COMMERZBANK

More for our customers.

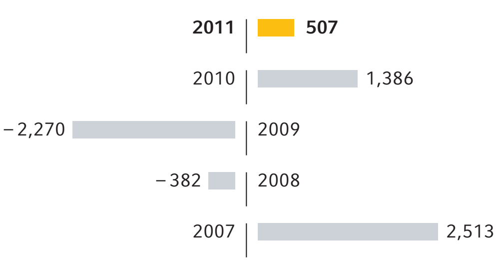
Annual Report 2011

Achieving more together

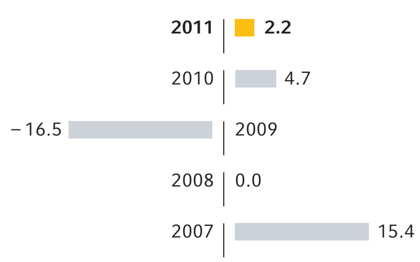
Key figures

Income statement	1.1.–31.12.2011	1.1.–31.12.2010
Operating profit (€m)	507	1,386
Operating profit per share (€)	0.15	1.18
Pre-tax profit/loss (€m)	507	1,353
Consolidated profit/loss[1] (€m)	638	1,430
Earnings per share (€)	0.18	1.21
Operating return on equity[2] (%)	1.7	4.5
Cost/income ratio in operating business (%)	80.8	69.3
Return on equity of consolidated profit/loss[1,2] (%)	2.2	4.7
Balance sheet	**31.12.2011**	**31.12.2010**
Total assets (€bn)	661.8	754.3
Risk-weighted assets (€bn)	236.6	267.5
Equity as shown in balance sheet (€bn)	24.8	28.7
Own funds as shown in balance sheet (€bn)	40.3	45.7
Capital ratios		
Tier I capital ratio (%)	11.1	11.9
Core Tier I capital ratio[3] (%)	9.9	10.0
Equity Tier I ratio[4] (%)	9.1	3.9
Total capital ratio (%)	15.5	15.3
Staff	**31.12.2011**	**31.12.2010**
Germany	44,474	45,301
Abroad	13,686	13,800
Total	58,160	59,101
Long/short-term rating		
Moody's Investors Service, New York	A2/P-1[5]	A2/P-1
Standard & Poor's, New York	A/A-1	A/A-1
Fitch Ratings, New York/London	A+/F1+	A+/F1+

Operating profit (€m)



Return on equity of consolidated profit/loss[1,2] (%)



[1] Insofar as attributable to Commerzbank shareholders. [2] The capital base comprises the average Group capital attributable to Commerzbank shareholders without the average revaluation reserve and the cash flow hedge reserve. [3] The core Tier I capital ratio is the ratio of core Tier I capital (ordinary shares, retained earnings and silent participations) to risk-weighted assets. [4] The equity Tier I ratio is the ratio of Tier 1 capital (core Tier I capital excluding silent participations) to risk-weighted assets. [5] Rating since January 2012 "Review for Downgrade".

About Commerzbank

Commerzbank is one of Germany's leading banks for private and corporate customers, and a strong universal bank that combines the long-standing, successful and extensive experience of two banks with a rich heritage.

For private customers, we are a reliable partner and high-performing financial services provider. For small and medium-sized firms, we successfully support our customers' business activities in Germany and around the world. In Germany, our customers benefit from an extensive branch network offering personalised advice and services. At a global level, Commerzbank has a direct presence in the major business and financial centres. We also work with several thousand correspondent banks all over the world.

Customer satisfaction is at the heart of everything we do at Commerzbank. We are fully committed to providing this, and it is the measure of our success.

Our vision

Our vision outlines our beliefs and what we seek to achieve. It represents our common goal and lays the foundations for our actions:

As a leading bank for private and corporate customers with a European focus, we aim to become the best bank in Germany and first choice for our customers, employees and investors. We see ourselves as Germany's principal bank, standing for long-term partnership and outstanding service.

Our mission

In our strategic orientation, we have been guided by our vision of becoming the best bank in Germany. The "Commerzbank Excellence" initiative, which was launched with this goal in mind, aims to improve the quality of the services we provide to our customers, combined with a constant focus on a culture of service and efficient processes, thereby creating the conditions for profitable growth.

Structure of Commerzbank Group

Board of Managing Directors

Segments

Operating units

- **Private Customers**
  - Private Customers
  - Sales Retail and Business Customers North-East
  - Sales Retail and Business Customers South-West
  - Sales Wealth Management
  - Direct Banking
  - Credit
- **Mittelstandsbank**
  - Corporate Banking
  - Strategic Projects
  - Sales Small and Medium Enterprises North/West
  - Sales Small and Medium Enterprises South/East
  - Sales Large Corporates Germany
  - Sales Corporates International
  - Financial Institutions
- **Central & Eastern Europe**
  - CEE-Holding/ Subsidiaries & Branches
  - BRE Bank
  - Bank Forum
- **Corporates & Markets**
  - Equity Markets & Commodities
  - Fixed Income Trading
  - Corporate Finance
  - Fixed Income Sales
  - Client Relationship Management
  - Research
  - London
  - America
- **Asset Based Finance**
  - CRE Germany
  - CRE International
  - EH Retail
  - Public Finance
  - Real Estate Asset Management
  - Ship Finance
- **Portfolio Restructuring Unit**
  - Portfolio Restructuring Unit

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

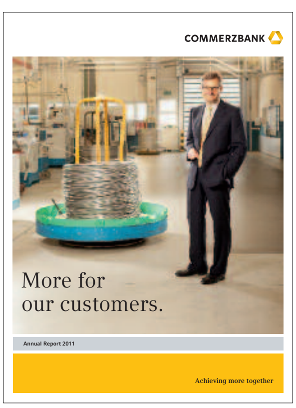
COMMERZBANK

More for our customers.

If you want to enjoy market success, you must know your customers’ needs and expectations inside out, and offer perfectly adapted solutions. Only then can reliable relationships evolve. Only then can you build long-term trust. Only then can you create a stable partnership. This is what Commerzbank is focused on – its customers and their exacting requirements.

Achieving more together.

The Annual Report 2011 demonstrates how varied successful partnerships can be. It describes the impressive company history of eight of our customers, and how, with Commerzbank by their side, they have successfully achieved the goals they set themselves. The profiles reveal how Commerzbank operates: responsibly, with a focus on performance and in a spirit of partnership.



Title page
Frank A. Bergner and his family business RIBE are focused on international growth, with the support of Commerzbank. More on page 3.

Customers

Trust breeds success.

Whether it be specific requirements, long-term goals, ambitious plans or continual growth, our customers want more. In all areas of their lives. They benefit from our international financial market know-how and the expertise of a leading German bank for private customers and Mittelstand businesses.

And they achieve more. We are driven to develop forward-looking solutions that serve our customers' interest, and we ensure this by providing first-rate advice and support, and a top-quality range of services and products. In this way, trust breeds success, and ambitious goals are achieved.

Wanting more. Achieving more.

Precision is the key to success: RIBE has stood for top quality and innovation for more than 100 years. **Frank A. Bergner** and his family business are still focused on international growth, despite all the economic ups and downs. Commerzbank ensures that he has the necessary flexibility to achieve this.

Strong connections. The products of Richard Bergner Holding GmbH & Co KG have made it a global leader. The group employs more than 1,300 staff in seven locations and creates all kinds of connections using special screws, technical springs and electrical fittings. One of its largest customers is the automotive industry.

› **RIBE,** Schwabach
Working in partnership since 1940

We operate responsibly.

The network coverage couldn’t be better: Commerzbank has more than 1,200 branches in Germany. Proximity to our customers is the key to a close partnership, and to shared success. Our transparent business culture also plays an important role.

The way we operate is determined by a sense of respect, appreciation and responsibility towards our customers. And it pays. Once a year, 3,000 Commerzbank customers – around half of which are former Dresdner Bank customers – take part in a customer survey, asking them about their requirements, satisfaction and willingness to recommend us. Allowing us to continually improve our service.

Wanting more. Achieving more.

The old family recipe is still used today: **Michael Seliger** makes white marshmallow mice. Every child in Berlin knows them well. Now, as well as mice, the company also sells bears and dolphins all over Germany. Commerzbank helped lay the foundations for this nationwide expansion.

A long tradition. Now in its third generation, Aseli OHG is run by Michael Seliger and his brother Christian. The name comes from their grandfather, Alfred Seliger, a master confectioner who began producing white mice in 1921. To this day, everything is still made and packaged by hand.

› **Aseli,** Berlin
Working in partnership since 1968

Wanting more. Achieving more.

Natural value creation chain: AGROFERT is focusing on growth – with seeds and food, fertiliser and feed. And with great success. **Petra Procházková** today heads finances in one of the largest companies in the Czech Republic. For financing questions, she places her trust in Commerzbank.

Quick development. AGROFERT's story began in 1993 with four employees. The delicate flower bloomed quickly. Now, around 27,000 people are employed in the core segments of agriculture, chemicals, food products and technology. The position of chair of the board of governors is filled by a woman – Petra Procházková, also CFO of AGROFERT.

› **AGROFERT,** Prague/Czech Republic
Working in partnership since 2000

Proximity matters to us.

Proximity to our customers is a key requirement for long-term growth. Focusing on their needs forms the basis for our success. That is the inspiration behind our slogan: Achieving more together.

15 million	› private customers rely on service and partnership.
1 million	› business and corporate customers profit from first-rate advice and support.
1,200	› branches make up one of the most extensive private banking networks in Germany.
489	› branches serve our customers abroad – particularly in central and eastern Europe.
51	› countries and all of the world's major financial centres are represented in the Commerzbank global network.

Contents

Overview of 2011

1st quarter

- In January, the Bank began gearing up for the new regulatory requirements of Basel III by optimising its capital structure. It exchanged hybrid bonds for shares as a way of strengthening up its core Tier I capital. In March, it also improved the structure of its subordinated capital (Tier II) by inviting holders of two outstanding subordinated bonds to exchange their securities for two new subordinated bonds.
- At the end of March, Commerzbank announced that it was planning to integrate Deutsche Schiffsbank.
- Commerzbank achieved its best ever quarterly results. Operating profit of some €1.2bn in the core bank reflects the bank's potential in normalised markets.

2nd quarter

- Commerzbank announced a range of measures in April to enable the silent participations of the Financial Market Stabilisation Fund (SoFFin) to be repaid insofar as possible. This took the form of a two-stage capital measure, whereby the Bank repaid €14.3bn of SoFFin's comprehensive package of €16.2bn of silent participations – much earlier than expected.
- Commerzbank completed the IT integration of Dresdner Bank at the end of April. After months of preparation, the migration of a billion customer and product data entries was scheduled for the Easter weekend. 4,500 staff were involved in this three-shift operation. Commerzbank's IT systems ultimately processed the data of eleven million customers. The IT migration was the last major milestones to be reached in the bank-wide integration project: when it was completed at the end of May, it had taken less than 1,000 days.

3rd quarter

- In the middle of July, Commerzbank passed the European Banking Authority's (EBA) EU-wide stress test. In both EBA scenarios, Commerzbank was substantially above the required core Tier I capital ratio of 5%.
- With 65 new advisory centres for business customers, Commerzbank is even better placed to provide customer support. Since July, customers have been able to use them to obtain even better advice, service and products.
- Commerzbank is also offering more support for its staff in terms of childcare, becoming one of Germany's first companies to open an after-school club.
- The sovereign debt crisis had a major impact on Commerzbank's results, with the bank reporting a net quarterly loss of €687m.

4th quarter

- At the beginning of November, Commerzbank acquired the outstanding stake in Deutsche Schiffsbank; the next step will be the planned merger into Commerzbank Aktiengesellschaft.
- In December, the Bank strengthened its capital structure by buying back existing hybrid bonds. Also in December, the EBA published the final results of its second stress test, which revealed that Commerzbank had a capital shortfall of around €5.3bn to be eliminated by the end of June 2012. This prompted Commerzbank to take immediate action to ensure capital requirements would be met.

Commerzbank’s honours and awards 2011

Focus Money Certificate
Best issuer:
DAX certificates

Euro comdirect:
“Germany’s Best Bank”
Overall winner 2011

Online broker of the year 2011
comdirect: 3rd year in a row

IFC Award
Most Active GTFP Confirming Bank in Europe & Central Asia

EBRD Award
Most active Confirming Bank

The Banker Award
Deals of the Year 2011
Europe – FIG Capital Raising

Rebrand 100 Global Awards
New brand launch

EuroWeek Awards
Most impressive FIG liability management/FIG issuer

Börse am Sonntag Readers’ award
Best ETF provider

Beruf und Familie Audit Certificate Particularly family-friendly company

Commerzbank
Asset Management
“very good”

(07/2011)

Test by Euro Magazine
Private Banking

Euromoney Awards for Excellence
BRE Bank: Best Bank in Poland

Global Finance Award
mBank: Best Consumer Internet Bank

Der Zertifikateberater
DZB Best Discount Index Values 2011

Vision Awards
Platinum: Annual Report

Dt. Personalwirtschafts-Preis
2nd place for corporate health management

Seer Award
Performance Excellence

The Banker Innovation of the Year 2011: Commerzbank capital measures

Euromoney
Germany’s best cash management

ServiceValue study
Top cross-regional bank with a branch network

EXtra ETF Award
ETF of the year for ComStage SDAX

Der Aktionär
1st place: Derivate issuer of the year 2011

The Banker
“Bank of the Year Award 2011“ in Germany

Zertifikate Awards
1st place: Best issuer

Scope Award
Best issuer: Certificates

Scope Award
Commerz Real CFB funds: Closed-end energy funds

Effie Awards Ukraine
Bank Forum: Silver

EuroWeek Awards
Best Arranger of German Loans 2011

Letter from the Chairman of the Board of Managing Directors

Martin Blessing
Chairman of the
Board of Managing Directors

March 2012

Dear shareholders,

2011 was both an eventful and challenging financial year – as well as a somewhat uneven one – for Commerzbank. Performance was very strong in the first half of the year, both in terms of profitability and with respect to the achievement of strategic milestones. However, like all other banks, we navigated into far more turbulent waters in the second half of the year.

