marseille Shipping Limited	Monrovia, Liberia	100.0		
MARUNA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MARUNA Vermietungsgesellschaft mbH & Co. Objekt BIOTRONIK KG	Düsseldorf, Germany			c)
Max Lease Sàrl	Luxembourg, Luxembourg	100.0		
mCorporate Finance S.A.	Warsaw, Poland	100.0		
Messestadt Riem “Office am See” I GmbH i.L.	Eschborn, Germany	100.0		a)
Messestadt Riem “Office am See” III GmbH i.L.	Eschborn, Germany	100.0		a)
MLV 45 Sp. z o.o.	Warsaw, Poland	100.0		
MOLANA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLANCONA Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
MOLANDA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLANGA Beteiligungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLANKA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLANZIO Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLARELLA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLAREZZO Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLARGA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLARINA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLARISA Vermögensverwaltung mbH	Düsseldorf, Germany			c)
MOLARIS Beteiligungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLARIS Beteiligungsgesellschaft mbH & Co. Objekt Kurhaus KG	Düsseldorf, Germany	100.0	49.0	c)
MOLARIS Geschäftsführungs GmbH	Düsseldorf, Germany			c)
MOLARIS Grundstücksverwaltung GmbH	Düsseldorf, Germany			c)
MOLARIS Immobilienverwaltung GmbH	Düsseldorf, Germany			c)
MOLARIS Managementgesellschaft mbH	Düsseldorf, Germany			c)
MOLARIS Objektverwaltung GmbH	Düsseldorf, Germany			c)
MOLARISSA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLARISSA Vermietungsgesellschaft mbH & Co. Objekt Detmold KG	Düsseldorf, Germany	0.4	1.0	c)
MOLARONA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLAROSA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLASSA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLATHINA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)

Name	Registered office	Share of capital held %	Voting rights (where different) %	
MOLBAKKA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLBARVA Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
MOLBERA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLBERNO Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
MOLBINA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLBINA Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf Ludwig-Erhard-Allee KG	Düsseldorf, Germany	94.3	91.2	
MOLBOLLA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLBONA Vermietungsgesellschaft mbH	Berlin, Germany	50.0		c)
MOLBRIENZA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLBURGA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLCAMPO Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLCENTO Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLCERA Vermietungsgesellschaft mbH i.L.	Düsseldorf, Germany			c)
MOLCLOSA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLCORA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLCREDO Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLDANUM Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLDARA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLDEO Mobilien-Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLDEO Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Lünen KG	Düsseldorf, Germany			c)
MOLDESKA Vermietungsgesellschaft mbH & Co. Objekt Mallersdorf KG i. Gr.	Düsseldorf, Germany			c)
MOLDEX Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLDICMA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLDISCUS Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLDOMA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLDORA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLDOSSA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLEMPA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLENA Vermietungsgesellschaft mbH i.L.	Düsseldorf, Germany			c)
MOLENDRA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLETUM Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLFENNA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLFINO Vermietungsgesellschaft mbH	Berlin, Germany			c)
MOLFOKKA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLFRIEDA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLFUNDA Vermietungsgesellschaft mbH	Berlin, Germany			c)
MOLGABA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLGATO Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLGEDI Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLGEKA Vermietungsgesellschaft mbH	Meerbusch, Germany			c)
MOLGERBA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLGERO Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLGRADO Vermietungsgesellschaft Objekt Göttingen und Oldenburg mbH	Grünwald, Germany	50.0		c)
MOLHABIS Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLIGELA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLIGO Vermietungsgesellschaft mbH	Rostock, Germany			c)

Name	Registered office	Share of capital held %	Voting rights (where different) %	
MOLISTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLITA Vermietungsgesellschaft mbH	Hannover, Germany			c)
MOLKANDIS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLKIRA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLKRIMA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLMARTA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLMELFI Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLMIRA Vermietungsgesellschft mbH	Düsseldorf, Germany			c)
MOLMOSA Vermietungsgesellschaft mbH i.L.	Berlin, Germany			c)
MOLNERA Vermietungsgesellschaft mbH	Berlin, Germany			c)
MOLOTA Vermietungsgesellschaft mbH	Frankfurt/Main, Germany			c)
MOLPANA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLPATRA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLPERA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLPETTO Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLPIKA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLPIREAS Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
MOLPLANTA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLPRIMA Vermietungsgesellschaft mbH	Berlin, Germany			c)
MOLPURA Beteiligungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLRANO Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLRATUS Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
MOLRAWIA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLRESTIA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLRISTA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLROLA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLRONDA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLRONDA Vermietungsgesellschaft mbH & Co. Objekt Nürnberg KG	Düsseldorf, Germany			c)
MOLROSSI Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLSANA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLSANTA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLSCHORA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLSIWA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLSOLA Vermietungsgesellschaft mbH	Grünwald, Germany			c)
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Aquarius KG	Grünwald, Germany	98.5	49.0	c)
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Pforzheim KG	Grünwald, Germany	98.5	49.0	c)
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Taurus KG	Grünwald, Germany	98.5	49.0	c)
MOLSTEFFA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLSTINA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLSURA Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
MOLTANDO Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLTARA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLTERAMO Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLTESO Beteiligungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLTIVOLA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLTUNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLTUNIS Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLUGA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)

Name	Registered office	Share of capital held %	Voting rights (where different) %	
MOLUNA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLVANI Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLVENTO Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLVINA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLVINCA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLVORRA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLWALLA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLWALLA Vermietungsgesellschaft mbH & Co. Objekt Schweinfurt KG	Düsseldorf, Germany	0.4	1.0	c)
MOLWANKUM Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLWARGA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLWARIA Vermietungsgesellschaft mbH i.L.	Düsseldorf, Germany			c)
MOLWORUM Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MOLWORUM Vermietungsgesellschaft mbH & Co. Objekt Ottensen KG	Düsseldorf, Germany	0.4	1.0	c)
MONATA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
MONEA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Montitail - Gestao de Retail Park, Sociedade Unipessoal Lda.	Lisbon, Portugal	100.0		
MS “PUCCINI” Verwaltungsgesellschaft mbH	Hamburg, Germany	51.0		
MUTUSCA Grundstücks-Vermietungsgesellschaft mbH & Co. Etzenhausen KG	Düsseldorf, Germany	2.5		
NACOLO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NACONA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NACONGA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAFARI Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAFIRINA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NASIRO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NASTO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUCULA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAULUMO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAURANTO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAURATA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUSOLA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUTARO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUTESSA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUTIS Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUTLUS Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUTORIA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUTO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUTUGO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVALIS Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVALIS Shipping Limited	Monrovia, Liberia	100.0		
NAVIBOLA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVIBOTO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVIFIORI Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVIGA Schiffsbeteiligung GmbH	Hamburg, Germany	100.0		
NAVIGATO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVIGOLO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVILO Vermietungsgesellschaft mbH	Hamburg, Germany	100.0		
NAVINA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
NAVIRENA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVIROSSA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVITARIA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVITA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVITONI Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVITOSA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVITURA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin KG	Düsseldorf, Germany	10.0	15.0	c)
NEPTANA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NEPTILA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NEPTORA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NEPTUGA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NEPTUNO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NESTOR Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
NOLICA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	19.0		c)
NORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Ettlingen KG	Düsseldorf, Germany	0.0	50.0	c)
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Görlitz KG	Düsseldorf, Germany	0.0	50.0	c)
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Koblenz-Kesselheim KG	Düsseldorf, Germany	0.0	50.0	c)
NOSCO Grundstücks-Vermietungsgesellschaft mbH	Mainz, Germany	100.0		
NOTITIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
NOVITAS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Nr. X Real Estate Hungary Kft.	Budapest, Hungary	100.0		
NUMERIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
NURUS Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		a)
Octopus Investment Sp. z o.o.	Warsaw, Poland	100.0		
OPTIO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
OPTIO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Schönborn KG	Düsseldorf, Germany			c)
OPTIONA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
ORBITA Kraftwerk-Beteiligungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
ORBITA Kraftwerk-Beteiligungsgesellschaft mbH & Co. Objekt Kraftwerk Hessen KG	Düsseldorf, Germany			c)
ORNATUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
OSKAR Medienbeteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
PALERMO Shipping Limited	Monrovia, Liberia	100.0		
PAREO Kraftwerk-Beteiligungsgesellschaft mbH	Leipzig, Germany	100.0		
Patella Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Fernwärmetrasse Lutherstadt Wittenberg KG	Berlin, Germany			c)
PATELLA Vermietungsgesellschaft mbH	Berlin, Germany			c)
Projekt CH Lodz Sp. z o.o.	Warsaw, Poland	95.3		
Property Invest Roma S.r.l. i.L.	Milan, Italy	100.0		
Property Partner Sp. z o.o.	Warsaw, Poland	100.0		
quatron Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main, Germany			c)
RAMONIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
RAPIDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
RAVENNA Kraków Sp. z.o.o.	Warsaw, Poland	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
RAYMO Dritte Portfolio KG	Düsseldorf, Germany	100.0	99.5	
RAYMO Erste Portfolio KG	Düsseldorf, Germany	100.0	99.5	
RAYMO Zweite Portfolio KG	Düsseldorf, Germany	100.0	99.5	
RECURSA Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main, Germany	100.0		
REGALIS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
RESIDO Flugzeug-Leasinggesellschaft mbH	Düsseldorf, Germany	100.0		
RIPA Medien-Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
RIVALIS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
ROSARIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Mainz KG	Düsseldorf, Germany	0.0	25.0	c)
ROSATA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Östringen KG	Düsseldorf, Germany			c)
ROSEA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Eckental KG	Düsseldorf, Germany	0.0	50.0	c)
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte TANK & RAST KG	Düsseldorf, Germany	0.0	50.0	c)
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt ISF Sindlingen KG	Düsseldorf, Germany	0.0	50.0	c)
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Veldhoven KG	Düsseldorf, Germany	0.0	35.0	c)
ROSINTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ROSOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
SB-Bauträger Gesellschaft mit beschränkter Haftung	Eschborn, Germany	100.0		a)
SENATORSKA Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
SILVA Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main, Germany			c)
Solar Cuever del Negro 10, S.L.U.	Madrid, Spain	100.0		
Solar Cuever del Negro 11, S.L.U.	Madrid, Spain	100.0		
Solar Cuever del Negro 12, S.L.U.	Madrid, Spain	100.0		
Solar Cuever del Negro 13, S.L.U.	Madrid, Spain	100.0		
Solar Cuever del Negro 14, S.L.U.	Madrid, Spain	100.0		
Solar Cuever del Negro 15, S.L.U.	Madrid, Spain	100.0		
Solar Cuever del Negro 16, S.L.U.	Madrid, Spain	100.0		
Solar Cuever del Negro 17, S.L.U.	Madrid, Spain	100.0		
Solar Cuever del Negro 18, S.L.U.	Madrid, Spain	100.0		
Solar Cuever del Negro 1, S.L.U.	Madrid, Spain	100.0		
Solar Cuever del Negro 2, S.L.U.	Madrid, Spain	100.0		
Solar Cuever del Negro 3, S.L.U.	Madrid, Spain	100.0		
Solar Cuever del Negro 4, S.L.U.	Madrid, Spain	100.0		
Solar Cuever del Negro 5, S.L.U.	Madrid, Spain	100.0		
Solar Cuever del Negro 6, S.L.U.	Madrid, Spain	100.0		
Solar Cuever del Negro 7, S.L.U.	Madrid, Spain	100.0		
Solar Cuever del Negro 8, S.L.U.	Madrid, Spain	100.0		
Solar Cuever del Negro 9, S.L.U.	Madrid, Spain	100.0		
Solar Los Arroyos de Escuzar 10, S.L.U.	Madrid, Spain	100.0		
Solar Los Arroyos de Escuzar 11, S.L.U.	Madrid, Spain	100.0		
Solar Los Arroyos de Escuzar 12, S.L.U.	Madrid, Spain	100.0		
Solar Los Arroyos de Escuzar 13, S.L.U.	Madrid, Spain	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
Solar Los Arroyos de Escuzar 14, S.L.U.	Madrid, Spain	100.0		
Solar Los Arroyos de Escuzar 15, S.L.U.	Madrid, Spain	100.0		
Solar Los Arroyos de Escuzar 16, S.L.U.	Madrid, Spain	100.0		
Solar Los Arroyos de Escuzar 17, S.L.U.	Madrid, Spain	100.0		
Solar Los Arroyos de Escuzar 18, S.L.U.	Madrid, Spain	100.0		
Solar Los Arroyos de Escuzar 1, S.L.U.	Madrid, Spain	100.0		
Solar Los Arroyos de Escuzar 2, S.L.U.	Madrid, Spain	100.0		
Solar Los Arroyos de Escuzar 3, S.L.U.	Madrid, Spain	100.0		
Solar Los Arroyos de Escuzar 4, S.L.U.	Madrid, Spain	100.0		
Solar Los Arroyos de Escuzar 5, S.L.U.	Madrid, Spain	100.0		
Solar Los Arroyos de Escuzar 6, S.L.U.	Madrid, Spain	100.0		
Solar Los Arroyos de Escuzar 7, S.L.U.	Madrid, Spain	100.0		
Solar Los Arroyos de Escuzar 8, S.L.U.	Madrid, Spain	100.0		
Solar Los Arroyos de Escuzar 9, S.L.U.	Madrid, Spain	100.0		
SOLTRX Transaction Services GmbH	Düsseldorf, Germany	100.0		a)
South East Asia Properties Limited	London, United Kingdom	100.0		
Space Park Erste Verwaltungs GmbH	Frankfurt/Main, Germany	100.0		
TALORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany			c)
TAMOLDINA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
TAMOLTEMPA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
TAMOLTESSA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
TANECTRA Beteiligungsgesellschaft mbH	Düsseldorf, Germany			c)
TARA Immobilien-Besitz GmbH	Eschborn, Germany	100.0		a)
TARA Immobilien-Verwaltungs-GmbH	Eschborn, Germany	100.0		
TASKABANA erste Immobilien-Vermietungsgesellschaft mbH & Co. Objekt Marl KG	Grünwald, Germany			c)
TASKABANA erste Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Marl KG	Grünwald, Germany			c)
TASKABANA Vermietungsgesellschaft mbH	Grünwald, Germany			c)
Tele-Tech Investment Sp. z.o.o.	Warsaw, Poland	100.0		
TIGNARIS Beteiligungsgesellschaft mbH	Düsseldorf, Germany			c)
TIGNARIS Beteiligungsgesellschaft mbH & Co. Streubesitz KG	Düsseldorf, Germany	94.8		
TIGNARIS Verwaltungsgesellschaft mbH	Düsseldorf, Germany			c)
TIGNATO Beteiligungsgesellschaft mbH	Eschborn, Germany	100.0		
TIGNATO Beteiligungsgesellschaft mbH & Co. CologneTurm MediaPark KG	Eschborn, Germany	100.0		
TOULON NOVA Shipping Limited	Monrovia, Liberia	100.0		
U.S. Residential I GP, LLC	Wilmington, Delaware, USA	49.0	50.0	c)
VALENCIA NOVA Shipping Limited	Monrovia, Liberia	100.0		
Webtel Sp. z o.o. w likwidacji	Warsaw, Poland	100.0		
Windsor Asset Management GP Ltd.	Toronto, Canada	49.0	0.0	c)
Windsor Canada Verwaltungsgesellschaft mbH	Düsseldorf, Germany			c)