Let me highlight the main points in greater detail. In the first half of the year we successfully concluded the integration of Dresdner Bank, certainly one of the largest projects ever in German banking history. The last major milestone to be achieved was the migration of client and product data from the former Dresdner Bank to the Commerzbank platform which we completed with a tremendous effort over the Easter weekend 2011. Personally and on behalf of my colleagues on the Board of Managing Directors I would like to say a particular thank you to all staff who were involved in this tremendous effort for their commitment and hard work. However, I also have to express my particular thanks to our around 16 million customers in Germany and around the world, many of whom encouraged us to complete the integration quicker than planned.

Alongside the completion of the bank-wide integration project, the optimisation of our capital structure was also crucially important for the Bank in 2011. To this end we successfully repurchased hybrid equity instruments in the first and fourth quarters of last year. However, the major step was our two-stage €11bn capital increase and the associated repayment of a sizeable proportion of the silent participations of the Financial Market Stabilisation Fund (SoFFin) in the second quarter. We repaid €14.3bn of the total €16.2bn outstanding.

At this point I would like to thank our shareholders again for the confidence they placed in us in connection with our capital increase, although I know that the performance of the share price since then has been unsatisfactory for you. One of the main causes of this was, of course, the fact that the European sovereign debt crisis took a major turn for the worse from the summer onwards. In the case of Greece, the private financial sector was required to make a significant contribution, and Commerzbank was no exception to this. Overall, we made write-downs of some €2.2bn on Greek bonds in 2011, in effect writing them down to around 26% of their nominal value. We also focused a major effort on further reducing our government bond portfolio, which meant accepting losses on disposal. The adverse impact of these measures was inevitably reflected in the Group's income.

With respect to loan loss provisions and operating expenses we either exceeded or met our planned targets: loan loss provisions were almost 45% lower at €1.4bn, and operating expenses fell by 9% in 2011, which also reflected the cost synergies achieved to date by the integration. Overall operating profit was €507m. While losses in our non-core segments amounted to around €4.0bn, we posted an excellent operating profit of €4.5bn in the core bank. This underscores the fact that we are still basically on track for the profitability targets set out in "Roadmap 2012".

As Commerzbank Aktiengesellschaft has reported a loss under German GAAP, we cannot service SoFFin's silent participation and other equity-related instruments for 2011 and are not allowed to pay a dividend.

We were in the comfortable position of being able to cover part of 2012's funding requirement in the second half of 2011 thanks to our unrestricted access to the money and capital markets last year. Our liquidity position is stable and our core Tier I ratio stood at 9.9% at the year-end.

Due to the requirement introduced by the European Council in 2012 for the first time, 71 European banks must report a core Tier 1 capital ratio of 9% as at June 30, 2012. This substantially exceeds the previous regulatory requirements and includes a simulation by the European Banking Authority (EBA) of a partial default on European sovereign bonds. The €5.3bn capital requirement that the EBA has calculated for Commerzbank derives almost entirely from the impact of the EBA's default assumptions for European sovereign bonds on Eurohypo AG's public finance business, whereas Commerzbank's core business is in fact largely unaffected.

To cover the capital requirement calculated by the EBA, we started initial measures as early as November 2011 which were given more concrete shape in January 2012. The capital action announced in mid-February 2012 to exchange certain existing capital instruments for core Tier 1 capital by means of a capital increase for non-cash capital contributions, with pre-emptive rights excluded, has further strengthened the bank's core Tier 1 capital and met a significant portion of the outstanding EBA capital requirement.

Based on current business planning and assuming that the economic fundamentals, and in particular the debt crisis, do not deteriorate further, Commerzbank expects the measures it has already put in place to deliver a further positive effect of around €2.9bn towards meeting the EBA's capital requirement by June 30, 2012. This includes additional operating cost savings in the first half of 2012 and payment of the variable compensation entitlements of a large proportion of our non-pay-scale employees for 2011 in Commerzbank Aktiengesellschaft shares.

Beyond the measures already taken and those expected to be in place by June 2012, we also have other options in reserve for strengthening our core Tier I capital further if necessary.

After implementing these measures we expect to have a core Tier 1 ratio of over 11%. This would not only meet all existing regulatory minimum capital ratios, but also those applicable under Basel III.

As shareholders, you can see that we have no need of additional public funding and have no intention of applying for such funds. We would also like to state expressly that the reduction in our non-strategic risk-weighted assets will in no way be to the detriment of Germany's small and mid-sized companies. We are mindful of our responsibility as a lender to the German corporate sector and will continue to support our customers, particularly our small and mid-sized corporate borrowers, as a reliable partner in future.

It remains difficult to predict how the European sovereign debt crisis will affect the current financial year. We are confident, however, that we will post a solid result in the core bank by virtue of these segments' strong market positions.

This concludes my comments on the main points of 2011 and our expectations for 2012.

It only remains for me to cordially invite you to our Annual General Meeting in May 2012. I look forward to welcoming you there.

Yours sincerely

Martin Blessing
Chairman of the Board of Managing Directors

The Board of Managing Directors

Frank Annuscheit

Age 49, Chief Operating Officer
Member of the Board of Managing Directors since 1.1.2008

Seats on other boards
a) comdirect bank Aktiengesellschaft [1], Deputy Chairman

Markus Beumer

Age 47, Mittelstandsbank
Member of the Board of Managing Directors since 1.1.2008

Seats on other boards
a) Commerz Real AG [1]

Martin Blessing

Age 48, Chairman
Member of the Board of Managing Directors since 1.11.2001

Seats on other boards
– –

Jochen Klösges

Age 47, Asset Based Finance
Member of the Board of Managing Directors since 1.6.2009

Seats on other boards
a) Commerz Real AG [1], Chairman; Commerz Real Investmentgesellschaft mbH [1], Chairman; Deutsche Schiffsbank Aktiengesellschaft [1], Chairman; Eurohypo Aktiengesellschaft [1], Chairman

b) Commerzbank Inlandsbanken Holding GmbH [1], Deputy Chairman

Michael Reuther

Age 52, Corporates & Markets
Member of the Board of Managing Directors since 1.10.2006

Seats on other boards
a) Eurohypo Aktiengesellschaft [1]

Overview of seats as of 31.12.2011

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

[1] Seat on the board of a consolidated company.
[2] Seat on the supervisory board of a non-group listed company or a supervisory body of a company with similar requirements (pursuant to section 5.4.5 of the German Corporate Governance Code).

Dr. Stefan Schmittmann

Age 55, Chief Risk Officer
Member of the Board of Managing Directors since 1.11.2008

Seats on other boards
a) Commerzbank Auslandsbanken Holding AG[1]; Commerz Real AG[1], Deputy Chairman; Eurohypo Aktiengesellschaft[1]; Schaltbau Holding AG[2]; Verlagsgruppe Weltbild GmbH

Ulrich Sieber

Age 46, Central & Eastern Europe,
Group Human Resources,
Group Management Commerzbank Excellence
Member of the Board of Managing Directors since 1.6.2009

Seats on other boards
a) BVV Pensionsfonds des Bankgewerbes AG, Deputy Chairman; BVV Versicherungsverein des Bankgewerbes a.G., Deputy Chairman; Commerzbank Auslandsbanken Holding AG[1], Chairman

b) BRE Bank SA[1], Deputy Chairman

Dr. Eric Strutz

Age 47, Chief Financial Officer
Member of the Board of Managing Directors since 1.4.2004

Seats on other boards
a) ABB AG; Commerzbank Auslandsbanken Holding AG[1], Deputy Chairman; RWE Power AG

b) BRE Bank SA[1]; Commerzbank Auslandsbanken Holding Nova GmbH[1], Chairman; Commerzbank Inlandsbanken Holding GmbH[1], Chairman; Mediobanca Banca di Credito Finanziario S.p.A.[2]; Partners Group Holding AG; SdB-Sicherungseinrichtungsgesellschaft deutscher Banken mbH; Verlagsbeteiligungs- und Verwaltungsgesellschaft mit beschränkter Haftung

Martin Zielke

Age 49, Private Customers
Member of the Board of Managing Directors since 5.11.2010

Seats on other boards
a) Allianz Global Investors Kapitalanlagegesellschaft mbH; comdirect bank Aktiengesellschaft[1], Chairman; Commerz Real AG[1]; Commerz Real Investmentgesellschaft mbH[1], Deputy Chairman

Report of the Supervisory Board

Klaus-Peter Müller
Chairman

March 2012

Dear shareholders,

during the past financial year 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 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 Board of Managing Directors 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 ten Supervisory Board meetings, of which three 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. Our activities centred on capital measures to repay the silent participations, the sovereign debt crisis and the Bank's commitments in the GIIPS countries. Another focal point was the current status of the integration of Dresdner Bank into the Commerzbank Group at IT and segment level. 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.

In a conference call on January 13 last year, we dealt with a transaction (which was subsequently carried out) to exchange hybrid equity capital instruments (trust preferred securities) into share capital and convert SoFFin's silent participations into a nominal amount of some €221m in shares in order to maintain the latter's equity interest ratio in Commerzbank (25% plus 1 share).

In the meeting on February 22, we agreed to change the Articles of Association with regard to the Bank's amended share capital due to the conversion of SoFFin's silent participation into shares. Our discussions also centred on the preliminary figures for the 2010 financial year and the outlook for Commerzbank for 2011. In the ensuing discussion, we satisfied ourselves that the expectations and targets presented were plausible – especially in view of the ongoing economic crisis and the related need for writedowns on asset portfolios – and reviewed various alternative courses of action. The meeting also focused on the status report on the integration of Dresdner Bank, the latest judgements on the servicing obligation of Eurohypo's profit-sharing certificates and the situation concerning Commerzbank's hybrid capital instruments. We also dealt with Mittelstandsbank's status report. The Board of Managing Directors also advised us of two rulings from the Higher District Court of Frankfurt. In its appeal ruling, the latter dismissed the proceedings to challenge the discharge resolutions taken at the 2009 Annual General Meeting. In addition, it confirmed the ruling made by the District Court of Frankfurt, rejecting the request by a shareholder for a special auditor to be appointed in relation to the acquisition of Dresdner Bank AG, which had already been voted against at the Annual General Meeting.

In the accounts review meeting on March 24, we reviewed the annual financial statements and consolidated financial statements for 2010 and approved them on the Audit Committee's recommendation; we reported on this in the last annual report. We also dealt with the status report for Corporates & Markets. Furthermore, we looked at capital planning and the planned repayment of the SoFFin silent participations. We additionally discussed the planned merger of Deutsche Schiffsbank AG into Commerzbank Aktiengesellschaft.

On April 5, we again closely examined the package of measures for the extensive repayment of the SoFFin silent participations. This package for repaying around €14.3bn of the SoFFin's silent participations of €16.2bn by June 2011 involved the issuing of Conditional Mandatory Exchangeable notes (CoMEN) that had resulted in the exchange per CoMEN into one Commerzbank share, a capital increase with subscription rights and the payment of €3.27bn to SoFFin from internal resources. We additionally looked at the compensation payment for early repayment of the silent participation – which was €1.030bn – and the conversion of the SoFFin's silent participations into shares to maintain its stake in Commerzbank of 25% plus one share. We also approved the proposed resolutions for the agenda of the 2011 Annual General Meeting.

The meeting on May 6, 2011 was mainly devoted to preparations for the upcoming Annual General Meeting. We looked at the proceedings for the AGM and the countermotions that had been submitted. Furthermore, we amended the rules of procedure of the Supervisory Board in order to increase data security. As a result, documents, invitations to or minutes taken at Supervisory Board meetings will no longer be sent out by post, as they can now be placed in a virtual data room. We also examined the Bank's results for the first quarter of 2011 and the outlook for the second quarter results.

In a conference call on May 19, we acknowledged Dr. Kassow's wish to be relieved of his Board mandate on July 12, and approved his termination agreement.

In a conference call on July 7, we addressed the debt crisis in the eurozone, with a particular focus on Greece. The Board of Managing Directors also advised us on the reduction in the Bank's commitments in the GIIPS countries.

At the meeting held on August 9, the Board of Managing Directors reported to us with detailed documentation on the Bank's business performance and interim results for 2011, as well as on the current status of the integration of Dresdner Bank, particularly on major milestones passed in the integration project, synergies and staff reduction. It also reported on the Private Customers segment. We also dealt with the impact of the sovereign debt crisis on the Bank's commitments in the GIIPS countries. Furthermore, the meeting dealt with a report on the action taken by a shareholder against the resolution to discharge the Board of Managing Directors and the 2011 AGM's capital increase resolutions. We also discussed the new pension scheme model for members of the Board of Managing Directors, agreeing on a sample employment contract for Board members which was amended to reflect the Financial Institutions' Remuneration Ordinance. We worked towards amending the employment contracts of serving Board members accordingly. In the plenary session and in committees, we carried out an efficiency review based on a detailed questionnaire and presented the results. We believe that the Supervisory Board works very efficiently.

In our ordinary meeting of November 3, 2011, the discussion centred on the report on the Bank's current business progress, including the budget for 2012 and medium-term planning to 2015. Here 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. In addition, we were apprised of Europhyo AG's relationships with Commerzbank and the status of the EU's requirement for the disposal of Europhyo AG. Other topics covered at the meeting were the banks business and risk strategy as well as corporate governance, particularly the resolution on the annual Declaration of Compliance pursuant to Art. 161 of the German Stock Corporation Act. Further details on corporate governance at Commerzbank can be found in this annual report on pages 37 to 42. The meeting also looked at the Board's report on the current sovereign debt crisis and the possible ways of meeting the EBA's capital requirements. We also agreed the new pension scheme model for members of the Board of Managing Directors.

On December 2, we dealt with the sample pension contract for new Board members and agreed the criteria for the Board's 2012 targets. We also amended the age limit stated in the Supervisory Board's rules of procedure into a standard retirement age for Supervisory Board members. Furthermore, we examined the result of the EBA's stress test in detail and the various options for plugging the gap in capital.

In one case, a decision was taken by circular resolution due to the urgent nature of the matter in question.

In several meetings we dealt with issues relating to the Board of Managing Directors, after prior consultation with the Presiding Committee. These included, in particular, the extension of the appointments of Mr Blessing and Dr. Schmittmann, which were due to expire on October 31, 2011, for another five years, i.e. to October 31, 2016, as well as the extension of the appointments of Mr Klösges and Mr Sieber, which are due to expire on May 31, 2012, for another five years, i.e. to May 31, 2017. Furthermore, we dealt with the departure from the Board of Dr. Kassow with effect from July 12, 2011 and that of Dr. Strutz from March 31, 2012, and we appointed Mr Stephan Engels to the Board with effect from April 1, 2012.

Committees

The Supervisory Board has formed six committees from its members. The current composition of the committees is shown on page 29 of this annual report.

The Presiding Committee held eleven meetings in the year under review, of which six were conducted as conference calls; in one particular case, a decision was taken by circular resolution due to the urgency of the matter in question. 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. The Presiding Committee also dealt with the exchange of hybrid equity instruments (trust preferred securities) into share capital, with the issue of CoMEN and the subscription rights capital increase. Other topics included the sale of the Silver Tower and questions on amending the remuneration models for the Board of Managing Directors and staff in line with the requirements of the Financial Institutions Remuneration Ordinance. 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. Another topic was loans to staff and officers of the Bank.

The Audit Committee had a total of seven meetings in 2011. With the auditors attending, it discussed Commerzbank's annual financial statements, consolidated financial statements and the auditors' reports. The Audit Committee obtained the auditors' declaration of independence pursuant to 7.2.1. of the German Corporate Governance Code and commissioned the auditors to conduct the audit. It arranged the main points of the audit with the auditors and agreed their fee with them. 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 furthermore received information on the sovereign debt crisis and the Bank's commitments in GIIPS countries, the IKS Governance Model and current and forthcoming changes in regulatory law. The auditors, who reported on their audit activities, were represented at the various meetings.

The Risk Committee convened four times during the past financial year. At these meetings, it closely examined the Bank's risk situation and risk management, giving particular attention to further development of the risk strategy and to market, credit and operational risks plus reputation and compliance risks. Significant individual exposures for the Bank and exposures in GIIPS countries were discussed in detail with the Board of Managing Directors.

In 2011, the Social Welfare Committee convened for one meeting which was primarily concerned with staff development, recruitment, diversity, health management and the "Women in management positions" and "Demography and life phase-oriented HR work" projects.

The Nomination Committee met twice in 2011 and dealt with the age limit for Supervisory Board members and the successor of Dott. Balbinot on the Supervisory Board.

The Conciliation Committee set up pursuant to Art. 27 para. 3 of the German Codetermination Act did not hold any meetings in 2011.

The committees regularly reported on their work at plenary sessions of the Supervisory Board.

No member of the Supervisory Board declared a conflict of interest within the meaning of Art. 3 para. 6 of the Rules of Procedure of the Supervisory Board.

Annual financial statements and consolidated financial statements

The auditors and Group auditors appointed by the Annual General Meeting, PricewaterhouseCoopers Aktiengesellschaft, Frankfurt am Main, audited the parent bank 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 annual 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 March 27, 2012. At our meeting to approve the financial statements held on March 28, 2012, we met as a plenary body and examined and approved the parent bank annual financial statements and the consolidated financial statements of Commerzbank Aktiengesellschaft as well as the management reports of the parent bank and the Group. The auditors attended both Audit Committee and 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 annual and consolidated financial statements and concurred with the findings of the auditors. The Supervisory Board has approved the financial statements of the parent bank and the Group presented by the Board of Managing Directors, and the annual financial statements of the parent bank were accordingly adopted.

Changes in the Supervisory Board and the Board of Managing Directors

Mr Roach was appointed by the District Court of Frankfurt as a member of the Supervisory Board with effect from January 10, 2011, replacing Mr Bludau-Hoffmann, who stepped down on December 31, 2010. At the suggestion of the trades union Vereinte Dienstleistungsgewerkschaft (ver.di), the Board of Managing Directors applied to the District Court of Frankfurt for permission to appoint Mr Roach as a member of the Supervisory Board, since the elected reserve member did not wish to exercise a Supervisory Board mandate. Mr Roach's term of office ends as soon as new Supervisory Board members have been elected by the employees, but by May 31, 2013 at the latest.

Mrs Kasischke stood down from her Supervisory Board mandate at the Annual General Meeting on May 6, 2011. The reserve member, Mrs Beate Hoffmann, duly became a member of the Supervisory Board at the Annual General Meeting on May 6, 2011. Furthermore, the term of office of the current Supervisory Board members will end at the Annual General Meeting in 2013.

We resolved to recommend that Dr. Gertrude Tumpel-Gugerell be appointed to replace Dott. Balbinot on the Supervisory Board at the AGM in May 2012,

Dr. Kassow stood down from the Board of Managing Directors with effect from July 12, 2011. The appointment of Dr. Strutz to the Board of Managing Directors ends on March 31, 2012. The appointment of Mr Stephan Engels to the Board of Managing Directors is due to become effective on April 1, 2012.

We would like to thank the retiring employee representatives on the Supervisory Board for their dedicated work, and the Board of Managing Directors and all our employees for their great personal commitment and efforts in the difficult environment that characterised 2011, and particularly for their contributions to the integration of Dresdner Bank.

For the Supervisory Board

Klaus-Peter Müller
Chairman
Frankfurt am Main, March 28, 2012

Members of the Supervisory Board of Commerzbank Aktiengesellschaft

Klaus-Peter Müller

Age 67, member of the Supervisory Board since 15.5.2008, Chairman of the Supervisory Board of Commerzbank Aktiengesellschaft

Other board seats
a) Fresenius Management SE;
Fresenius SE & KGaA (formerly Fresenius SE);
Linde Aktiengesellschaft

b) Landwirtschaftliche Rentenbank;
Parker Hannifin Corporation

Uwe Tschäge

Age 44, Deputy Chairman of the Supervisory Board since 30.5.2003, Banking professional

Hans-Hermann Altenschmidt

Age 50, member of the Supervisory Board since 30.5.2003, Banking professional

Other board seats
a) BVV Pensionsfonds des Bankgewerbes AG;
BVV Versicherungsverein des Bankgewerbes a.G.

b) BVV Versorgungskasse des Bankgewerbes e.V.

Dott. Sergio Balbinot

Age 53, member of the Supervisory Board since 6.11.2002, Managing Director Assicurazioni Generali S.p.A.

Other board seats
a) Deutsche Vermögensberatung AG

Dr.-Ing. Burckhard Bergmann

Age 69, member of the Supervisory Board since 15.5.2008, Former Chairman of the Board of Managing Directors, E.ON Ruhrgas AG

Other board seats
a) Allianz Lebensversicherungs-AG,
Deputy Chairman;
E.ON Energie AG

b) Accumulatorenwerke Hoppecke
Carl Zoellner & Sohn GmbH;
Jaeger Beteiligungsgesellschaft mbH & Co. KG,
Chairman;
OAO Novatek;
Telenor

Dr. Nikolaus von Bomhard

Age 55, member of the Supervisory Board since 16.5.2009, Chairman of the Board of Managing Directors, Münchener Rückversicherungs-Gesellschaft AG

Summary overview of seats as of 31.12.2011
(for further details see pages 357 ff.).

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

Karin van Brummelen

Age 58, member of the Supervisory Board since 15.5.2008, Banking professional

Astrid Evers

Age 49, member of the Supervisory Board since 30.5.2003, Banking professional

Uwe Foullong

Age 54, member of the Supervisory Board since 1.11.1994, Member of the ver.di National Executive Committee, banking and business administration professional

Daniel Hampel

Age 49, member of the Supervisory Board since 30.5.2003, Banking professional

Dr.-Ing. Otto Happel

Age 64, member of the Supervisory Board since 7.5.1993, Entrepreneur

Beate Hoffmann

Age 51, member of the Supervisory Board since 6.5.2011, Certified Banking Specialist

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

Age 64, member of the Supervisory Board since 15.5.2008, President of the Federation of German Industries (BDI)

Other board seats
a) Deutsche Messe AG (since 24.11.2011);
National-Bank AG;
ThyssenKrupp AG

b) Heitkamp & Thumann Group (since 11.11.2011);
RAG Stiftung

Alexandra Krieger

Age 41, member of the Supervisory Board since 15.5.2008, Head, Economics I Section Co-Determination Department Hans Böckler Foundation, banking professional

Dr. h. c. Edgar Meister

Age 71, member of the Supervisory Board since 16.5.2009, Lawyer

Other board seats
b) DWS Investment GmbH;
Standard & Poor's Credit Market Services Europe Limited

Member of the Supervisory Board
of Commerzbank Aktiengesellschaft

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

Age 67, member of the Supervisory Board since 1.4.2006, Former Deputy Chairman of the Board of Managing Directors, ThyssenKrupp AG

Other board seats

a) Deutsche Telekom AG;
LANXESS AG;
LANXESS Deutschland GmbH

b) Hoberg & Driesch GmbH, Chairman

Dr. Helmut Perlet

Age 64, member of the Supervisory Board since 16.5.2009, Former member of the Board of Managing Directors, Allianz SE

Other board seats

a) Allianz Deutschland AG;
GEA GROUP AG

b) Allianz France S.A.;
Allianz Life Insurance Company of North America;
Allianz of America Inc.;
Allianz S.p.A.;
Fireman's Fund Ins. Co.

Barbara Priester

Age 53, member of the Supervisory Board since 15.5.2008, Banking professional

Mark Roach

Age 57, member of the Supervisory Board since 10.1.2011, Secretary, ver.di Trade Union National Administration

Other board seats

a) Fiducia IT AG

Dr. Marcus Schenck

Age 46, member of the Supervisory Board since 15.5.2008, CFO of E.ON AG

Other board seats

a) AXA S.A.

b) SMS GmbH

Summary overview of seats as of 31.12.2011
(for further details see pages 357 ff.).