2. Associated companies

a) Associated companies in the Group financial statements accounted for using the equity method

Name	Registered office	Share of capital %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000
AKA Ausfuhrkredit-Gesellschaft mbH	Frankfurt/Main, Germany	31.6		EUR	191,007	11,235
Argor-Heraeus S.A.	Mendrisio, Switzerland	31.2		CHF	152,744	22,766
Capital Investment Trust Corporation	Taipeh, Taiwan	24.0		TWD	3,463,032	460,653
Commerz Finanz GmbH	Munich, Germany	49.9		EUR	787,501	53,903
Commerz Unternehmens-beteiligungs-Aktiengesellschaft	Frankfurt/Main, Germany	40.0		EUR	96,208	9,008
COMUNITHY Immobilien GmbH	Düsseldorf, Germany	49.9		EUR	–7,978	920
DTE Energy Center, LLC	Wilmington, Delaware, USA	50.0		USD	94,364	12,186
HAJOBANTA GmbH & Co. Asia Opportunity I KG	Düsseldorf, Germany	20.9		EUR	116,626	13,962
ILV Immobilien-Leasing Verwaltungs-gesellschaft Düsseldorf mbH	Düsseldorf, Germany	50.0		EUR	6,017	–20,630
RECAP/Commerz AMW Investment, L. P.	New York, New York, USA	50.0		USD	6,865	–1,487

b) Associated companies in the Group financial statements not accounted for using the equity method due to their minor significance

Name	Registered office	Share of capital %	Voting rights (where different) %	
4239466 Canada Inc.	Toronto, Canada	50.0		
AF Eigenkapitalfonds für deutschen Mittelstand GmbH & Co. KG	Munich, Germany	47.4	47.5	
AGASILA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf KG	Düsseldorf, Germany	23.4	25.0	
ALIVERA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf-Lichtenbroich KG	Düsseldorf, Germany	5.2	23.0	
Alliance Medical Group Limited	Warwick, United Kingdom	5.9	21.5	
Ampton B.V.	Amsterdam, Netherlands	50.0		
ASTIRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		
BAF Berlin Animation Film GmbH i.L.	Berlin, Germany	49.0		
BONUS Vermietungsgesellschaft mbH	Düsseldorf, Germany	30.0		
Düsseldorfer Börsenhaus GmbH	Düsseldorf, Germany	20.0		
FERO Vermietungsgesellschaft mbH	Düsseldorf, Germany	26.0		a)
FRAST Beteiligungsgesellschaft mbH & Co. Objekt Kokerei KG	Grünwald, Germany			
GIE Cinquieme Lease	Puteaux, France	33.3		
GIE Go Lease	Puteaux, France	50.0		
GIE Hu Lease	Puteaux, France	50.0		
GIE Quatrieme Lease	Puteaux, France	33.3		
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekte Amberg und Landshut KG	Düsseldorf, Germany			10)
GMF German Mittelstand Fund GmbH i. L.	Frankfurt/Main, Germany	23.5		
GOPA Gesellschaft für Organisation, Planung und Ausbildung mbH	Bad Homburg v. d. Höhe, Germany	24.8	28.8	
HAJOTARA Beteiligungsgesellschaft mbH & Co. Solarkraftwerke KG	Düsseldorf, Germany	6.0	30.0	
Industriedruck Krefeld Kurt Janßen GmbH & Co KG	Krefeld, Germany	25.7		
Kapelaansdijk I BV	Amsterdam, Netherlands	25.0		

Name	Registered office	Share of capital %	Voting rights (where different) %
Koppelenweg I BV	Hoevelaken, Netherlands	33.3	
La Tasca Holdings Limited	Kidlington, United Kingdom	33.3	37.1
MAECENA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dortmund KG	Düsseldorf, Germany	5.0	33.3
MFG Flughafen-Grundstücksverwaltungsgesellschaft mbH & Co. BETA KG i.L.	Grünwald, Germany	29.4	29.0
MINERVA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Radolfzell KG	Düsseldorf, Germany	21.0	
MOLWANKUM Vermietungsgesellschaft mbH & Co. Objekt Landkreis Hildburghausen KG	Düsseldorf, Germany	6.0	31.0
MS "Meta" Stefan Patjens GmbH & Co. KG	Drochtersen, Germany	30.5	
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Villingen-Schwenningen	Düsseldorf, Germany	0.0	50.0
NOSSIA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG i.L.	Pöcking, Germany	2.5	25.0
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Kaiser-Karree KG	Grünwald, Germany	85.0	43.0
OSCA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG i. L.	Grünwald, Germany	26.0	
Pinova GmbH & Co. Erste Beteiligungs KG	Munich, Germany	41.8	
PRUNA Betreiber GmbH	Grünwald, Germany	51.0	
RECAP/Commerz Greenwich Park Investment, L.P	New York, New York, USA	50.0	
Rendite Partner Gesellschaft für Vermögensverwaltung mbH i. L.	Frankfurt/Main, Germany	33.3	
SCI L Argentiere	Grenoble, France	30.0	
SITA Immobilia GmbH & Co. KG	Cologne, Germany	5.1	50.0
True Sale International GmbH	Frankfurt/Main, Germany	23.1	

3. Joint ventures

a) Joint ventures in the Group financial statements accounted for using the equity method

Name	Registered office	Share of capital %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000
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

b) Joint ventures in the Group financial statements not accounted for using the equity method due to their minor significance

Name	Registered office	Share of capital %	Voting rights (where different) %
Bonitos GmbH & Co. KG	Frankfurt/Main, Germany	50.0	
Bonitos Verwaltungs GmbH	Frankfurt/Main, Germany	50.0	
NULUX NUKEM LUXEMBOURG GmbH	Luxembourg, Luxembourg	49.5	

4. Structured entities

a) Structured entities included in the Group financial statements pursuant to IFRS 10

Name	Registered office	Segment	Share of capital %	Voting rights (where different) %	Currency	Equity 1,000
Borromeo Finance S.r.l.	Milan, Italy	C&M			EUR	11,625
Bosphorus Capital Ltd.	Dublin, Ireland	C&M			EUR	–1,615
Bosphorus Investments Limited	Dublin, Ireland	C&M			EUR	–532
CoCO Finance II–1 Ltd.	Dublin, Ireland	MSB			EUR	–198
CoSMO Finance II–2 Ltd.	Dublin, Ireland	MSB			EUR	–83
CoTraX Finance II–1 Ltd	Dublin, Ireland	MSB			EUR	1
Danube Delta PLC	Delaware, USA	C&M			USD	–41,903
Greenway Infrastructure Capital Plc	St. Helier, Jersey	C&M			GBP	0
HFR MF iQArts Master Trust	Hamilton, Bermuda	C&M			USD	0
Honeywell Grundbesitzverwaltungs-GmbH & Co. Vermietungs-KG	Grünwald, Germany	SuK	100.0	19.0	EUR	–16,731
Justine Capital SRL	Milan, Italy	C&M			EUR	–6,732
LAMINA Grundstücks-Verwaltungs-gesellschaft mbH & Co. Objekt Leipzig KG	Grünwald, Germany	SuK	100.0	16.7	EUR	–7,198
Liffey Emerald Limited	Dublin, Ireland	C&M			EUR	0
Livingstone Mortgages Limited	London, United Kingdom	C&M			GBP	38,624
MERKUR Grundstücks-Gesellschaft Objekt Berlin Lange Straße mbH & Co. KG	Grünwald, Germany	SuK	3.9		EUR	–45
Metrofinanciera Warehousing 2007	Delaware, USA	C&M			USD	–342
Plymouth Capital Limited	St. Helier, Jersey	C&M			EUR	0
Rügen Eins GmbH	Frankfurt/Main, Germany	MSB			EUR	26
SME Commerz SCB GmbH	Frankfurt/Main, Germany	MSB			EUR	28
Thames SPC	St. Helier, Jersey	C&M			EUR	0
TS Lago One GmbH	Frankfurt/Main, Germany	PK			EUR	26

b) Structured entities not included in the Group financial statements pursuant to IFRS 10 due to their minor significance

Name	Registered office	Segment	Share of capital %	Voting rights (where different) %
Barrington II CDO Ltd.	George Town, Cayman Islands	C&M	0.0	
Barrington II LLC	Dover, Delaware, USA	C&M	0.0	
CB MezzCAP Limited Partnership	St. Helier, Jersey	MSB	0.0	
CoSMO Finance II–1 Ltd.	Dublin, Ireland	MSB	0.0	
GRENADO Vermietungsgesellschaft mbH & Co. Objekt Brigachschiene KG	Grünwald, Germany	PK	0.0	
HSC Life Policy Pooling S.A.R.L.	Luxembourg, Luxembourg	C&M	0.0	
KALMUS Grundstücks-Gesellschaft Objekt Erfurt mbH & Co. KG.	Grünwald, Germany	SuK	0.0	
MOLKANDIS Grundstücks-Vermietungs-gesellschaft bmH & Co. Objekt Kaltenkichen KG	Düsseldorf, Germany	PK	0.0	
OLEANDRA Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Haar KG	Düsseldorf, Germany	PK	0.0	

Name	Registered office	Segment	Share of capital %	Voting rights (where different) %
Opera Germany No. 2 plc.	Dublin, Ireland	NCA	0.0	
TIGNARIS Beteiligungsgesellschaft mbH & Co. Objekt Burscheid KG	Düsseldorf, Germany	PK	0.0	
TIGNARIS Beteiligungsgesellschaft mbH & Co. Objekt Kleve KG	Düsseldorf, Germany	PK	0.0	
TS Co. mit One GmbH	Frankfurt/Main, Germany	MSB	0.0	

5. Investment funds

a) Investment funds included in the Group financial statements pursuant to IFRS 10

Name	Registered office	Segment	Share of investor in fund %	Voting rights (where different) %	Currency	Fund volume 1,000
Agate Assets S.A. S014	Luxembourg, Luxembourg	C&M	100.00		EUR	87,000
CDBS-Cofonds	Frankfurt/Main, Germany	PK	100.00		EUR	134,091
CDBS-Cofonds II	Frankfurt/Main, Germany	PK	100.00		EUR	96,013
CDBS-Cofonds III	Frankfurt/Main, Germany	PK	100.00		EUR	106,024
CDBS-Cofonds IV	Frankfurt/Main, Germany	PK	100.00		EUR	106,406
CDBS-Cofonds V	Frankfurt/Main, Germany	PK	100.00		EUR	103,067 11)
ComStage ETF ATX® UCITS ETF	Luxembourg, Luxembourg	C&M	30.47		EUR	13,628
ComStage ETF CAC 40® LevePraguee UCITS ETF	Luxembourg, Luxembourg	C&M	85.57		EUR	4,861
ComStage ETF CAC 40® Short GR UCITS ETF	Luxembourg, Luxembourg	C&M	44.98		EUR	3,992
ComStage ETF CAC 40® UCITS ETF	Luxembourg, Luxembourg	C&M	47.75		EUR	11,669
ComStage ETF Commerzbank Bund-Future Double Short TR UCITS ETF	Luxembourg, Luxembourg	C&M	14.67		EUR	59,117
ComStage ETF Commerzbank Bund-Future LevePragueed TR UCITS ETF	Luxembourg, Luxembourg	C&M	91.28		EUR	19,922
ComStage ETF Commerzbank Bund-Future Short TR UCITS ETF	Luxembourg, Luxembourg	C&M	5.03		EUR	244,391
ComStage ETF Commerzbank Bund-Future TR UCITS ETF	Luxembourg, Luxembourg	C&M	40.01		EUR	14,859
ComStage ETF Commerzbank Commodity ex-Agriculture EW Index TR UCITS ETF	Luxembourg, Luxembourg	C&M	25.48		USD	219,424
ComStage ETF Commerzbank EONIA Index TR UCITS ETF	Luxembourg, Luxembourg	C&M	5.18		EUR	51,680
ComStage ETF Commerzbank FED Funds Effective Rate Index TR UCITS ETF	Luxembourg, Luxembourg	C&M	21.71		USD	20,277
ComStage ETF DAX® TR UCITS ETF	Luxembourg, Luxembourg	C&M	20.24		EUR	482,005
ComStage ETF DivDAX® TR UCITS ETF	Luxembourg, Luxembourg	C&M	3.32		EUR	29,372
ComStage ETF Dow Jones Industrial AvePraguee UCITS ETF	Luxembourg, Luxembourg	C&M	16.14		USD	62,438
ComStage ETF EURO STOXX 50® Daily LevePraguee UCITS ETF	Luxembourg, Luxembourg	C&M	27.66		EUR	8,364
ComStage ETF EURO STOXX 50® Daily Short GR UCITS ETF	Luxembourg, Luxembourg	C&M	15.29		EUR	11,492

Name	Registered office	Segment	Share of investor in fund %	Voting rights (where different) %	Currency	Fund volume 1,000
ComStage ETF EURO STOXX 50® NR UCITS ETF	Luxembourg, Luxembourg	C&M	2.41		EUR	212,267
ComStage ETF EURO STOXX® Select Dividend 30 NR UCITS ETF	Luxembourg, Luxembourg	C&M	10.77		EUR	50,001
ComStage ETF F.A.Z. Index UCITS ETF	Luxembourg, Luxembourg	C&M	16.53		EUR	20,820
ComStage ETF FR DAX® UCITS ETF	Luxembourg, Luxembourg	C&M	13.18		EUR	49,933
ComStage ETF FR EURO STOXX 50® UCITS ETF	Luxembourg, Luxembourg	C&M	6.02		EUR	25,468
ComStage ETF FTSE 100 TR UCITS ETF	Luxembourg, Luxembourg	C&M	49.77		GBP	8,258
ComStage ETF FTSE China A50 UCITS ETF (ETF024)	Luxembourg, Luxembourg	C&M	88.70		USD	37,854
ComStage ETF HSCEI UCITS ETF	Luxembourg, Luxembourg	C&M	19.16		HKD	21,352
ComStage ETF HSI UCITS ETF	Luxembourg, Luxembourg	C&M	20.19		HKD	21,752
ComStage ETF iBOXX € Germany Covered Capped 3–5 TR UCITS ETF	Luxembourg, Luxembourg	C&M	35.73		EUR	26,529
ComStage ETF iBOXX € Germany Covered Capped 5–7 TR UCITS ETF	Luxembourg, Luxembourg	C&M	94.51		EUR	5,790
ComStage ETF iBOXX € Germany Covered Capped 7–10 TR UCITS ETF	Luxembourg, Luxembourg	C&M	19.78		EUR	8,881
ComStage ETF iBOXX € Germany Covered Capped Overall TR UCITS ETF	Luxembourg, Luxembourg	C&M	69.39		EUR	6,569
ComStage ETF iBOXX € Liquid Sovereigns Diversified 10–15 TR UCITS ETF	Luxembourg, Luxembourg	C&M	13.55		EUR	49,147
ComStage ETF iBOXX € Liquid Sovereigns Diversified 1–3 TR UCITS ETF	Luxembourg, Luxembourg	C&M	41.98		EUR	120,687
ComStage ETF iBOXX € Liquid Sovereigns Diversified 15+ TR UCITS ETF	Luxembourg, Luxembourg	C&M	28.35		EUR	22,248
ComStage ETF iBOXX € Liquid Sovereigns Diversified 25+ TR UCITS ETF	Luxembourg, Luxembourg	C&M	23.78		EUR	25,405
ComStage ETF iBOXX € Liquid Sovereigns Diversified 3–5 TR UCITS ETF	Luxembourg, Luxembourg	C&M	84.62		EUR	11,567
ComStage ETF iBOXX € Liquid Sovereigns Diversified 3m–1 TR UCITS ETF	Luxembourg, Luxembourg	C&M	44.65		EUR	64,497
ComStage ETF iBOXX € Liquid Sovereigns Diversified 5–7 TR UCITS ETF	Luxembourg, Luxembourg	C&M	30.32		EUR	11,745
ComStage ETF iBOXX € Liquid Sovereigns Diversified 7–10 TR UCITS ETF	Luxembourg, Luxembourg	C&M	56.05		EUR	86,669
ComStage ETF iBOXX € Liquid Sovereigns Diversified Overall TR UCITS ETF	Luxembourg, Luxembourg	C&M	34.51		EUR	75,111
ComStage ETF iBOXX € Sovereigns Germany Capped 10+ TR UCITS ETF	Luxembourg, Luxembourg	C&M	87.11		EUR	126,687
ComStage ETF iBOXX € Sovereigns Germany Capped 1–5 TR UCITS ETF	Luxembourg, Luxembourg	C&M	79.26		EUR	13,050