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

Committees of the Supervisory Board

Presiding Committee	Audit Committee	Risk Committee
Klaus-Peter Müller Chairman	Dr. Helmut Perlet Chairman	Klaus-Peter Müller Chairman
Hans-Hermann Altenschmidt	Hans-Hermann Altenschmidt	Dr. h. c. Edgar Meister
Dr. h. c. Edgar Meister	Karin van Brummelen	Dr. Helmut Perlet
Uwe Tschäge	Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel	Dr. Marcus Schenck
	Prof. h. c. (CHN) Dr. rer. oec. Ulrich Middelmann	

Nomination Committee	Social Welfare Committee	Conciliation Committee (Art. 27, (3), German Co-determination Act)
Klaus-Peter Müller Chairman	Klaus-Peter Müller Chairman	Klaus-Peter Müller Chairman
Dott. Sergio Balbinot	Dr.-Ing. Burckhard Bergmann	Hans-Hermann Altenschmidt
Dr.-Ing. Otto Happel	Karin van Brummelen	Dott. Sergio Balbinot
	Astrid Evers	Uwe Tschäge
	Dr. h. c. Edgar Meister	
	Uwe Tschäge	

Our share

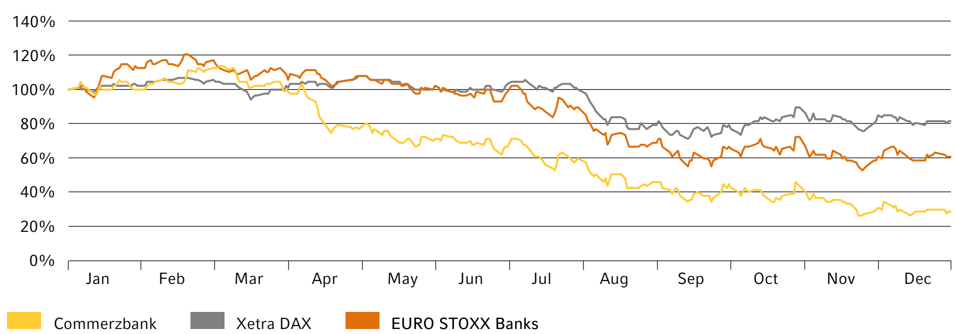
Development of equity markets and performance indices

The earthquake in Japan, the political upheaval in the Arab world and the continuing debt crisis in some EU countries were the defining and, at the same time, challenging events of 2011. Fears of a recession caused by the European sovereign debt crisis had a major impact on prices. In view of these developments, the DAX fell considerably by 14.7%. The share prices of banks fell particularly sharply, but economically sensitive companies and other cyclical sectors such as construction and commodities were also among the losers.

The sharp drop in southern European bank share prices in particular meant that the EURO STOXX Banks decreased by 37.6%, ending the year as the weakest sector together with utilities.

Commerzbank share vs. Performance indices in 2011

Daily figures, 30.12.2010 = 100



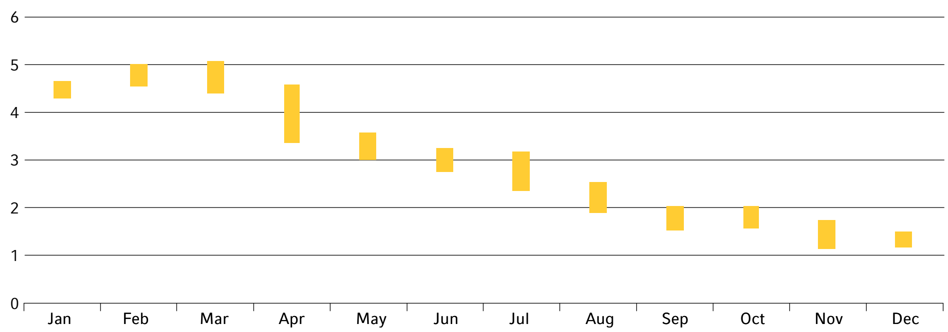
The Commerzbank share: performance driven by capital measures and debt crisis

Securities codes	
Bearer shares	803 200
Reuters	CBKG.DE
Bloomberg	CBK GR
ISIN	DE0008032004

The performance of the Commerzbank share in 2011 was also affected by the aforementioned developments. The capital measures carried out also had a negative impact on the share price in the second quarter.

Commerzbank placed 118.1 million shares with institutional investors in the middle of January 2011, which equated to 10% less one share of previous share capital. The placement was made at a price of €4.25 per share adjusted for the dilution. The share placement was linked to a measure for optimising the capital structure, whereby hybrid equity instruments (trust preferred securities) issued by companies of the Commerzbank Group were brought in as a contribution in kind against shares to be issued out of Commerzbank's authorised capital.

Commerzbank share price high and low in 2011
in €



In the first quarter, Commerzbank shares benefited from better-than-expected results for 2010, reaching their high for the year of €5.18 on 4 March 2011. At the end of the quarter, however, the consequences of the Japanese earthquake and the unrest in North Africa weighed heavily on global stock markets, causing Commerzbank shares to fall to €4.40.

On 6 April, Commerzbank announced the two-stage package of capital measures amounting to €11bn for the extensive repayment of the silent participations of the Financial Market Stabilization Fund (SoFFin). In the first stage, institutional investors were offered conditional mandatory exchangeable notes (CoMEN) under a bookbuilding procedure. All of the approx. €1bn in CoMEN offered were successfully placed, and the purchase price was set at €4.25 each on 13 April. Existing shareholders were given purchase rights as part of the CoMEN placement. One CoMEN could be purchased for each share. After approval of the capital measures by the General Meeting on 6 May, the CoMEN were exchanged for Commerzbank shares on 12 May.

In the second stage of the capital measures, the conditions were set for the capital increase with subscription rights on 22 May. The subscription price for the new shares was €2.18 a share, and the new shares were offered to existing shareholders for subscription in a ratio of 11:10.

The discount of the subscription price compared with the closing price on the last trading day on 20 May was 45%. Almost all subscription rights were exercised (99.94%). After conclusion of the capital measure, the total number of outstanding shares was approx. 5.1 billion. The share price on 8 June on completion of the second stage of the capital measure was €3.16.

In the second half of the year, the financial markets were dominated in particular by the European sovereign debt crisis and fears of a subsequent recession. Falling 25% in the third quarter, the DAX recorded the largest quarterly loss since autumn 2002. Share prices in the European financial sector were affected particularly badly. The results of the European Banking Authority's stress tests at the end of October and beginning of December had an especially negative impact on bank shares. The tests showed that Europe's major banks would have to strengthen their hard core capital by €78bn by mid-2012 in order to meet the requirement set down by the EBA for a hard core capital ratio of 9% inclusive of the market valuation of sovereign bond issues of the European economic area.

Commerzbank shares fell around 70% during the year, closing at €1.30.

Commerzbank share – key figures

Indices containing the Commerzbank share
Blue chip indices
DAX
EURO STOXX Banks
Sustainability indices
ASPI Eurozone index
ECPI Developed Ethical+Equity
ECPI Ethical EMU Equity
ECPI Ethical Euro Equity

No dividend will be paid out for 2011. Commerzbank Aktiengesellschaft reported a net loss in 2011 which was offset against withdrawals from retained earnings and capital reserves.

Market capitalisation was €6.7bn at year-end compared with €6.6bn in 2010. Its weighting in the Xetra DAX was 1.0%, putting Commerzbank in 24th place. In the European industry comparison index, EURO STOXX Banks, Commerzbank's weighting at year-end was 2.1%, placing it in 8th position. The Bank is also represented in four sustainability indices – the ASPI Eurozone-Index, ECPI Developed Ethical+Equity, ECPI Ethical EMU Equity, and the ECPI Ethical Euro Equity – which place particular emphasis on environmental and ethical criteria alongside financial and economic factors.

Highlights of the Commerzbank share

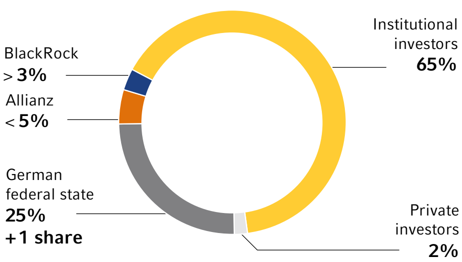
	2011	2010
Shares issued in million units (31.12.)	5,113.4	1,181.4
Xetra intraday prices[1] in €		
High	5.18	5.91
Low	1.12	4.27
Closing price (31.12.)	1.30	4.45
Daily trading volume[2] in million units		
High	176.2	35.7
Low	4.1	2.0
Average	61.8	9.7
Index weighting in % (31.12.)		
Xetra DAX	1.0	0.7
EURO STOXX Banks	2.1	1.2
Earnings per share in €	0.18	1.21
Book value per share[3] in € (31.12.)	4.19	9.13
Net asset value per share[4] in € (31.12.)	3.94	8.21
Market value/Net asset value[1] (31.12.)	0.33	0.54

[1] For comparative purposes the share price for all periods before 8 June 2011 was adjusted for the effect of the subscription rights issued in the course of the capital increase.
[2] Total of all German stock exchanges.
[3] Excluding silent participations and minority interests.
[4] Excluding silent participations, minority interests, goodwill and cash flow hedges.

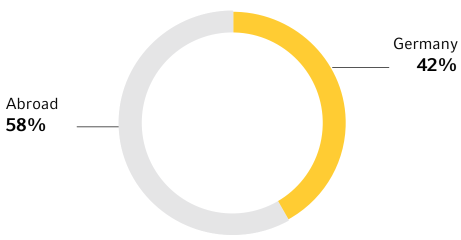
Shareholder structure

On 31 December 2011 65% of all Commerzbank shares were in the hands of institutional investors, with the rest held by our major shareholders SoFFin, BlackRock and Allianz, and private shareholders mainly resident in Germany. The free float stood at around 75.0%. The proportion of shares held by investors from Germany totalled 42%, with the percentage owned by foreign investors at 58%. As a result of the capital measures carried out, the proportion of foreign institutional investors increased slightly.

Shareholder structure by type
as of December 31, 2011



Shareholder structure by region
as of December 31, 2011



New issue activity

Despite the difficult market environment in 2011, Commerzbank successfully placed bonds on the capital market on an unsecured and – through its subsidiary Eurohypo AG – a secured basis. The total volume of capital market issues in 2011 was around €14.4bn, which included benchmark and jumbo issues alongside numerous private placements.

In the unsecured segment, Commerzbank Aktiengesellschaft issued an €800m 2-year variable rate bond and increased the previous year's senior unsecured benchmark bond by €500m. It also placed a number of foreign currency issues denominated in currencies including the Australian dollar and Canadian dollar. A benchmark subordinate loan of €1.25bn was also issued on the capital market; the issue has a term of ten years, a coupon of 7.75%, and was around 3.5 times oversubscribed.

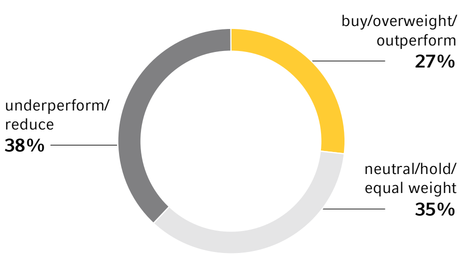
In the secured segment, mortgage Pfandbriefe with a volume of close to €5.0bn, public-sector Pfandbriefe in an amount of €0.5bn, Schiffspfandbriefe of €0.2bn and Lettres de Gage of €0.1bn were issued via Eurohypo. Overall Eurohypo AG's benchmark issuance amounted to €4.8bn. €3.8bn of this related to three jumbo mortgage Pfandbriefe with maturities of two, three and five years. All of the issues also enjoyed strong demand from foreign investors. In addition a €500m syndicated mortgage Pfandbrief with a ten-year maturity was issued in March. The Bank also topped up several existing benchmark Pfandbrief issues by a total of €500m.

Investor Relations

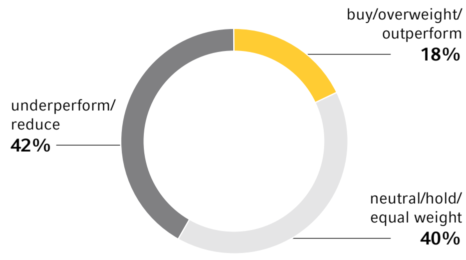
› **IR-News**
www.commerzbank.com >
Investor Relations

Some 30 analysts regularly reported on Commerzbank in 2011. Reflecting the still-difficult environment for the banking sector and the capital requirement calculated for Commerzbank by EBA, analysts were more positive than a year ago but still cautious in their recommendations as they were in 2010. At year-end 2011, 27% of recommendations were to buy our shares (buy/overweight/outperform) an increase of 9% when compared to the previous year. Around one third of analysts recommended a hold (neutral/hold/equal weight). 38% of analysts recommended selling (underperform/reduce) our shares, which was lower than the previous year (42%).

Analysts' recommendations



as of December 31, 2011



as of December 31, 2010

Despite the adverse market environment facing the financial industry, we won new shareholders in 2011 and maintained a high level of contact with existing ones, debt investors and analysts. Management and the Investor Relations team kept the market regularly informed and were on hand to talk to investors at various events, participating in international and national investor conferences and holding roadshows. We held both one-on-one and group meetings and conference calls, providing information on and discussing the Bank's business performance and strategic objectives. We also arranged for investors to meet Commerzbank experts to discuss popular topics in depth.

We continue to inform the market on a same-day basis about important company matters via Investor Relations press releases or ad-hoc announcements. In addition, we provide a wide range of information on the Investor Relations pages of our website.

We continued the dialogue with our fixed-income investors in 2011. The focus of our non-deal roadshows, i.e. individual meetings with institutional investors without the specific aim of marketing a new issue, was on Europe.

In order to improve capital market communications on an ongoing basis, the Investor Relations team regularly submits to an external benchmarking process. This independent analysis confirms that in spite of last year's difficult market environment, we have maintained our communication with the capital markets at a high level. This is a heartening result, and we will do our utmost to further optimise our Investor Relations work in 2012 as well.

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 37 to 42 give details of this aspect of our corporate responsibility.

The term describes the extent to which a company is aware 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 65 to 68.