Name	Registered office	Segment	Share of investor in fund %	Voting rights (where different) %	Currency	Fund volume 1,000
ComStage ETF iBOXX € Sovereigns Germany Capped 3m– 2 TR UCITS ETF	Luxembourg, Luxembourg	C&M	84.18		EUR	10,996
ComStage ETF iBOXX € Sovereigns Germany Capped 5– 10 TR UCITS ETF	Luxembourg, Luxembourg	C&M	45.53		EUR	16,805
ComStage ETF iBOXX € Sovereigns Inflation-Linked Euro-Inflation TR UCITS ETF	Luxembourg, Luxembourg	C&M	79.93		EUR	21,371
ComStage ETF MDAX® TR UCITS ETF	Luxembourg, Luxembourg	C&M	66.89		EUR	20,696
ComStage ETF MSCI EM Eastern Europe TRN UCITS ETF	Luxembourg, Luxembourg	C&M	65.22		USD	11,071
ComStage ETF MSCI Emerging Markets LevePragueed 2x Daily TRN UCITS ETF	Luxembourg, Luxembourg	C&M	41.17		USD	12,633
ComStage ETF MSCI Emerging Markets TRN UCITS ETF	Luxembourg, Luxembourg	C&M	21.26		USD	43,582
ComStage ETF MSCI EMU TRN UCITS ETF	Luxembourg, Luxembourg	C&M	67.39		USD	6,680
ComStage ETF MSCI Europe Large Cap TRN UCITS ETF	Luxembourg, Luxembourg	C&M	79.61		USD	6,937
ComStage ETF MSCI Europe Mid Cap TRN UCITS ETF	Luxembourg, Luxembourg	C&M	71.04		USD	21,407
ComStage ETF MSCI Europe Small Cap TRN UCITS ETF	Luxembourg, Luxembourg	C&M	30.42		USD	27,768
ComStage ETF MSCI Europe TRN UCITS ETF	Luxembourg, Luxembourg	C&M	41.65		USD	31,346
ComStage ETF MSCI Japan 100% Daily Hedged Euro UCITS ETF	Luxembourg, Luxembourg	C&M	36.54		EUR	3,325
ComStage ETF MSCI Japan TRN UCITS ETF	Luxembourg, Luxembourg	C&M	53.67		USD	16,385
ComStage ETF MSCI North America TRN UCITS ETF	Luxembourg, Luxembourg	C&M	9.82		USD	254,610
ComStage ETF MSCI Pacific ex Japan TRN UCITS ETF	Luxembourg, Luxembourg	C&M	34.41		USD	17,994
ComStage ETF MSCI Pacific TRN UCITS ETF	Luxembourg, Luxembourg	C&M	8.13		USD	36,904
ComStage ETF MSCI Russia 30% Capped TRN UCITS ETF	Luxembourg, Luxembourg	C&M	45.58		USD	9,511
ComStage ETF MSCI Taiwan TRN UCITS ETF	Luxembourg, Luxembourg	C&M	60.37		USD	20,125
ComStage ETF MSCI USA Large Cap TRN UCITS ETF	Luxembourg, Luxembourg	C&M	18.16		USD	40,679
ComStage ETF MSCI USA Mid Cap TRN UCITS ETF	Luxembourg, Luxembourg	C&M	29.68		USD	35,789
ComStage ETF MSCI USA Small Cap TRN UCITS ETF	Luxembourg, Luxembourg	C&M	9.00		USD	69,187
ComStage ETF MSCI USA TRN UCITS ETF	Luxembourg, Luxembourg	C&M	53.32		USD	652,608
ComStage ETF MSCI World TRN UCITS ETF	Luxembourg, Luxembourg	C&M	22.49		USD	510,527
ComStage ETF MSCI World with EM Exposure Net UCITS ETF (ETF130)	Luxembourg, Luxembourg	C&M	77.49		USD	3,724

Name	Registered office	Segment	Share of investor in fund %	Voting rights (where different) %	Currency	Fund volume 1,000
ComStage ETF Nasdaq–100® UCITS ETF	Luxembourg, Luxembourg	C&M	4.54		USD	132,227
ComStage ETF Nikkei 225® UCITS ETF	Luxembourg, Luxembourg	C&M	23.35		JPY	37,249
ComStage ETF NYSE Arca Gold BUGS UCITS ETF	Luxembourg, Luxembourg	C&M	4.48		USD	127,351
ComStage ETF PSI 20® LevePraguee UCITS ETF	Luxembourg, Luxembourg	C&M	23.95		EUR	14,400
ComStage ETF PSI 20® UCITS ETF	Luxembourg, Luxembourg	C&M	16.11		EUR	58,048
ComStage ETF SDAX® TR UCITS ETF	Luxembourg, Luxembourg	C&M	96.31		EUR	2,425
ComStage ETF ShortDAX® TR UCITS ETF	Luxembourg, Luxembourg	C&M	12.61		USD	86,692
ComStage ETF SMI® UCITS ETF	Luxembourg, Luxembourg	C&M	50.04		EUR	15,353
ComStage ETF S&P 500 Euro Daily Hedged Net TR UCITS ETF	Luxembourg, Luxembourg	C&M	28.55		EUR	38,647
ComStage ETF S&P 500 UCITS ETF	Luxembourg, Luxembourg	C&M	24.81		EUR	46,853
ComStage ETF SPI® TR UCITS ETF	Luxembourg, Luxembourg	C&M	18.68		CHF	52,990
ComStage ETF S&P SMIT 40 Index TRN UCITS ETF	Luxembourg, Luxembourg	C&M	10.57		CHF	13,911
ComStage ETF STOXX® Europe 600 Automobiles & Parts NR UCITS ETF	Luxembourg, Luxembourg	C&M	59.27		EUR	13,637
ComStage ETF STOXX® Europe 600 Banks NR UCITS ETF	Luxembourg, Luxembourg	C&M	9.71		EUR	39,556
ComStage ETF STOXX® Europe 600 Basic Resources NR UCITS ETF	Luxembourg, Luxembourg	C&M	45.13		EUR	17,837
ComStage ETF STOXX® Europe 600 Chemicals NR UCITS ETF	Luxembourg, Luxembourg	C&M	38.85		EUR	13,560
ComStage ETF STOXX® Europe 600 Construction & Materials NR UCITS ETF	Luxembourg, Luxembourg	C&M	87.86		EUR	9,799
ComStage ETF STOXX® Europe 600 Financial Services NR UCITS ETF	Luxembourg, Luxembourg	C&M	69.58		EUR	4,985
ComStage ETF STOXX® Europe 600 Food & BevePraguee NR UCITS ETF	Luxembourg, Luxembourg	C&M	19.18		EUR	36,705
ComStage ETF STOXX® Europe 600 Health Care NR UCITS ETF	Luxembourg, Luxembourg	C&M	22.25		EUR	56,881
ComStage ETF STOXX® Europe 600 Industrial Goods & Services NR UCITS ETF	Luxembourg, Luxembourg	C&M	63.27		EUR	12,642
ComStage ETF STOXX® Europe 600 Insurance NR UCITS ETF	Luxembourg, Luxembourg	C&M	50.94		EUR	10,756
ComStage ETF STOXX® Europe 600 Media NR UCITS ETF	Luxembourg, Luxembourg	C&M	69.74		EUR	7,008
ComStage ETF STOXX® Europe 600 NR UCITS ETF	Luxembourg, Luxembourg	C&M	7.47		EUR	139,943
ComStage ETF STOXX® Europe 600 Oil & Gas NR UCITS ETF	Luxembourg, Luxembourg	C&M	24.15		EUR	16,658
ComStage ETF STOXX® Europe 600 Personal & Household Goods NR UCITS ETF	Luxembourg, Luxembourg	C&M	69.12		EUR	11,965
ComStage ETF STOXX® Europe 600 Real Estate NR UCITS ETF	Luxembourg, Luxembourg	C&M	5.77		EUR	14,449
ComStage ETF STOXX® Europe 600 Retail NR UCITS ETF	Luxembourg, Luxembourg	C&M	80.23		EUR	5,910

Name	Registered office	Segment	Share of investor in fund %	Voting rights (where different) %	Currency	Fund volume 1,000
ComStage ETF STOXX® Europe 600 Technology NR UCITS ETF	Luxembourg, Luxembourg	C&M	73.15		EUR	10,992
ComStage ETF STOXX® Europe 600 Telecommunications NR UCITS ETF	Luxembourg, Luxembourg	C&M	27.89		EUR	15,489
ComStage ETF STOXX® Europe 600 Travel & Leisure NR UCITS ETF	Luxembourg, Luxembourg	C&M	2.28		EUR	13,457
ComStage ETF STOXX® Europe 600 Utilities NR UCITS ETF	Luxembourg, Luxembourg	C&M	38.40		EUR	19,161
ComStage ETF TOPIX® UCITS ETF	Luxembourg, Luxembourg	C&M	61.46		JPY	17,389
ComStage SICAV	Luxembourg, Luxembourg	C&M	38.46		EUR	5,377,370
Green Loan Fund I	Luxembourg, Luxembourg	MSB	100.00		EUR	87,902
Greenway Infrastructure Fund	St. Helier, Jersey	C&M	99.04		GBP	213,166
Olympic Investment Fund II	Grevenmacher, Luxembourg	C&M	100.00		EUR	2,434,771
Pantheon Master Fund	Delaware, USA	PK	100.00		USD	137,608
Premium Management Immobilien-Anlagen	Frankfurt/Main, Germany	C&M	95.20		EUR	330,868
VFM Mutual Fund AG & Co. KG	Gamprin-Bendern, Liechtenstein	C&M	60.43		CHF	288,520
Viaduct Invest FCP - SIF	Luxembourg, Luxembourg	C&M	100.00		EUR	1,300

b) Investment funds not included in the Group financial statements pursuant to IFRS 10 due to their minor significance

Name	Registered office	Segment	Share of investor in fund %	Voting rights (where different) %
CBK SICAV Commerzbank Strategiefonds Währungen A	Hesperange, Luxembourg	C&M	57.5	
Commerzbank Aktientrend Germany I	Luxembourg, Luxembourg	C&M	100.0	
Commerzbank Aktientrend Germany R	Luxembourg, Luxembourg	C&M	30.7	
Commerzbank Rohstoff Strategie I EUR	Luxembourg, Luxembourg	C&M	27.1	
Commerzbank Rohstoff Strategie I USD	Luxembourg, Luxembourg	C&M	100.0	
Commerzbank Rohstoff Strategie R USD	Luxembourg, Luxembourg	C&M	27.9	
GET Capital Quant Global Equity Fonds	Luxembourg, Luxembourg	C&M	64.9	

6. Investments in large corporations where the investment exceeds 5 % of the voting rights

Name	Registered office	Share of capital %	Voting rights (where different) %
ConCardis Gesellschaft mit beschränkter Haftung	Eschborn, Germany	13.9	13.9
EURO Kartensysteme Gesellschaft mit beschränkter Haftung	Frankfurt/Main, Germany	13.9	13.9
GEWOBA Aktiengesellschaft Wohnen und Bauen	Bremen, Germany	7.1	7.1
Schufa Holding AG	Wiesbaden, Germany	17.9	17.9

Footnotes		
1)	Renamed:	from Dresdner Kleinwort Limited to Commerzbank Finance Limited
2)	Renamed:	from CG Real Estate Master FCP-SIF S.A.R.L. to Commerz Real Estate Master FCP-SIF
3)	Renamed:	from Hypothekenbank Frankfurt International S.A. to Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg
4)	Renamed:	from BRE Finance France S.A. to mFinance France S.A.
5)	Renamed:	from ABALINGA Beteiligungsgesellschaft mbH to ABALINGA Verwaltung und Treuhand GmbH
6)	Renamed:	from ALCARDA Grundstücks-Vermietungsgesellschaft mbH to ALCARDA Beteiligungsgesellschaft mbH
7)	Renamed:	from Communication One Consulting Sp. z o.o. to Call Center Poland S.A.
8)	Renamed:	from Call Center Poland S.A. to ccp.pl S.A.
9)	Renamed:	from DFI S.p.A. in liquidazione to DFI S.r.l. in liquidazione
10)	Renamed:	from ACTIUM Leasobjekt GmbH & Co. Objekte Amberg und Landshut KG to GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekte Amberg und Landshut KG
11)	Renamed:	from OP-Fonds CDBS V1 to CDBS-Cofonds V

Comments and Explanations	
a)	Control and profit transfer agreement
b)	No disclosures persuant to Art. 264b of the German Commercial Code (HGB)
c)	Agent relationships

Information on business purpose pursuant to Art. 26a of the German Banking Act (KWG)

Abbreviation	Explanation
BETGE	Investment companies
KAFOG	Asset management companies and investment trusts
KREDI	Banks
SOFDL	Other financial institutions
SOUNT	Other companies
VERSI	Insurances
C&M	Corporates & Markets
MSB	Mittelstandsbank
PK	Private Customers
SuK	Others and Consolidation
NCA	Non-Core Assets

Foreign exchange rates for €1 as at 31 December 2014		
Albania	ALL	140.1900
Bermuda	BMD	1.2141
Brazil	BRL	3.2207
Bulgaria	BGN	1.9558
Chile	CLP	738.2770
United Kingdom	GBP	0.7789
India	INR	76.7190
Japan	JPY	145.2300
Canada	CAD	1.4063
Poland	PLN	4.2732
Russia	RUB	72.3370
Sweden	SEK	9.3930
Switzerland	CHF	1.2024
Singapore	SGD	1.6058
South Africa	ZAR	14.0353
Taiwan	TWD	38.4872
Czech Republic	CZK	27.7350
Ukraine	UAH	19.2262
Hungary	HUF	315.5400
USA	USD	1.2141

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

Dr. Nikolaus von Bomhard
Chairman of the Board of
Managing Directors Münchener
Rückversicherungs-Gesellschaft AG

Gunnar de Buhr[1]
Employee of
Commerzbank Aktiengesellschaft

Stefan Burghardt[1]
Main Branch Manager of Bremen
Commerzbank Aktiengesellschaft

Karl-Heinz Flöther
Independent corporate consultant

**Prof. Dr.-Ing. Dr.-Ing. E. h.
Hans-Peter Keitel**
(until 8.5.2014)
Vice-President of the Federation of
German Industries (BDI)

Dr. Markus Kerber
CEO of the Federation
of German Industries (BDI)

Alexandra Krieger[1]
Head Business Administration/
Corporate Strategy Industrial
Union Mining, Chemical and Energy

Oliver Leiberich[1]
Employee of
Commerzbank Aktiengesellschaft

Dr. Stefan Lippe
(since 8.5.2014)
Former Group CEO of Swiss Re AG

Beate Mensch[1]
Trade Union Secretary to
United Services Union (Vereinte Dienst-
leistungsgewerkschaft ver.di) Hessen
regional branch

Dr. Roger Müller
General Counsel Deutsche Börse AG

Dr. Helmut Perlet
Chairman of the Supervisory Board Allianz SE

Barbara Priester[1]
Employee of
Commerzbank Aktiengesellschaft

Mark Roach[1]
Trade Union Secretary to United Services
Union (Vereinte Dienstleistungsgewerk-
schaft ver.di) National Administration

Petra Schadeberg-Herrmann
Managing Partner and Managing Director of
various companies within the Schadeberg
Family Office and the Krombacher Group

Margit Schoffer[1]
Employee of
Commerzbank Aktiengesellschaft

Nicholas Teller
(since 8.5.2014)
Chairman of
E.R. Capital Holding GmbH & Cie. KG

Dr. Gertrude Tumpel-Gugerell
Former Member of the Executive Board
of the European Central Bank

Solms U. Wittig
(until 8 May 2014)
Chief Legal Officer & Chief
Compliance Officer Linde AG

[1] Elected by the Bank's employees.

Board of Managing Directors

Martin Blessing
Chairman

Frank Annuscheit

Markus Beumer

Stephan Engels

Michael Reuther

Dr. Stefan Schmittmann

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 Group financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report of the Group provides a true and fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt am Main, 3 March 2015
The Board of Managing Directors

Martin Blessing | Frank Annuscheit | Markus Beumer

Stephan Engels | Michael Reuther | Stefan Schmittmann

Martin Zielke

Independent Auditors' Report[1]

To COMMERZBANK Aktiengesellschaft, Frankfurt am Main

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of COMMERZBANK Aktiengesellschaft, Frankfurt am Main, and its subsidiaries, which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements for the business year from 1 January to 31 December 2014.

Board of Managing Directors' Responsibility for the Consolidated Financial Statements

The Board of Managing Directors of COMMERZBANK Aktiengesellschaft is responsible for the preparation of these consolidated financial statements. This responsibility includes that these consolidated financial statements are prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) and that these consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The Board of Managing Directors is also responsible for the internal controls as the Board of Managing Directors determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgement. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

According to § 322 Abs. 3 Satz (sentence) 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at 31 December 2014 as well as the results of operations for the business year then ended, in accordance with these requirements.

Report on the Group Management Report

We have audited the accompanying group management report of COMMERZBANK Aktiengesellschaft for the business year from 1 January to 31 December 2014. The Board of Managing Directors of COMMERZBANK Aktiengesellschaft is responsible for the preparation of the group management report in accordance with the requirements of German commercial law applicable pursuant to § 315a Abs. 1 HGB. We conducted our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the management report promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW).

[1] Translation of the independent auditors' report issued in German language on the Group financial statements prepared in German language by the management of Commerzbank Aktiengesellschaft, Frankfurt am Main. The German language statements are decisive.

Accordingly, we are required to plan and perform the audit of the group management report to obtain reasonable assurance about whether the group management report is consistent with the consolidated financial statements and the audit findings, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

According to § 322 Abs. 3 Satz 1 HGB we state, that our audit of the group management report has not led to any reservations.

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

Frankfurt am Main, 4 March 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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

Further information

› We inform you about the composition of the Central Advisory Board and the seats on mandatory supervisory boards and similar bodies for members of the Board of Managing Directors, members of the Supervisory Board and employees of Commerzbank. In a glossary we list the most important financial terms and the information on the encumbrance of assets as well as the quarterly results by segment.

Central Advisory Board

Dr. Simone Bagel-Trah
Chairwoman of the Supervisory Board
and the Shareholders' Committee
Henkel AG & Co. KGaA
Düsseldorf

Dott. Sergio Balbinot
Member of the Board of Management
Allianz SE
Munich

Dr. Olaf Berlien
Chairman of the Managing Board
OSRAM LICHT AG
Munich

Dr. Werner Brandt
Former CFO
SAP AG
Frankfurt

Cathrina Claas-Mühlhäuser
Chairwoman of the Supervisory Board
and Deputy Chairwoman of the
Shareholders' Committee
CLAAS KGaA mbH
Harsewinkel

Georg Denoke
Member of the Executive Board, CFO
Linde AG
Munich

Prof. Dr. Hans Heinrich Driftmann
General and Managing Partner
Peter Kölln KGaA
Elmshorn

Ulrich Grillo
Chairman of the Executive Board
Grillo-Werke AG
Duisburg

Dr. Margarete Haase
CFO
Deutz AG
Cologne

Dr. Marion Helmes
Berlin

Prof. Dr. Johanna Hey
Head of Institute of Fiscal Law
University of Cologne
Cologne

Uwe Lüders
Chairman of the Board
of Managing Directors
L. Possehl & Co. mbH
Lübeck

Dipl.-Kfm. Friedrich Lürßen
Managing Partner
Fr. Lürssen Werft GmbH & Co. KG
Bremen

Prof. Hans Georg Näder
Managing Partner
Otto Bock HealthCare GmbH
Duderstadt

Klaus M. Patig
Königstein

Hans Dieter Pötsch
Member of the Board
of Managing Directors
Volkswagen AG
Wolfsburg

Dr. Helmut Reitze
Director
Hessischer Rundfunk
Frankfurt am Main

Georg F.W. Schaeffler
Chairman of the Supervisory Board
Schaeffler AG
Herzogenaurach

Dr. Ernst F. Schröder
Bielefeld

Jürgen Schulte-Laggenbeck
CFO
OTTO (GmbH & Co KG)
Hamburg

Dr. Jan Szomburg
President
The Gdansk Institute for
Market Economics
Gdansk

Roland Vogel
Member of the Board
of Managing Directors
Hannover Rück SE
Hanover

Dr. Michael Werhahn
Neuss

Dr. Wendelin Wiedeking
Entrepreneur
Bietigheim-Bissingen

The lists of members of our regional advisory committees East, Middle, North, Northwest, South, Southwest and West can be found in the internet under www.commerzbank.com > Investor Relations > Corporate governance > Advisory Committees.