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 Supervisory Board and the Board of Managing Directors – expressly support the German Corporate Governance Code and the goals and objectives it pursues. Even at the time of publication of the German Corporate Governance Code, Commerzbank's Articles of Association and the rules of procedure for the Board of Managing Directors and Supervisory Board largely complied with its requirements. Wherever this was not yet the case, we have continuously adjusted them to meet the regulations of the German Corporate Governance Code. The Articles of Association and the rules of procedure are available on the Internet.

› German Corporate Governance Code
www.corporate-governance-code.com

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 (HGB).

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 (http://www.commerzbank.com). There is also an archive of all the declarations of compliance made since 2002. The current declaration was made on November 3, 2011.

› Declaration of Compliance
www.commerzbank.com > Investor Relations > Corporate Governance

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.

- In relation to the remuneration of the Board of Managing Directors, section 4.2.3 (3) sentence 3 of the Code recommends that there should be no subsequent changes to goals or the parameters for determining the variable remuneration components. In implementation of legal provisions giving the Board of Managing Directors or the Supervisory Board the opportunity to agree measures to limit variable remuneration in the event of extraordinary developments, the Commerzbank Supervisory Board is entitled 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. It is not possible to implement limiting measures as envisaged by the legal provisions when it comes to goal achievement at Commerzbank, because the predominantly mathematical basis for determining goal achievement largely excludes any adjustment. Moreover, since the assessment period for the variable remuneration component of the Board of Managing Directors lasts up to four years and the goals for this period must be determined in advance, the established method by which the Supervisory Board can adjust these goals is appropriate for this purpose.
- Section 4.2.3 of the Code recommends that any agreed payments in the event of premature termination of the contract of a member of the Board of Managing Directors due to a change of control must not exceed 150% of a severance pay cap (equal to two annual salaries, including additional benefits). The employment contract of one member of the Board of Managing Directors still contain a change of control clause without a severance pay cap pursuant to section 4.2.3 (5). This change of control clause will become invalid at the end of the current term of office of the member concerned.
- According to section 5.3.2 of the Code, the Audit Committee should deal not only with accounting issues and the audit of the annual financial statements, but also with issues related to risk management. Since risk management is particularly important for banks, the Supervisory Board decided a number of years ago to exceed the requirements of the Code by forming an independent Risk Committee, which focuses on management of the Bank's credit, market and operational risks. Since the chairman of the Audit Committee is also a member of the Risk Committee, the Audit Committee receives ample information on issues relating to risk management.

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. 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 an ongoing 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 long-term, compulsory implementation of the measures is being supported by including them in the individual target agreements of senior managers. The "Women in management positions" project aims, among other things, to increase the proportion of women in senior management positions, thereby providing greater opportunity for women to be promoted to the Board of Managing Directors.

In addition, Commerzbank is helping staff combine family life with a career by providing company-sponsored childcare 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 advisory service, childcare places and childcare allowances. The "Kids & Co." day care centre in Frankfurt has been open since June 1, 2005. "Kids & Co." has a crèche (for children aged 9 weeks to 3 years) and a kindergarten (age 3 to school entry), and an after-school club was introduced in 2011. Since 2010, staff have also been able to use crèches at

20 different childcare facilities throughout Germany. Commerzbank Aktiengesellschaft makes a significant financial commitment to supporting these arrangements, and currently offers a total of around 250 childcare places. The aim is to increase this to 340 places by 2013. Emergency childcare available at various sites throughout the country is also part of the service offered.

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, an 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 25% until new shareholder representatives are elected in 2013, as well as increasing the proportion of women on the Supervisory Board at the next regular elections for shareholder representatives to at least 30%, 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
- Ensuring the independence of the members of the Supervisory Board and avoidance of conflicts of interest.
- Complying with the age limit of 72 years.

The Supervisory Board of Commerzbank consists of 20 members, including one international representative and five women at present. The Supervisory Board has decided to recommend to the Annual General Meeting in May 2012 that Dr. Gertrude Tumpel-Gugerell should be chosen to succeed Dott. Balbinot on the Supervisory Board. The members of the Supervisory Board will be newly appointed at the Annual General Meeting in 2013. The Supervisory Board will suggest nominations complying with the above-mentioned objectives to the Annual General Meeting in 2013.

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 derogation of section 2.3.3, 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 2.3.4, 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. For one thing, a complete broadcast seems inappropriate given the length of annual general meetings; for another, a speaker's personal rights have to be considered.
- Section 3.6 of the German Corporate Governance Code suggests that separate preparatory meetings should be held regularly with shareholders and employees. Commerzbank arranges such preparatory meetings where the need arises.
- Finally, it is suggested in section 5.4.6 of the Code that the variable remuneration of Supervisory Board members should also be related to the long-term performance of the enterprise. At Commerzbank, the variable remuneration of Supervisory Board members is related to the dividend. We consider this to be a transparent and readily understandable system.

Commerzbank supports, as suggested in section 5.4.1 of the Code, the training and professional development of the members of the Supervisory Board. In addition to the professional development opportunities available internally, Supervisory Board members may also participate in external training and development. Commerzbank reimburses any reasonable costs involved.

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, agrees 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.

› **Responsibilities of the Board of Managing Directors**
Page 16 f.

The composition of the Board of Managing Directors and the responsibilities of its individual members are presented on pages 16 and 17 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 http://www.commerzbank.com.

Pursuant to Art. 9 (2) of the rules of procedure of the Board of Managing Directors, each member of the Board of Managing Directors must disclose any conflicts of interest pursuant to section 4.3.4 of the German Corporate Governance Code. No member of the Board of Managing Directors disclosed a conflict of interest in the year under review.

Extensive details of the remuneration paid to the members of the Board of Managing Directors are given in the Remuneration Report on pages 43 to 51.

› Remuneration Report
Page 43 ff.

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 26 to 29 of this annual report. Information on the work of this body, its structure and its control function is provided by the report of the Supervisory Board on pages 18 to 25. Further details of how the Supervisory Board and its committees conduct their work are set out in the rules of procedure of the Supervisory Board, which may be viewed on Commerzbank's website at http://www.commerzbank.com.

› Members of the Supervisory Board of Commerzbank Aktiengesellschaft
Page 26 ff.

› Report of the Supervisory Board
Page 18 ff.

The Supervisory Board examines the efficiency of its activities every two years by means of a detailed questionnaire. Since a comprehensive survey was conducted on this basis at the end of 2007 and a number of members of the Supervisory Board were only elected in May 2008, a shorter examination was carried out in 2008. For 2009, an external consulting company was appointed for the first time to conduct an efficiency audit of the Supervisory Board's activities. The findings of the audit showed that the work of the Supervisory Board at Commerzbank is professional, and the division of labour between the full Supervisory Board and its committees is appropriate and efficient. Suggestions from members of the Supervisory Board are brought into plenary discussions, and those that receive majority approval are taken into account for future activities. No efficiency audit was carried out in 2010. In 2011, an efficiency audit was performed by means of a detailed questionnaire. The result of the audit was entirely positive.

Pursuant to Art. 3 (6) of the rules of procedure of the Supervisory Board, each member of the Supervisory Board must disclose any conflicts of interest pursuant to section 5.5 of the German Corporate Governance Code. No member of the Supervisory Board disclosed a conflict of interest 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 52 to 55.

› Remuneration Report
Page 52 ff.

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 consolidated financial statements and the financial statements of the parent bank are prepared by the Board of Managing Directors and approved by the Supervisory Board. The audit is performed by the auditor elected by the Annual General Meeting.

› **Group Risk Report**
Page 155 ff.

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 155 to 196 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 (as reported) 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, and in accordance with the suggestion contained in section 2.2.1 (2) sentence 2 of the Code, the Board of Managing Directors, 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 remuneration system for members of the Board of Managing Directors.

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 counter-motions 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 counter- or supplementary motions.

› **IR news**
www.commerzbank.com > Investor Relations > Publications and events

Commerzbank informs the public – and consequently shareholders as well – about the Bank's financial position and earnings performance four times a year. Further corporate news items that may affect the share price are 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 additional information about the Commerzbank Group at www.commerzbank.com. 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 IFRS requirements.

Board of Managing Directors

Main features of the remuneration system

The new remuneration system in place since January 1, 2010 includes a fixed basic annual salary plus a Short Term Incentive (STI) and a Long Term Incentive (LTI) as variable remuneration components.

On August 9, 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 meetings on November 3, 2011, December 2, 2011 and February 22, 2012, the Supervisory Board decided to amend the pension plan arrangements for the members of the Board of Managing Directors and approved the corresponding sample contracts. In particular, the new provisions contain a defined-contribution benefit scheme. Pension entitlement also now normally begins on the employee reaches the age of 65.

In continuation of the agreement originally reached with SoFFin for 2008 and 2009 limiting monetary remuneration for members of the Board of Managing Directors to €500,000 gross per member per year for their work for the Group (the SoFFin cap), the Supervisory Board initially decided for 2010, before later extending this to 2011, that the SoFFin cap would apply if the fixed interest payment on the profit participation rights attaching to SoFFin's silent participations were not paid in full. Following the entry into force of the German Restructuring Act (Restrukturierungsgesetz) on December 31, 2010, the Supervisory Board is also entitled by the provisions of the Act to limit remuneration to €500,000 from 2012 onwards if the Bank does not repay at least half of the recapitalisation undertaken or if interest on the capital injection is not paid in full.

The SoFFin cap does not apply to pension entitlements or non-monetary elements, as long as these do not exceed the amount received prior to November 1, 2008 and do not result on total remuneration becoming disproportionate.

Fixed remuneration components

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

The fixed basic annual salary, which is paid in equal monthly amounts, is €750,000. The appropriateness of the fixed basic annual salary is checked at regular two-year intervals. Since the fixed interest payment on the profit participation rights attaching to SoFFin's silent participations was not paid in 2011, the basic annual salary for 2011 was limited to €500,000.

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

Performance-related remuneration

The remuneration system includes performance-related variable remuneration components in the form of a Short Term Incentive (STI) and a Long Term Incentive (LTI).

Since the total monetary remuneration of members of the Board of Managing Directors for 2011 has been capped at €500,000 per year, the performance-related variable remuneration components for 2011 will not be paid.

Short Term Incentive (STI)

The STI runs for one year. Up until now, it has been calculated on the basis of the individual performance of the member of the Board of Managing Directors (STI performance component); from 2012, it will consist of two equally weighted components: one linked to the STI performance component and one based on the economic value added (EVA)[1]. 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 total target value of the STI is €400,000, and from 2012 onwards the target value of the individual components will be €200,000 each. Goal achievement can in principle vary between 0 and 200%.

STI EVA components

For the STI EVA component, the Supervisory Board sets a target amount for the Group EVA after tax prior to the beginning of the financial year; this amount corresponds to a goal achievement of 100%. It is also decided which EVA value corresponds to which degree of achievement. As a rule, investors' capital is used as the basis for calculating EVA. This component will be used from 2012 onwards.

STI performance component

The individual performance of each member of the Board of Managing Directors is assessed from an overall perspective using criteria determined by the Supervisory Board prior to the beginning of the financial year in question. For 2011, the target for this component is €400,000 per year. From 2012, the target will be €200,000 per year.

Long Term Incentive (LTI)

The LTI runs for four years. It consists of two equally weighted components: one linked to economic value added (EVA) (the LTI EVA component) and the other based on stock performance (the LTI equity component). Entitlement to receive a payment for the LTI is suspended pending the approval of the annual financial statements for the final year of the four-year term of the LTI in question and confirmation of the achievement of the LTI goals by the Supervisory Board. Thereafter, 50% of the LTI payments fall due and are payable in cash, with the remaining 50% payable in Commerzbank shares (or a cash sum based on the value of the shares) at the end of a further 12-month waiting period. The overall LTI target is €600,000, and the targets for the individual components are €300,000 each.

[1] EVA is the consolidated surplus after tax less the Bank's capital cost's (product of investors' capital excluding minority interests and capital cost rate after tax).

Goal achievement can range between 0 and 200%; each of the two components can therefore range between €0 and €600,000. The provisional LTI payout sum will be increased or reduced by the same percentage as the 100% goal for the STI performance component is over- or underachieved in the first year of the LTI term. This adjustment cannot exceed ±20% of the original target for the LTI components. It is a condition of the LTI is that the individual member of the Board of Managing Directors makes a long-term personal investment in Commerzbank shares of €350,000. Up until the personal investment target has been reached, 50% of net payments from the LTI must be invested in Commerzbank shares.

LTI equity component

The provisional payout sum of the LTI equity component is calculated based firstly on the relative total shareholder return (TSR) performance of Commerzbank (compared with the TSR performance of the other banks in the Dow Jones EURO STOXX Banks Index) and secondly on the absolute price performance of Commerzbank shares. Prior to the commencement of the LTI term, the Supervisory Board specifies the number of Commerzbank shares that the member of the Board of Managing Directors will receive upon 100% goal achievement following the end of the four-year LTI term. The Board also defines which TSR-related ranking of Commerzbank (compared with the other relevant banks) corresponds to which goal achievements. The relative TSR performance thus determines the number of shares virtually assigned; the absolute price performance of Commerzbank shares during the LTI term determines their value, which can be paid out in cash in place of a transfer of shares.