Seats on supervisory boards and similar bodies

Members of the Board of Managing Directors of Commerzbank Aktiengesellschaft

Information pursuant to Art. 285, no. 10, of the German Commercial Code (HGB)
As of 31.12.2014

a) Seats on other mandatory supervisory boards
b) Seats on similar national and international bodies

Martin Blessing

b) CommerzVentures GmbH[1]
Chairman
(since 27.5.2014)

mBank S.A.[1]

Frank Annuscheit

a) BVV Versicherungsverein des Bankgewerbes a.G.
Deputy Chairman
(since 27.6.2014)

comdirect bank Aktiengesellschaft[1]
Deputy Chairman

b) Commerz Services Holding GmbH[1]
Chairman

Markus Beumer

a) ABB AG

b) DAW SE
(since 1.12.2014)

Stephan Engels

a) Hypothekenbank Frankfurt AG[1]
Deputy Chairman

b) CommerzVentures GmbH[1]
Deputy Chairman
(since 27.5.2014)

mBank S.A.[1]

SdB – Sicherungseinrichtungsgesellschaft deutscher Banken mbH
(until 12.6.2014)

[1] Seat on the board of a consolidated company.

Michael Reuther

a) RWE Power AG

b) EUREX Deutschland AöR

Frankfurter Wertpapierbörse AöR

Landwirtschaftliche Rentenbank AöR
(since 4.7.2014)

Verlagsbeteiligungs- und Verwaltungsgesellschaft mit beschränkter Haftung

Dr. Stefan Schmittmann

a) Hypothekenbank Frankfurt AG[1]
Chairman

Schaltbau Holding AG

b) mBank S.A.[1]
(since 31.3.2014)

Martin Zielke

a) comdirect bank Aktiengesellschaft[1]
Chairman

Commerz Real AG[1]
Chairman

b) Commerz Real Investmentgesellschaft mbH[1]
Chairman

mBank S.A.[1]
Deputy Chairman

Members of the Supervisory Board of Commerzbank Aktiengesellschaft

Information pursuant to Art. 285, no. 10, of the German Commercial Code (HGB)
As of 31.12.2014

a) Seats on other mandatory supervisory boards
b) Seats on similar national and international bodies

Klaus-Peter Müller

a) Fresenius Management SE

Fresenius SE & Co. KGaA

Linde Aktiengesellschaft

b) Landwirtschaftliche Rentenbank AöR
(until 4.7.2014)

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.

Dr. Nikolaus von Bomhard

a) ERGO Versicherungsgruppe AG[1]
Chairman

Munich Health Holding AG[1]
Chairman

Gunnar de Buhr

– –

Stefan Burghardt

– –

Karl-Heinz Flöther

a) Deutsche Börse AG, Frankfurt am Main

Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel
(until 8.5.2014)

a) Airbus Defence & Space GmbH

National-Bank AG

RWE AG

ThyssenKrupp AG

Voith GmbH

b) Airbus N.V.
Chairman

Dr. Markus Kerber

a) KfW-Bankengruppe

b) Computershare Limited, Melbourne

Alexandra Krieger

a) AbbVie Komplementär GmbH

Oliver Leiberich

– –

Dr. Stefan Lippe
(since 8.5.2014)

a) Acqupart Holding AG, Zug
Chairman

AXA S.A.

Celsius Pro AG
Chairman

Paperless AG
Chairman

Beate Mensch

a) Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft, Munich
(since 1.4.2014)

Dr. Roger Müller

– –

Dr. Helmut Perlet

a) Allianz SE

GEA GROUP AG

Barbara Priester

– –

Mark Roach

a) Fiducia IT AG

Petra Schadeberg-Herrmann

a) Krones AG

b) Lindt & Sprüngli AG
(since 24.4.2014)

Margit Schoffer

– –

Nicholas Teller
(since 8.5.2014)

b) Air Berlin PLC & Co. Luftverkehrs KG

Dr. Gertrude Tumpel-Gugerell

b) Finanzmarktbeteiligung Aktiengesellschaft des Bundes, Vienna

Österreichische Bundesbahnen Holding AG, Vienna

Österreichische Forschungsförderungsgesellschaft mbH, Vienna

Verein zur Förderung der BBRZ Gruppe, Linz
(until 31.12.2014)

Vienna Insurance Group AG, Vienna

Wien Holding GmbH, Vienna
(until 23.6.2014)

Solms U. Wittig
(until 8.5.2014)

– –

Employees of Commerzbank Aktiengesellschaft

Information pursuant to Art. 340a, (4), no. 1, of the German Commercial Code (HGB)
As of December 31, 2014

Dr. Marcus Chromik

VALOVIS BANK AG

Volker Ergler

Stadtwerke Viernheim GmbH

Gerold Fahr

Stadtwerke Ratingen GmbH
Chairman

Martin Fischedick

Borgers AG

Bernd Förster

SE Spezial Electronic Aktiengesellschaft
Deputy Chairman

Jörg van Geffen

Häfen und Güterverkehr Köln AG

NetCologne Gesellschaft für Telekommunikation mit beschränkter Haftung

Sven Gohlke

Bombardier Transportation GmbH

Bernd Grossmann

HOFTEX GROUP AG

Christoph Heins

Commerz Real AG[1]

Detlef Hermann

Kaiser's Tengelmann GmbH

Ritzenhoff AG

Jochen H. Ihler

Hüttenwerke Krupp Mannesmann GmbH

Thorsten Kanzler

Hypothekenbank Frankfurt AG[1]

Marcus König

Städtische Werke Nürnberg Gesellschaft mit beschränkter Haftung

VAG Verkehrs-Aktiengesellschaft

Michael Kotzbauer

Goodyear Dunlop Tires Germany GmbH

Hypothekenbank Frankfurt AG[1]

Werner Lubeley

TNT Express GmbH

Michael Mandel

Commerz Real AG[1]

Schufa Holding AG

Dr. Annette Messemer

Commerz Real AG[1]

K+S Aktiengesellschaft

Stefan Nodewald

SCHWÄLBCHEN MOLKEREI Jakob Berz Aktiengesellschaft

Sabine Schmittroth

comdirect bank Aktiengesellschaft[1]

Dirk Schuster

Commerz Real AG[1]

Holger Werner

Commerz Real AG[1]

Rupert Winter

Klinikum Burgenlandkreis GmbH
Deputy Chairman

[1] Seat on the board of a consolidated company.

Glossary

Ad hoc disclosure A key objective of ad hoc disclosure is to prevent insider trading. Art. 15 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) requires issuers whose securities are admitted to official trading or to the Regulated Market to make disclosures on an ad hoc basis. A new fact has to be disclosed if it has occurred within the company's area of activity and is not known to the public. In addition, the new fact must affect the issuer's net assets or financial position or its general business progress and must be likely to exert a considerable influence on the market price of the listed securities.

American depositary receipts (ADRs) In order to facilitate trading in non-US stocks, banks located in the USA issue depositary receipts in respect of original securities that are normally held in custody in their country of origin. They are traded on US stock exchanges like equities.

Asset-backed securities (ABSs) Securities whose interest payment and repayment of principal are covered, or backed, by the underlying pool of receivables. As a rule, they are issued by a special-purpose entity in securitised form.

Back-testing A procedure for monitoring the quality of value at risk models. For this purpose, actual losses are compared with the forecast maximum loss over a lengthy period.

Banking book The banking book contains all banking transactions that are not allocated to the trading book.

Benchmark bond A bond with a large issue volume which, by virtue of the credit quality of its issuer, its terms and its liquidity on the bond market, is representative and serves as a point of reference for other issuers.

Capital Requirements Regulation (CRR)/Capital Requirements Directive (CRV IV) The Capital Requirements Directive (CRD IV) and the associated regulation (CRR) implement the Basel III rules throughout the European Union from 1 January 2014. The CRR applies immediately and largely uniformly in all EU member states and contains the quantitative requirements and duties of disclosure under Basel III. CRD IV requires transposition into national law by means of legislation and contains rules that apply to the national supervisory authorities. In addition to rules on cooperation between supervisory authorities, these include in particular the qualitative capital adequacy requirements under pillar II.

Collateralised debt obligations (CDOs) A type of ABS secured on a pool of different assets, in particular loans and other securitised bonds.

Commercial mortgage-backed securities (CMBSs) A type of ABS secured on commercial mortgages.

Confidence level The probability that a potential loss will not exceed the maximum loss defined by the value at risk.

Core Tier 1 capital Core Tier 1 capital defines the Bank's liable equity capital. It comprises equity capital (common stock and capital reserves), retained earnings and silent participations.

Core Tier 1 ratio The core Tier 1 ratio is defined by the regulations issued by the Basel Committee and governs banks' minimum capital adequacy. It is calculated as the ratio of core Tier 1 capital to risk-weighted assets.

Corporate governance Corporate governance establishes guidelines for transparent corporate management and supervision. The recommendations of the German Corporate Governance Code create transparency and strengthen confidence in responsible management; in particular, they serve to protect shareholders.

Coverage ratio The ratio of the sum of loan loss provisions and collateral to the default volume is the coverage ratio including collateral.

Credit default swaps (CDSs) A credit derivative used to transfer the credit risk from a reference asset (e.g. a security or loan). For this purpose, the buyer of protection pays the seller of protection a premium and receives a compensation payment if a previously specified credit event occurs.

Credit derivatives Financial instruments whose value depends on an underlying asset, e.g. a loan or security. As a rule, these contracts are concluded on an OTC basis. They are used for managing risk, among other things. The most frequently used credit derivative product is the credit default swap.

Credit VaR The term results from the application of the value at risk concept to credit risk measurement. Credit VaR is an estimate of the amount by which losses from credit risks could potentially exceed the expected loss within a single year, i.e. unexpected loss. The idea behind this approach is that expected loss simply represents the long-term average of lending losses, but this may vary (positively or negatively) from actual credit losses for the current business year.

Default portfolio Portfolio containing loans classified as in default (as defined by the Basel II regulations).

Deferred taxes Deferred taxes are future tax liabilities or tax assets resulting from temporary differences and from unused tax losses and tax credits. Such temporary differences include differences in the value of an asset or liability recognised for financial reporting or IFRS accounting purposes and the values recognised for tax purposes (the liability method), which balance each other out in later financial years and result in actual tax effects. Deductible temporary differences and unused tax losses and tax credits lead to deferred tax assets, while taxable temporary differences lead to deferred tax liabilities. Deferred tax assets/tax liabilities must be reported separately from actual tax assets/tax liabilities.