LTI EVA component

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

The achievement of goals is measured on a straight-line basis in the STI and LTI. In the event of exceptional developments that may have a considerable impact on the achievability of STI or LTI target figures, the Supervisory Board can neutralise any positive or negative impact by adjusting the targets.

Long-term performance plans

Members of the Board of Managing Directors and other executives and selected staff of the Group used to be able to participate in long-term performance plans (LTPs). These are virtual stock option plans were last offered in 2008 and pay out in the event that the Commerzbank share price outperforms the Dow Jones EURO STOXX Banks Index over three, four or five years and/or the Commerzbank share price gains at least 25% in absolute terms. If these thresholds are not reached after five years, the options lapse. If payments are made, members of the Board of Managing Directors must each invest 50% of the gross amount paid out in Commerzbank shares. Participation in the LTPs thus involves a personal investment in Commerzbank shares. Members of the Board of Managing Directors were able to participate with up to 2,500 shares, and the Chairman of the Board of Managing Directors with up to 5,000 shares.

The members of the Board of Managing Directors renounced all the shares acquired under the 2008 LTP in February 2009. Since the 2006 LTP expired in the first quarter of 2011 without any payments being made, members of the Board of Managing Directors are currently participating only in the 2007 LTP, which is still ongoing. The potential remuneration stemming from participation in the LTP may differ considerably from the fair values stated in the notes or could even be zero as the final payout amounts are not fixed until the end of the term of the LTP. Potential remuneration from the 2007 LTP is not offset against the SoFFin cap, as the LTP is paid out for performance in the year in which it was issued.

No LTP payments were made in the year under review.

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. At the request of the Chairman of the Board of Managing Directors, this rule was not applied until the end of his current term of office on October 31, 2011. In addition, the SoFFin cap also applied to the Chairman of the Board of Managing Directors.

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 the Group payments.

Remuneration for serving on the boards of consolidated companies paid in any given financial year will count in full against the SoFFin cap of the previous year. For this reason, this remuneration is allocated to the previous year in the table under "Summary". If the remuneration for serving on the boards of consolidated companies results in a member of the Board of Managing Directors receiving total monetary remuneration in excess of €500,000, it is transferred to Commerzbank.

Pensions

The rules governing pensions for the members of the Board of Managing Directors were changed by the remuneration system introduced on January 1, 2010 so that they continue to pertain to the basic salary for the 2009 financial year.

Under these rules, the Bank provides members and former members of the Board of Managing Directors or their surviving dependants with a pension. A pension is paid if, upon leaving the Bank, members of the Board of Managing Directors

- have celebrated their 62nd birthday or
- are permanently unable to work or
- end their employment contract with the Bank after celebrating their 58th birthday having been a member of the Board of Managing Directors for at least 10 years or
- a member of the Board of Managing Directors for at least 15 years.

The pension consists of 30% of €480,000, or €760,000 for the Chairman of the Board of Managing Directors (the basic salary before the introduction of the new remuneration system) after the first term of office, 40% after the second and 60% after the third term of office.

The pensions are reduced in line with the statutory provisions on company pensions if members of the Board of Managing Directors leave the Board before their 62nd birthday.

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 after celebrating their 62nd birthday or because they are permanently unable to work. If members of the Board of Managing Directors receive a pension before their 62nd birthday without being unable to work, the pension will be reduced to reflect the fact that the payments are starting earlier. Up to this age, half of any income received from other activities will be set off against the pension entitlements.

Pension payments to members of the Board of Managing Directors are raised by 1% per annum. Under certain circumstances an increase in excess of this level will be considered, but there is no automatic right to any such increase.

The widow's pension for a spouse amounts to 66⅔% of the pension entitlement of the member of the Board of Managing Directors. If no widow's pension is paid, minors or children still in full-time education are entitled to an orphan's pension amounting to 25% each of the pension entitlement of the member of the Board of Managing Directors, subject to a maximum overall limit of the widow's pension.

At its meetings on August 9, and November 3, 2011, the Supervisory Board decided to adopt a new pension scheme for members of the Board of Managing Directors. The new provisions now contain a defined- contribution benefit scheme.

On February 22, 2012, the Supervisory Board approved the sample pension agreement to implement these new rules for serving members of the Board of Managing Directors.

In the new pension agreement, the previous pension commitment has been converted into a defined-contribution benefit commitment based on the Commerzbank modular plan for pension benefits (CBA).

Under the new modular system, each member of the Board of Managing Directors is assigned an initial module for the time served on the Bank's Board of Managing Directors prior to the conversion date of January 1, 2011. This module is posted to a pension account. In the time between the conversion date and the end of the appointment as a member of the Bank's Board of Managing Directors, the initial module is automatically adjusted.

For the period between the conversion date and the end of the appointment as a member of the Bank's Board of Managing Directors, a pension module is credited to the pension account each year. The pension module for a calendar year is calculated by converting the relevant annual contribution into an entitlement to a retirement, disability and surviving dependants' pension using a conversion table.

Specifically, the member of the Board of Managing Directors is entitles to receive pension benefits in the form of a lifetime pension when one of the following pensions is due:

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

The monthly amount of the retirement pension is calculated as a twelfth of the amount in the pension account when the pension benefits start.

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

If the disability pension is taken before the age of 55, the monthly amount is supplemented by an additional amount.

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

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

As under the previous scheme, the widow's pension amounts to 66⅔% of the pension entitlement of the member of the Board of Managing Directors. If no widow's pension is paid, minors or children still in full-time education are entitled to an orphan's pension amounting to 25% each of the pension entitlement of the member of the Board of Managing Directors, subject to a maximum overall limit of the widow's pension.

The pension agreement for newly appointed members of the Board of Managing Directors, which differs from that of current board members for system-related reasons, was approved by the Supervisory Board on December 2, 2011.

Under these rules, a retirement pension in the form of a capital payment is paid out if the member of the Board of Managing Directors leaves the Bank:

- on or after their 65th birthday (retirement capital)
- on or after their 62nd birthday (early retirement capital) or
- before their 62nd birthday because they are permanently unable to work.

For each calendar year during the current employment relationship until pension benefits start to be paid out, each member of the Board of Managing Directors is credited an annual contribution equating to 40% of the fixed basic annual salary multiplied by an age-dependent conversion factor. Until the member of the Board of Managing Directors leaves the Bank, the annual contributions are managed in a pension account. Upon reaching their 61st birthday, an additional amount of 2.5% of the amount in the pension account at December 31 of the previous year is credited to the member of the Board of Managing Directors on an annual basis until the pension benefits start to be paid out.

A portion of the annual contribution – determined by the age of the member of the Board of Managing Directors – is invested in investment funds and maintained in a virtual custody account for the board member.

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

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

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

The table below lists the pension entitlements of the members of the Board of Managing Directors in office at December 31, 2011, based on the previous system:

€1,000	Pension entitlements Projected annual pension at pensionable age of 62 As at 31.12.2011	Cash value of pension entitlements As at 31.12.2011[1]
Martin Blessing	456	3,030
Frank Annuscheit	288	1,107
Markus Beumer	288	935
Jochen Klösges	288	674
Michael Reuther	288	1,801
Dr. Stefan Schmittmann	288	1,511
Ulrich Sieber	288	623
Dr. Eric Strutz	288	1,774
Martin Zielke	288	393
Total		**11,848**

[1] The amounts are calculated considering the current term of appointment of the individual board members, assuming the board members will not be incapable for work nor collect pensions before reaching the age of 62 and will remain on the board until the pension is due.

The pension entitlements of members of the Board of Managing Directors are not subject to the SoFFin cap.

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

As of December 31, 2011, defined benefit obligations for active members of the Commerzbank Aktiengesellschaft Board of Managing Directors amounted in total to €11.8m (previous year: €10.3m; see table detailing individual entitlements). After deduction of plan assets transferred and after allowing for actuarial gains and losses, the provisions for pension obligations in respect of active members of the Board of Managing Directors amounted to €0.2m on December 31, 2011 (previous year: €0.5m).

Change of control

The remuneration system for the Board of Managing Directors introduced in 2010 contains no change of control clauses. Only one member of the Board of Managing Directors still has an employment contract that contains a change of control clause, and this will expire at the end of his current term of office.

Where the change of control clause still applies, the member of the Board of Managing Directors is entitled to terminate his contract of employment. If the member of the Board of Managing Directors utilises this right to terminate their contract, he is entitled to compensation for the remainder of his term of office equal to 75% of average total annual pay plus a severance payment equal to his average total annual remuneration for two to four years. The compensation and severance payment taken together may not exceed either the average total annual remuneration for five years or the average total annual remuneration for the period up to the board member's 65th birthday. Following their term of office, the board member has pension entitlements. The termination of the contract of employment is only effective if the Supervisory Board agrees that there is cause. Furthermore, there is no entitlement to severance pay if the member of the Board of Managing Directors receives payments in connection with a change of control from the majority shareholder, the controlling company or – in the event of a merger or acquisition – the new legal entity.

Other arrangements

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

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

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

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

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

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

Summary

Total remuneration of the individual members of the Board of Managing Directors for 2011 is shown below, along with the comparative figures from 2010.

€1,000		Basic salary	Variable remuneration[2]	Remuneration for serving as a director[3]	Repaid in accordance with the SoFFin cap[3]	Share-based remuneration plans	Total monetary remuneration	Other[4]	Total
Martin Blessing	2011	500	–			–	500	69	569
	2010	500	–	–	–	–	500	115	615
Frank Annuscheit	2011	500	–			–	500	50	550
	2010	500	–	23	−23	–	500	102	602
Markus Beumer	2011	500	–			–	500	59	559
	2010	500	–	10	−10	–	500	46	546
Dr. Achim Kassow	2011[1]	292	–			–	292	44	336
	2010	500	–	113	−113	–	500	72	572
Jochen Klösges	2011	500	–			–	500	39	539
	2010	500	–	–	–	–	500	65	565
Michael Reuther	2011	500	–			–	500	69	569
	2010	500	–	–	–	–	500	73	573
Dr. Stefan Schmittmann	2011	500	–			–	500	46	546
	2010	500	–	–	–	–	500	52	552
Ulrich Sieber	2011	500	–			–	500	68	568
	2010	500	–	22	−22	–	500	62	562
Dr. Eric Strutz	2011	500	–			–	500	33	533
	2010	500	–	36	−36	–	500	91	591
Martin Zielke	2011	500	–			–	500	74	574
	2010[1]	78	–	14	−14	–	78	4	82
Total	**2011**	**4,792**	**–**			**–**	**4,792**	**551**	**5,343**
	2010	**4,578**	**–**	**218**	**−218**	**–**	**4,578**	**682**	**5,260**

[1] Pro rata temporis from the date of appointment or up to the date of departure from the Board.
[2] Payable in the following year subject to approval of the annual financial statements; no variable remuneration was paid for 2011 or 2010.
[3] Remuneration for serving on the boards of Group companies paid in the financial years 2011 and 2010 is offset in full against the SoFFin cap of the previous year and has therefore been allocated to the previous year in the table.
[4] The 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.

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 3.2 and 8.3%, and in selected instances overdrafts at rates up to 10.9%. 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 €1,773,000 compared with €2,647,000 in the previous year. With the exception of rental guarantees, Commerzbank Group companies did not have any contingent liabilities relating to members of the Board of Managing Directors in the year under review.

Supervisory Board

Principles of the remuneration system and remuneration for financial year 2011

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 May 16, 2007. This grants members of the Supervisory Board basic remuneration for each financial year, in addition to compensation for out-of-pocket expenses, comprising:

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

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

As Commerzbank will not pay a dividend for 2011, variable remuneration is not payable for the financial year 2011. The members of the Supervisory Board therefore received total net remuneration of €1,619,000 for the financial year 2011 (previous year: €1,563,000). The fixed remuneration and remuneration for committee memberships accounted for €1,199,000 of this figure (previous year: €1,240,000) and attendance fees for €420,000 (previous year: €323,000). The value added tax (currently 19%) payable on the remuneration of the members of the Supervisory Board resident in Germany was reimbursed by Commerzbank Aktiengesellschaft.

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

2011 €1,000	Fixed remuneration	Variable remuneration	Attendance fee	Total
Klaus-Peter Müller	200	0	44	244
Uwe Tschäge	100	0	33	133
Hans-Hermann Altenschmidt	80	0	42	122
Dott. Sergio Balbinot[1]	0	0	0	0
Dr.-Ing. Burckhard Bergmann	40	0	13	53
Dr. Nikolaus von Bomhard	40	0	12	52
Karin van Brummelen	60	0	29	89
Astrid Evers	40	0	17	57
Uwe Foullong	40	0	15	55
Daniel Hampel	40	0	15	55
Dr.-Ing. Otto Happel	40	0	12	52
Beate Hoffmann (from May 6, 2011)	26	0	9	35
Sonja Kasischke (until May 6, 2011)	14	0	4	18
Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel	60	0	18	78
Alexandra Krieger	40	0	15	55
Dr. h. c. Edgar Meister	80	0	39	119
Prof. h. c. (CHN) Dr. rer. oec. Ulrich Middelmann	60	0	24	84
Dr. Helmut Perlet	100	0	30	130
Barbara Priester	40	0	15	55
Mark Roach (from January 10, 2011)	39	0	16	55
Dr. Marcus Schenck	60	0	18	78
Total 2011	**1,199**	**0**	**420**	**1,619**
Total 2010	**1,240**	**0**	**323**	**1,563**

[1] Dott. Balbinot waived his remuneration in the 2011 financial year.

Members of the Supervisory Board once again provided no advisory, intermediary or other personal services in 2011. 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 2037 and at interest rates ranging between 2.6 and 6.3%, and, in individual instances, up to 10.9% for overdrafts. 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 €322,000 compared with €484,000 in the previous year. Commerzbank Group companies did not have any contingent liabilities relating to members of the Supervisory Board in the year under review.

Other details

D&O liability insurance

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

Purchase and sale of the Company's shares

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

In 2011, members of Commerzbank's Board of Managing Directors (BMD) and Supervisory Board (SB) reported the following directors' dealings in Commerzbank shares or derivatives thereon:[2]

Date	Disclosing party	Relation	Participant	Purchase/ sale	Amount	Price €	Transaction volume | €
11.4.2011	Ulrich Sieber		Member of BMD	Sale of purchase right	25,000	0.001	25.00
13.4.2011	Markus Beumer		Member of BMD	Purchase (subscription)	4,540	4.250	19,295.00
13.4.2011	Martin Blessing		Member of BMD	Purchase (subscription)	51,500	4.250	218,875.00
13.4.2011	Dr. Achim Kassow		Member of BMD	Purchase (subscription)	12,477	4.250	53,027.25
13.4.2011	Martin Zielke		Member of BMD	Purchase (subscription)	18,807	4.250	79,929.75
13.4.2011	Klaus-Peter Müller		Member of SB	Purchase (subscription)	72,000	4.250	306,000.00
13.4.2011	Michael Reuther		Member of BMD	Purchase (subscription)	5,000	4.250	21,250.00
13.4.2011	Jochen Klösges		Member of BMD	Purchase (subscription)	14,900	4.250	63,325.00
13.4.2011	Frank Annuscheit		Member of BMD	Purchase (subscription)	6,920	4.250	29,410.00
13.4.2011	Daniel Hampel		Member of SB	Purchase (subscription)	2,245	4.250	9,541.25
13.4.2011	Hans-Hermann Altenschmidt		Member of SB	Purchase (subscription)	750	4.250	3,187.50
24.5.2011	Martin Blessing		Member of BMD	Sale	0.40	0.720	0.29
24.5.2011	Markus Beumer		Member of BMD	Purchase	732.00	0.720	527.04
24.5.2011	Martin Zielke		Member of BMD	Sale	24,414.00	0.720	17,578.08
24.5.2011	Ulrich Sieber		Member of BMD	Sale	8,500.00	0.720	6,120.00
26.5.2011	Daniel Hampel		Member of SB	Sale	2,059.00	0.985	2,028.12
26.5.2011	Dr. Eric Strutz		Member of BMD	Purchase	0.40	0.980	0.39
27.5.2011	Beate Hoffmann		Member of SB	Sale	0.20	0.860	0.17
27.5.2011	Klaus Hoffmann (for Beate Hoffmann)	x	Member of SB	Sale	0.90	0.860	0.77
27.5.2011	Klaus-Peter Müller		Member of SB	Purchase	1.00	0.860	0.86
27.5.2011	Sulmana GmbH (for Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel)	x	Member of SB	Sale	3.00	0.900	2.70
27.5.2011	Hans-Hermann Altenschmidt		Member of SB	Sale	0.50	0.860	0.43
30.5.2011	Dr. Achim Kassow		Member of BMD	Purchase	0.30	0.800	0.24
30.5.2011	Michael Reuther		Member of BMD	Purchase	1,000.00	0.800	800.00

[2] The directors' dealings have been published on Commerzbank's website under "Directors' Dealings".

Date	Disclosing party	Relation	Participant	Purchase/ sale	Amount	Price €	Transaction volume | €
30.5.2011	Frank Annuscheit		Member of BMD	Purchase	0.20	0.800	0.16
30.5.2011	Harriet Annuscheit (for Frank Annuscheit)	x	Member of BMD	Purchase	0.50	0.800	0.40
30.5.2011	Jochen Klösges		Member of BMD	Sale	1.00	0.800	0.80
31.5.2011	Astrid Evers		Member of SB	Sale	141.00	0.859	121.12
31.5.2011	Dr.-Ing. Burckhard Bergmann (e.on-Ruhrgas AG)		Member of SB	Sale	0.40	0.850	0.34
31.5.2011	Uwe Tschäge		Member of SB	Purchase	0.90	0.850	0.77
31.5.2011	Silke Tschäge (for Uwe Tschäge)	x	Member of SB	Purchase	0.80	0.850	0.68
31.5.2011	Karin van Brummelen		Member of SB	Sale	1,171.00	0.850	995.35
1.6.2011	Barbara Priester		Member of SB	Sale	511.00	0.830	424.13
1.6.2011	Jessica Strutz (for Dr. Eric Strutz)	x	Member of BMD	Sale	331.00	0.830	274.73
1.6.2011	Ulrich Sieber		Member of BMD	Sale	65.00	0.830	53.95
6.6.2011	Martin Blessing		Member of BMD	Purchase (subscription)	93,636	2.18	204,126.48
6.6.2011	Markus Beumer		Member of BMD	Purchase (subscription)	8,920	2.18	19,445.60
6.6.2011	Martin Zielke		Member of BMD	Purchase (subscription)	12,000	2.18	26,160.00
6.6.2011	Ulrich Sieber		Member of BMD	Purchase (subscription)	15,000	2.18	32,700.00
6.6.2011	Daniel Hampel		Member of SB	Purchase (subscription)	2,210	2.18	4,817.80
6.6.2011	Beate Hoffmann		Member of SB	Purchase (subscription)	778	2.18	1,696.04
6.6.2011	Klaus Hoffmann (for Beate Hoffmann)	x	Member of SB	Purchase (subscription)	581	2.18	1,266.58
6.6.2011	Klaus-Peter Müller		Member of SB	Purchase (subscription)	130,910	2.18	285,383.80
6.6.2011	Dr. Eric Strutz		Member of BMD	Purchase (subscription)	26,294	2.18	57,320.92
6.6.2011	Sulmana GmbH (for Prof. Dr.-Ing. Dr.-Ing. E.h. Hans-Peter Keitel)	x	Member of SB	Purchase (subscription)	12,170	2.18	26,530.60
6.6.2011	Hans-Hermann Altenschmidt		Member of SB	Purchase (subscription)	4,545	2.18	9,908.10
6.6.2011	Dr. Achim Kassow		Member of BMD	Purchase (subscription)	27,273	2.18	59,455.14
6.6.2011	Michael Reuther		Member of BMD	Purchase (subscription)	10,000	2.18	21,800.00
6.6.2011	Frank Annuscheit		Member of BMD	Purchase (subscription)	12,582	2.18	27,428.76
6.6.2011	Harriet Annuscheit (for Frank Annuscheit)	x	Member of BMD	Purchase (subscription)	155	2.18	337.90
6.6.2011	Jochen Klösges		Member of BMD	Purchase (subscription)	27,090	2.18	59,056.20
6.6.2011	Dr.-Ing. Burckhard Bergmann (e.on-Ruhrgas AG)		Member of SB	Purchase (subscription)	1,636	2.18	3,566.48
6.6.2011	Uwe Tschäge		Member of SB	Purchase (subscription)	1,329	2.18	2,897.22
6.6.2011	Silke Tschäge (for Uwe Tschäge)	x	Member of SB	Purchase (subscription)	538	2.18	1,172.84
19.8.2011	Daniel Hampel		Member of SB	Purchase	1,300	1,895	2,463.50
19.8.2011	Klaus Hoffmann (for Beate Hoffmann)	x	Member of SB	Purchase	1,000	1,860	1,860.00

Overall, the Board of Managing Directors and Supervisory Board together held no more than 1% of the issued shares and option rights of Commerzbank Aktiengesellschaft on December 31, 2011.

Frankfurt am Main

Commerzbank Aktiengesellschaft
The Board of Managing Directors The Supervisory Board

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

Information required under takeover law pursuant to Art. 315 (4) of the German Commercial Code and explanatory report

Share capital structure

Commerzbank has issued only ordinary shares, the rights and duties attached to which arise from statutory provisions, in particular Arts. 12, 53a et seq., 118 et seq. and 186 of the German Stock Corporation Act. The share capital of the company totalled €5,113,429,053.00 at the end of the financial year. It is divided into 5,113,429,053 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

› **Articles of Association**
www.commerzbank.com > Investor Relations > Corporate Governance

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 €2,000,000,000.00 by issuing new shares under Art. 4 (3) (Authorised Capital 2011) of the Articles of Association applicable on December 31, 2011.

Moreover, the Annual General Meeting on May 6, 2010 has given the Board of Managing Directors the authority to issue convertible bonds or bonds with warrants and/or profit-sharing certificates (both with and without conversion or option rights) with the possibility of excluding shareholders' pre-emptive rights. Conditional capital of up to €665,000,000.00 is available for this purpose according to Art. 4 (4) of the Articles of Association (Conditional Capital 2011/II). Furthermore, as resolved by the Annual General Meeting of May 6, 2011, the capital was conditionally increased by up to €888,333,333.00 under Art. 4 (5) of the Articles of Association (Conditional Capital 2011/III). The Conditional Capital 2011/III exist to enable the issuance of shares in the event of the exercise of conversion rights by the Financial Market Stabilisation Fund.

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

› **Note 74 and Note 75**
Page 278 f.

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 May 19, 2011, the Annual General Meeting authorised Commerzbank Aktiengesellschaft to purchase and sell its own shares for the purpose of securities trading, pursuant to Art. 71 (1) No. 7 of the German Companies Act (AktG) until May 18, 2015. The aggregate amount of shares to be acquired for this purpose shall not exceed 5% of the share capital of Commerzbank Aktiengesellschaft at the end of any given day. The price at which own shares are purchased may not be more than 10% lower or higher than the average share price (closing auction prices or similar successor prices for Commerzbank shares in XETRA trading or a similar successor system to the XETRA system on the Frankfurt Stock Exchange) on the three trading days preceding the purchase.

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

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

Change of control clauses

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

Where the change of control clause still applies, the member of the Board of Managing Directors is entitled to terminate their contract of employment. If the member of the Board of Managing Directors utilises this right to terminate their contract, they are entitled to compensation for the remainder of their term of office equal to 75% of their average total annual pay plus a severance payment equal to their average total annual remuneration for two to four years. The compensation and severance payment taken together may not exceed either the average total annual remuneration for five years or the average total annual remuneration for the period up to the board member's 65th birthday. Following their term of office, the board member has pension entitlements. The termination of the contract of employment is only effective if the Supervisory Board agrees that there is cause. Furthermore, there is no entitlement to severance pay if the member of the Board of Managing Directors receives payment in connection with a change of control from the majority shareholder, the controlling company or – in the event of a merger or acquisition – the new legal entity.

In a few exceptional cases, individual managers in Germany and abroad have also received an assurance that their remuneration will continue for a certain transitional period of up to five years effective from the start of their activities for the Bank in the event that they leave the Bank in connection with a change of control at Commerzbank.

Equity holdings that exceed 10% of the voting rights

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

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

Information pursuant to Art. 315 (2) (5) of the German Commercial Code

The aim of the internal control and risk management system in respect of financial reporting is to ensure that the annual and consolidated financial statements 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 155 to 196.

› Group Risk Report
Page 155 ff.

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

Risks to financial reporting may arise from errors in business processes. Fraudulent behaviour can also result in the inaccurate reporting of information. The Bank therefore has to ensure it 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 may offer sufficient certainty but never absolute certainty.

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

Legal basis and guidelines

Art. 315 (2) (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 Organizations of the Treadway Commission (COSO). The COSO framework is used at Commerzbank to achieve the following objectives:

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

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

Organisation

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

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

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

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

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

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

Group Management Finance (GM-F), 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. GM-F produces the separate financial statements of Commerzbank Aktiengesellschaft and consolidates the separate financial statements of Group companies to produce the Group financial statements.

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

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

Controls to minimise risk

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

Monitoring by Group Audit

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

Group Audit 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, Group Audit's auditing activities, underpinned by the principle of risk-oriented auditing, extend to all of the Group's activities and processes, regardless of whether these take place within the Group or are outsourced. The task of auditing the effectiveness and appropriateness of the ICS covers the risk management and controlling systems, reporting, information systems and financial reporting. In performing its duties, Group Audit has an unrestricted right to information.