Derivatives Financial instruments whose value is determined by the price of an underlying asset (e.g. a security or loan) or by a market-based reference parameter (e.g. an interest rate or currency). Among other things, these instruments offer possibilities for hedging risk.

Economically required capital This is the amount that will cover unexpected losses arising from risk positions with a high confidence level (currently 99.91% at Commerzbank). It is not the same as reported or regulatory capital.

EONIA (Euro Overnight Index Average) Average interest rate for overnight money in the euro interbank market calculated on the basis of actual transactions. It is computed as a weighted average of all overnight unsecured lending transactions denominated in euro quoted by a specific group of banks in the eurozone.

Equity method A method of accounting for equity investments carried as associated companies or jointly controlled entities in the consolidated financial statements. The company's proportional share of net profit/loss for the year is included in the consolidated income statement as current gain/loss on investments in companies measured at equity. The investments are recognised in the balance sheet at the proportional amount of the equity capital of the company measured at equity.

EURIBOR (Euro Interbank Offered Rate) Average interest rate at which euro interbank term deposits are being offered by one prime bank to another of first-class credit standing. The EURIBOR rate is calculated daily on the basis of the interest rates quoted by selected banks for maturities of up to twelve months.

European Banking Authority (EBA) The EBA was established by the European Union as part of the European System of Financial Supervision. The EBA's remit includes in particular the development of technical standards of regulation and implementation and the production of guidelines and recommendations. The EBA will also produce European standards of regulation and supervision, which will form the framework for the competent national supervisory authorities.

Expected loss Measure of the potential loss on a loan portfolio that can be expected within a single year on the basis of historical loss data.

Exposure at default (EaD) The amount of a loan at the time of its default.

Futures A futures contract is a binding agreement committing both parties to deliver or take delivery of a certain number or amount of an underlying security or asset at a fixed price on an agreed date. Unlike options, futures contracts are very strongly standardised.

Goodwill The difference between the purchase price and the value of the net assets acquired after disclosure of hidden reserves and unrealised losses when an equity investment is acquired or a company is taken over.

Grandfathering The guarantee obligation applicable to savings banks and Landesbanken, under which the institution's sponsor (i.e. the state, city or district) guaranteed deposits and bonds issued, was abolished on competition grounds in 2001. Special provisions continued to apply to certain issues of savings banks and Landesbanken for a transitional period which ran until 2005, and this was known as "grandfathering".

Hedging A strategy under which transactions are effected with the aim of providing protection against the risk of unfavourable price movements (interest rates, prices, commodities).

Internal capital adequacy assessment process (ICAAP) A process aimed at ensuring that banks have adequate internal capital to cover all material risks.

International Financial Reporting Standards (IFRS)/International Accounting Standards (IAS) Accounting regulations approved by the International Accounting Standards Board. The objective of financial statements prepared according to IFRS is to provide investors with internationally comparable information to help them reach a decision with regard to the company's asset and financial position and also its earnings performance.

Mark to market Measurement of items at current, quoted market prices.

Mezzanine Mezzanine capital or mezzanine financing refers to types of financing which, in their legal and economic form, are a hybrid of equity and debt. Mezzanine capital can be issued in equity-like forms (known as equity mezzanine) such as profit-sharing rights, securitised profit-sharing certificates or silent participations. It is especially suitable for smaller businesses seeking to strengthen their capital base but not wishing to alter their ownership structure.

Netting The offsetting of positions that cancel one another out in terms of amount or risk.

Options Options are agreements giving one party (the buyer of the option) the unilateral right to buy or sell a previously determined amount of goods or securities at a price established in advance within a defined period of time.

OTC Abbreviation for "over the counter", which is used to refer to the off-the-floor trading of financial instruments.

Rating Standardised assessment of the creditworthiness of companies, countries or debt instruments issued by them, on the basis of standardised qualitative and quantitative criteria. The rating process forms the basis for determining the probability of default, which in turn is used in calculating the capital needed to back the credit risk. Ratings may be produced by the Bank itself (internal ratings) or by specialised rating agencies such as Standard & Poor's, Fitch and Moody's (external ratings).

Residential mortgage-backed securities (RMBSs) A type of ABS secured on private mortgages.

Risk-weighted assets The loans and claims granted by a bank vary greatly in terms of their risk profile, which is primarily determined by the borrower's credit rating. The better the rating, the lower the risk weight. The risk profile has to be taken into account when calculating the risk-weighted assets that have to be backed by capital. In this calculation, the relevant risk weight for a transaction is multiplied by the amount of the claim to be taken into account for this transaction. Total risk-weighted assets are the sum of the individual risk-weighted assets for all transactions.

Securitisation In a securitisation, receivables (such as loans, commercial bills or leasing receivables) are pooled and transferred to a buyer, usually a special-purpose vehicle (SPV). The SPV raises funds by issuing securities (e.g. ABSs). Repayment and the interest payments on the securities are directly linked to the performance of the underlying receivables rather than to that of the issuer.

Spread The difference between two prices or interest rates, e.g. the differential between the bid and offer price of securities, or the premium paid over a market interest rate in the case of weaker creditworthiness.

STOXX The STOXX "family" of indices is a system of European benchmark, blue chip and sectoral indices.

Stress testing Stress tests are used to study the impact on risk positions of crisis-level changes on the capital markets. At Commerzbank, we draw a distinction between stress tests that consider a specific type of risk and integrated stress tests that incorporate all types of risk. A further distinction is drawn in risk-bearing capacity calculation between parameter stress tests (multivariate sensitivity analyses) and macroeconomic stress tests (scenario analyses based on macroeconomic forecasts). Scenario analyses consider the impact of macroeconomic conditions on both risk positions and capital components.

Sustainability Sustainability describes business management on a long-term basis which is compatible with acceptable living conditions now and in the future. Its guiding objectives are environmental responsibility and balanced social relations.

Swaps Financial derivatives in which the swapping of payment flows (interest and/or currency amounts) is agreed over a fixed period. Interest rate swaps are used to exchange interest payment flows (e.g. fixed for floating rates). Currency swaps offer the additional opportunity to eliminate exchange rate risk by swapping amounts of capital.

Trading book Trading book positions are held for the purpose of being resold quickly with the aim of achieving a profit, and primarily consist of financial instruments, equity investments and tradable claims. Positions that are closely related to trading book positions with the aim of hedging trading book risks are also shown in the trading book.

Value at risk (VaR) This is a methodology for quantifying risk. For it to be meaningful, the holding period (e.g. one day) and confidence level (e.g. 97.5%) must always be stated. 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.

Volatility Volatility describes the fluctuations in the value of a security or currency. It is often calculated in the form of the standard deviation of the price history, or implicitly from a price-setting formula. The higher the volatility, the riskier it is to hold the investment.

90 days past due (90dpd) A default criterion under Basel II. Commitments that are past due for more than 90 days (taking minimum claims limits into account) must be recorded as in default under Basel II. At Commerzbank, these come under rating category 6.1.

Many other terms are explained in our online glossary at www.commerzbank.com.

Information on the encumbrance of assets

The following disclosure is made pursuant to Article 100 in conjunction with Article 443 of the Capital Requirements Regulation (CRR), taking account of the recommendation of the European Systemic Risk Board on the funding of credit institutions (ESRB, 2012/2). According to the related guidelines of the European Banking Authority (GL/2014/03), an asset should be treated as encumbered if it has been pledged or is subject to any form of arrangement to secure, collateralise or credit-enhance any on-balance-sheet or off-balance-sheet transaction from which it cannot be freely withdrawn. Assets pledged that are subject to any restrictions in withdrawal, such as assets that require prior approval before withdrawal or replacement by other assets, should be considered encumbered.

The Commerzbank Group offers a wide range of standardised and customer-specific financial services for private, corporate, public-sector and institutional customers. The main triggers for the encumbrance of the Bank's assets are therefore as follows:

a) Supplementing the funding of the Bank's lending business through covered bonds (particularly Pfandbriefe) and securitisations,
b) Securities lending and repo transactions to fund the Bank's securities business,
c) Derivatives business and associated posting of collateral,
d) Provision of collateral for third-party funds lent by development banks for assets eligible for development assistance.

Commerzbank meets the standard overcollateralisation requirements for collateralised securities transactions and derivatives (for example under the ISDA Master Agreement and the German Master Agreement for Financial Futures). As well as fulfilling the requirements of the German Pfandbrief legislation, covered bonds issued by the core bank must also meet the more stringent overcollateralisation requirements of the rating agencies. The overcollateralisation of covered bonds in programmes that are being wound down has been reduced to the requirements of the Pfandbrief legislation and disclosed publicly.

The table below contains information on encumbered and unencumbered assets of the Commerzbank Group according to CRR at the reporting date:

31.12.2014 | €m	Encumbered assets		Unencumbered assets	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets	210,506		355,393	
Shares and other equity-related securities	18,222	18,222	8,913	8,913
Bonds, notes and other interest-rate-related securities	19,176	19,636	91,705	86,563
Other assets	173,108		254,775	

More than 50% of the unencumbered other assets may also be used to provide security or collateral. Assets that may not be encumbered include, in particular, loans secured by deposited securities, derivatives without collaterals or netting agreements and non-financial assets.

The breakdown of collateral received and own debt securities issued was as follows at the reporting date:

31.12.2014 | €m	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Collaterals received	**70,368**	**127,507**
Shares and other equity-related securities	11,079	1,742
Bonds, notes and other interest-rate-related securities	59,289	17,114
Other collaterals received	–	108,651
Own bonds issued by the Bank excluding own covered bonds and asset-backed securities	**–**	**3,544**

The liabilities associated or secured with encumbered assets were as follows at the reporting date:

31.12.2014 | €m	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than encumbered covered bonds and ABSs
Carrying amount of selected financial liabilities	**227,484**	**246,162**

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Quarterly results by segment

1st quarter 2014 €m	Private Customers	Mittel-standsbank	Central & Eastern Europe	Corporates & Markets	Non-Core Assets	Others and Con-solidation	Group
Net interest income	449	436	132	146	62	−95	1,130
Loan loss provisions	−36	−57	−21	9	−134	1	−238
Net interest income after loan loss provisions	413	379	111	155	−72	−94	892
Net commission income	407	275	57	76	5	−5	815
Net trading income and net income from hedge accounting	1	4	24	318	60	1	408
Net investment income	2	−2	2	−5	−88	53	−38
Current net income from companies accounted for using the equity method	9	1	–	2	–	1	13
Other net income	6	2	9	4	6	−95	−68
Income before loan loss provisions	*874*	*716*	*224*	*541*	*45*	*−140*	*2,260*
Income after loan loss provisions	*838*	*659*	*203*	*550*	*−89*	*−139*	*2,022*
Operating expenses	726	321	105	336	82	128	1,698
Operating profit or loss	**112**	**338**	**98**	**214**	**−171**	**−267**	**324**
Restructuring expenses	–	–	–	–	–	–	–
Pre-tax profit or loss	**112**	**338**	**98**	**214**	**−171**	**−267**	**324**

2nd quarter 2014 €m	Private Customers	Mittel-standsbank	Central & Eastern Europe	Corporates & Markets	Non-Core Assets	Others and Con-solidation	Group
Net interest income	480	450	150	702	−111	−65	1,606
Loan loss provisions	−16	−142	−38	5	−65	−1	−257
Net interest income after loan loss provisions	464	308	112	707	−176	−66	1,349
Net commission income	361	263	59	101	5	−7	782
Net trading income and net income from hedge accounting	–	13	25	−299	40	41	−180
Net investment income	–	11	1	–	20	9	41
Current net income from companies accounted for using the equity method	5	1	–	5	–	−1	10
Other net income	−1	1	−1	−6	9	−20	−18
Income before loan loss provisions	*845*	*739*	*234*	*503*	*−37*	*−43*	*2,241*
Income after loan loss provisions	*829*	*597*	*196*	*508*	*−102*	*−44*	*1,984*
Operating expenses	714	330	112	323	81	167	1,727
Operating profit or loss	**115**	**267**	**84**	**185**	**−183**	**−211**	**257**
Restructuring expenses	–	–	–	–	–	–	–
Pre-tax profit or loss	**115**	**267**	**84**	**185**	**−183**	**−211**	**257**

3rd quarter 2014 €m	Private Customers	Mittelstandsbank	Central & Eastern Europe	Corporates & Markets	Non-Core Assets	Others and Consolidation	Group
Net interest income	467	453	157	399	18	1	1,495
Loan loss provisions	–16	–36	–37	–	–251	–1	–341
Net interest income after loan loss provisions	451	417	120	399	–233	–	1,154
Net commission income	377	265	51	102	11	–7	799
Net trading income and net income from hedge accounting	–	–6	22	–31	70	45	100
Net investment income	–	–	1	11	–10	13	15
Current net income from companies accounted for using the equity method	12	6	–	2	–4	3	19
Other net income	9	24	9	1	–5	–60	–22
Income before loan loss provisions	*865*	*742*	*240*	*484*	*80*	*–5*	*2,406*
Income after loan loss provisions	*849*	*706*	*203*	*484*	*–171*	*–6*	*2,065*
Operating expenses	728	343	110	327	79	135	1,722
Operating profit or loss	**121**	**363**	**93**	**157**	**–250**	**–141**	**343**
Restructuring expenses	–	–	–	–	–	–	–
Pre-tax profit or loss	**121**	**363**	**93**	**157**	**–250**	**–141**	**343**

4th quarter 2014 €m	Private Customers	Mittelstandsbank	Central & Eastern Europe	Corporates & Markets	Non-Core Assets	Others and Consolidation	Group
Net interest income	465	453	146	289	44	–21	1,376
Loan loss provisions	–11	–107	–27	41	–204	–	–308
Net interest income after loan loss provisions	454	346	119	330	–160	–21	1,068
Net commission income	393	283	48	89	7	–11	809
Net trading income and net income from hedge accounting	1	–18	15	36	45	–14	65
Net investment income	–10	2	9	43	–3	23	64
Current net income from companies accounted for using the equity method	1	1	–	2	–2	–	2
Other net income	–17	–2	7	–16	3	–444	–469
Income before loan loss provisions	*833*	*719*	*225*	*443*	*94*	*–467*	*1,847*
Income after loan loss provisions	*822*	*612*	*198*	*484*	*–110*	*–467*	*1,539*
Operating expenses	750	363	109	365	72	120	1,779
Operating profit or loss	**72**	**249**	**89**	**119**	**–182**	**–587**	**–240**
Restructuring expenses	–	–	–	–	61	–	61
Pre-tax profit or loss	**72**	**249**	**89**	**119**	**–243**	**–587**	**–301**

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Disclaimer

Reservation regarding forward-looking statements

This Annual 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 Annual Report is the authoritative version and only the German version of the Group Management Report and the Group Financial Statements was audited by the auditors.

References made to persons in the masculine for reasons of readability apply equally in the feminine.

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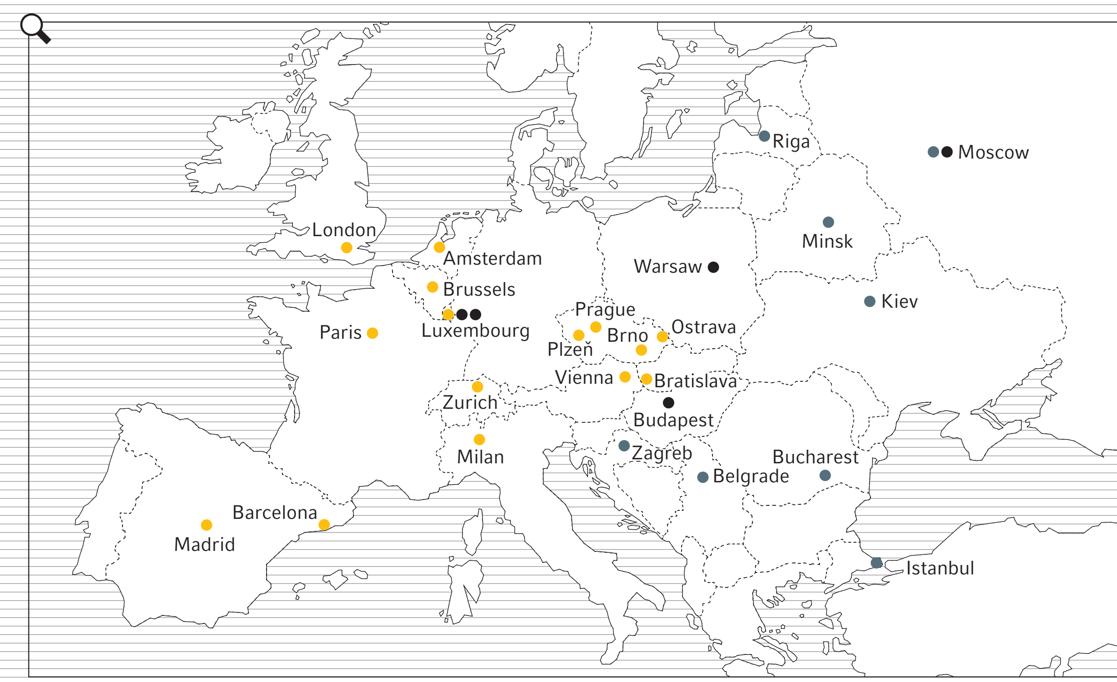

Commerzbank worldwide

Operative foreign branches	23
Representative offices	35
Group companies and major foreign holdings	6
Domestic branches in private customer business	1,100
Business customer consulting centres	94
Foreign branches	322
Worldwide staff	52,103
International staff	12,324
Domestic staff	39,779

As at 31.12.2014

Five-year overview

Income statement | €m	2014	2013[1]	2012[2]	2011	2010
Net interest income	5,607	6,161	6,487	6,724	7,054
Loan loss provisions	–1,144	–1,747	–1,660	–1,390	–2,499
Net commission income	3,205	3,206	3,249	3,495	3,647
Net trading income and net income from hedge accounting	393	–82	73	1,986	1,958
Net investment income	82	17	81	–3,611	108
Current net income from companies accounted for using the equity method	44	60	46	42	35
Other income	–577	–87	–77	1,253	–131
Operating expenses	6,926	6,797	7,029	7,992	8,786
Operating profit	684	731	1,170	507	1,386
Restructuring expenses	61	493	43	–	33
Net gain or loss from sale of disposal groups	–	–	–268	–	–
Pre-tax profit or loss	623	238	859	507	1,353
Taxes on income	253	66	803	–240	–136
Consolidated profit or loss attributable to non-controlling interests	106	91	103	109	59
Consolidated profit or loss attributable to Commerzbank shareholders	**264**	**81**	**–47**	**638**	**1,430**

Key figures					
Earnings per share[3] (€)	0.23	0.09	–0.48	1.84	12.13
Dividend total (€m)	–	–	–	–	–
Dividend per share (€)	–	–	–	–	–
Operating return on equity (%)	2.5	2.7	4.0	1.7	4.5
Return on equity of consolidated profit or loss[4,5] (%)	1.0	0.3	–0.2	2.2	4.7
Cost/income ratio in operating business (%)	79.1	73.3	71.3	80.8	69.3

Balance sheet | €bn	31.12.2014	31.12.2013	31.12.2012[2]	31.12.2011	31.12.2010
Total assets	557.6	549.7	636.0	661.8	754.3
Total lending	240.9	246.7	272.8	303.9	330.3
Liabilities	397.2	418.9	455.5	459.5	531.8
Equity	27.0	26.9	26.3	24.8	28.7

Capital ratios | %					
Core capital ratio	11.7	13.5	13.1	11.1	11.9
Total capital ratio	14.6	19.2	17.8	15.5	15.3

Long/short-term rating					
Moody's Investors Service, New York	Baa1/P-2	Baa1/P-2	A3/P-2	A2/P-1	A2/P-1
Standard & Poor's, New York	A-/A-2	A-/A-2	A/A-1	A/A-1	A/A-1
Fitch Ratings, New York/London	A+/F1+	A+/F1+	A+/F1+	A+/F1+	A+/F1+

[1] Prior-year figures restated due to the restatement of credit protection insurance and the tax restatement plus the amended definition of average Group capital attributable to Commerzbank shareholders.
[2] Prior-year figures restated due to the first-time application of the amended IAS 19, the hedge accounting restatement and other disclosure changes.
[3] Prior-year figures restated due to the 10-to-1 reverse stock split of Commerzbank shares.
[4] Insofar as attributable to Commerzbank shareholders.
[5] The capital base comprises the average Group capital attributable to Commerzbank shareholders.

2015/2016 Financial calendar	
30 April 2015	Annual General Meeting
7 May 2015	Interim Report as at 31 March 2015
3 August 2015	Interim Report as at 30 June 2015
2 November 2015	Interim Report as at 30 September 2015
End-March 2016	Annual Report 2015

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