Group Audit 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, Group Audit 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, Group Audit 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 various 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 head office by the reporting units (Commerzbank Aktiengesellschaft Germany, subsidiaries and foreign branches). Data is transmitted via a separate online system directly into SAP EC-CS consolidation software, which has been adapted to meet the Bank's requirements. Subsidiaries generally submit IFRS data, German and foreign branches also submit data under the German Commercial Code. Data is automatically checked for consistency before transmission to head office. Once the plausibility checks have been successfully completed, individual reports can be finalised. Further plausibility checks are carried out using this data in head office. After these controls have been successfully completed, all the necessary steps are taken to produce the consolidated Commerzbank Group financial statements under IFRS and Commerzbank Aktiengesellschaft single-company financial statements under the German Commercial Code. 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 aim of CEI is to manage all risk-related processes by applying a uniform method to report and assess risk. In addition, it seeks to strengthen the ICS in the area of financial reporting by a regular assessment of the effectiveness and efficiency of controls and by regularly checking how controls are implemented.

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

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

Suitable controls are implemented to minimise the risks identified. For the effectiveness of the ICS it is the design, i.e. 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. Shortcomings identified by Group Audit as part of its activities are remedied by an action plan. Group Audit monitors that action plans are implemented as scheduled and reports on this to the Board of Managing Directors.

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

More responsibility. More future.

Renewable energy sources are becoming increasingly important – not just for the environment, but also for the German economy. With our competence centre for renewable energies, we are one of the world's largest financers of this growth sector. More than 80 specialists in Hamburg and New York manage high-profile projects and support German companies, both domestically and abroad, as well as international companies in Germany. This is our way of contributing to sustainable development. And we achieve lasting value.

Corporate Responsibility

One Bank. One Partner. One Future.

Commerzbank is presenting its corporate responsibility activities in the areas of Private Customers, Mittelstandsbank, Employees, Environment and Society for the fifth time in its 2011 Corporate Responsibility Report (sustainability report) under the title of "One bank. One partner. One future." The report was reviewed by the Global Reporting Initiative, the internationally recognised standard on sustainability reporting, and once again it met the top "A" standard. The new sustainability report is also intended as a progress report (COP – "Communication on Progress") for the United Nations Global Compact which Commerzbank joined in 2006. The report can be downloaded from the Internet under http://nachhaltigkeit2011.commerzbank.de in German and English. Further information on corporate responsibility can be found on Commerzbank's sustainability portal, which is kept constantly updated: www.nachhaltigkeit.commerzbank.de.

Commerzbank is keen to continue integrating sustainability even further into its structures, processes and relevant areas of action, as we believe that a consistently sustainable business strategy is a key success factor for the Bank's development. Renewable energies are the best example of this: sustainability has become a key element of our core business.

› **Sustainability Report**
http://sustainability2011.commerzbank.com

Reputational risk management

As a leading bank for private and corporate customers in Germany, Commerzbank has a special financial and social responsibility within the scope of its influence. Living up to this responsibility above all means identifying potential ecological, social and ethical implications in our core business and responding to them early. As part of Group-wide reputational risk management, we conduct an individual qualitative review to evaluate the sustainability aspects of transactions and customer relationships. This includes reviewing the principles set down in the UN Global Compact. Internal guidelines and positions are also applied, especially regarding human rights, weapons, conflict zones, fossil fuels, energy generation, indigenous populations, agriculture and forestry, coal mining and toxic substances. After intensive research, the analysis and ultimately a sophisticated evaluation are produced that may result in the transaction being refused or termination of the customer relationship. At the moment, over 150 transactions or customer relationships are reviewed on average every month. Around 10% of transactions receive a negative rating for social, ecological or ethical reasons.

› **UN Global Compact**
www.unglobalcompact.org

› **Compliance**
www.nachhaltigkeit.commerzbank.de
> Governance > Compliance

Compliance

One of the core tasks of the Compliance function is to ensure that legal and supervisory requirements are met so as to prevent money laundering and the financing of terrorism. Commerzbank applies the "know your customer" principle to ensure the greatest possible transparency in business relationships and financial transactions; this involves not only verifying and documenting the client's identity, but also, where necessary, clarifying the origin of the assets employed within the business relationship or transaction. Commerzbank is constantly upgrading its anti-money laundering measures to keep pace with changes in national and international regulations. Consistently following the "know your customer" principle and other measures also helps prevent the Bank from being misused to carry out transactions intended to fund terrorism. In the fight against money laundering and terrorism finance, the Bank exercises special care in business with politically exposed people, as these transactions are subject to a greater risk of being used for illegal purposes. This group includes private individuals who hold or have held an important public office as well as their direct family members and other related persons. Under the "know your customer" principle, the Bank makes global checks to determine whether a customer should be classified as politically exposed before beginning any such business relationship.

Private Customers and Mittelstandsbank

Commerzbank has greatly expanded its product range of sustainable products and services for private and corporate customers. "Solarlight" is a simple type of funding for corporate customers that allows them to become more independent of electricity price rises by operating their own solar plant. One of the Bank's subsidiaries – Commerz Real – offered interested customers several attractive closed-end solar funds, and these were quickly fully subscribed. Commerzbank started its own information campaign on sustainability and sustainable financial investment for Wealth Management customers.

To help measure customer satisfaction, the Private Customers segment carries out a monthly telephone survey to assess customers' willingness to recommend the Bank. In addition, since June 2011, customers have also been surveyed about the reasons behind their positive or negative recommendation so that the Bank can obtain useful information about the customer's satisfaction or dissatisfaction. The results of the survey show that advisors and service are key success factors for customer satisfaction. Customer satisfaction as a quality benchmark was also a factor in the variable compensation of key employees in Private Customers in 2011. This will be the case for all sales staff in the Private Customers segment from the year 2012. A support tool known as "integration tracking" was created in order to determine how customers experienced and rated the merger of Commerzbank and Dresdner Bank.

The Bank also uses the customer barometer for an annual baseline study to determine the loyalty of its customers and identify which aspects of its service are important to customers and how they rate the Bank as a result. It shows that customer loyalty to Commerzbank is good overall compared to the competition, but that it could be higher.

We carry out a telephone survey of our Mittelstandsbank customers at least once a year to determine their satisfaction with the Bank and the whole range of services. Measures from the "Market leadership course" programme aim at enhancing customer satisfaction. This programme systematises and bundles existing customer feedback channels so that customers reach the right contact partner even faster. The focus is on complying with uniform quality standards in customer satisfaction management, introducing active information management and increasing service quality from the customers' perspective. A range of additional measures is also being implemented to improve the quality of advice to help achieve more positive effects. The high levels of customer satisfaction, even during the integration phase of Dresdner Bank, confirm we are on the right path.

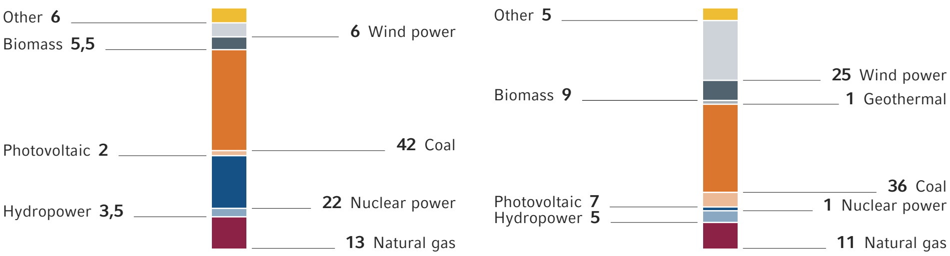
Environment

As a financial services provider, Commerzbank looks to optimise the use of resources by focusing in-house on environmental protection, particularly where it can have a direct impact on the environment, such as in buildings and energy management and business trips. Commerzbank has already reached one of its main targets, which was to reduce CO_2 emissions as part of its climate strategy. Compared to 2007, CO_2 emissions had already been halved by the end of 2010, and the target of reducing "greenhouse gas emissions by 30% by 2011 compared to 2007" was even exceeded. The central Group Environmental Committee continued to meet in 2011: representatives of all responsible areas of the banks met again to discuss important environmental topics and initiate corresponding measures. Green electricity, raising employee awareness of environmental issues and climate protection are just some of the topics that were discussed. Approximately 90% of the power needs of Commerzbank AG in Germany are now covered by green electricity. Commerzbank has also been promoting renewable energies for around 25 years. With its Centre of Competence Renewable Energies (CoC RE) and a portfolio of around €5bn, it is one of the world's largest funders of projects in this growth market. This means that Commerzbank is well prepared for the change in energy policy.

› **Environment**
www.nachhaltigkeit.commerzbank.de
> Ökologie

Electricity mix in Germany 2010
in %

Electricity mix in Germany 2020
in %



Source: German Renewable Energies Agency.

Employees

Commerzbank also continuously fulfils its responsibilities towards its employees: in 2010 and 2011 alone, it took on more than 1,000 trainees and students on dual study paths. The Bank is well above the sector average with a training ratio of 7%, i.e. the number of trainees in relation to the total number of its staff in Germany. Along with the other DAX 30 companies, the Bank also pledged to encourage women in management. Around 30% of management positions at Commerzbank are set to be filled by women by 2015; the current proportion is 24%. Other highlights in the year under review were, for example, the introduction of a web-based training programme on "Health at Commerzbank" for all staff and the establishment of the first after-school club for employees' children. More information about our commitment to our employees can be found in the chapter "Our employees" on pages 137 - 142 of this annual report.

› Group Management Report
Page 137 ff.

Society

Commerzbank exercises a high level of corporate responsibility through a wide range of foundation, charity and sponsorship activities and through other commitments and initiatives. The Foundation Centre is a particularly good example of this. It has endowment capital of approximately €100m and its work focuses on education, art and culture as well as social issues. The newly established Corporate Citizenship department deals with Bank projects which are of particular social relevance. Last year Commerzbank was the national promoter of the FIFA Women's World Cup 2011™ in Germany and official supporter of the volunteer programme, in which well over 1,000 staff and customers took part. In 2011 the successful "Grünes Band" sponsorship project also celebrated its 25th anniversary. Through this project Commerzbank supports and recognises outstanding contributions to talent promotion in sports clubs, without regard for the type of sport.

› Foundation Centre
www.commerzbank.com > About us
> Foundation Centre

Group Management Report

In the Group Management Report, we outline the economic 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 past financial year and describe the outlook for the expected development in economic conditions and the Commerzbank Group itself.

Overall, the 2011 financial year was an eventful one for the Commerzbank Group. After excellent results in the first half of the year, those in the second half were determined by the significant deepening of the European sovereign debt crisis. Write-downs on Greek sovereign debt and losses on disposal from the further reduction in our sovereign debt portfolio had a major impact on earnings for the whole year. The core bank posted good performance, highlighting the fact that our business model is working well, even in a difficult market environment.

Contents

Business and overall conditions

Structure and organisation

Commerzbank Aktiengesellschaft is Germany's second largest bank, one of its leading banks for private and corporate customers and a major financial institution within Europe. Our customers have around 1,200 branches at their disposal, one of the densest networks of any private-sector bank in Germany. Commerzbank serves a total of around 15 million private customers and 1 million business and corporate customers worldwide. Commerzbank aims to continue strengthening its position as market leader in the private and corporate customer segments in Germany.

The focus of our activities is on the four core segments Private Customers, Mittelstandsbank, Corporates & Markets and Central & Eastern Europe, which are at the heart of Commerzbank. Other segments that are not part of the core bank are Asset Based Finance and Portfolio Restructuring Unit. Each of the segments is managed by a member of the Board of Managing Directors.

All staff and management functions are contained in Group Management: Group Audit, Group Communications, Group Compliance, Group Development & Strategy, Group Finance, Group Finance Architecture, 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, Group Security and Group Support. The "Commerzbank Excellence" programme has been set up under the joint leadership of Group Management and Group Services. The responsibilities of the Board of Managing Directors are also clearly defined for all these functional units. The staff, management and support functions are combined in the Others and Consolidation division for external reporting purposes.

› **Responsibilities of the Board of Managing Directors**
Page 16 f.

› **Commerzbank Group structure**
Page C4

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 Eurohypo AG, comdirect bank AG, Commerz Real AG and Deutsche Schiffsbank AG, which will be merged into Commerzbank in 2012. Outside of Germany, the Bank has 8 material subsidiaries, 25 operational foreign branches and 33 representative offices in 51 countries and is represented in all the 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 worldwide**
Page C5

Commerzbank prepares consolidated 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.

Corporate Management

Corporate management in the Commerzbank Group is based on a value-oriented control concept. Key criteria of this concept include ensuring that the risks entered into by the business units are in line with the external and internal guidelines on risk-taking capacity 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 structure to changing market circumstances in order to boost the enterprise value over the long term.

A key corporate management tool is the planning process whereby the Board of Managing Directors sets targets for the business units and allocates existing resources, such as capital and risk limits, to the segments in a targeted manner. The Board of Managing Directors carries out regular checks to ensure that business planning is being followed.

The key figures used for controlling purposes 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 value added. Return on equity is calculated by taking 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 relationship of operating expenses to income before loan loss provisions. Value added is a measure of the enterprise value created by the segments and is calculated based on the difference between the operating profit/loss and the cost of capital before tax. The cost of capital represents our shareholders' expectations for the minimum return on their capital employed.

Remuneration Report

› **Corporate Governance Report**
Page 43 ff.

The Remuneration Report is contained in the Corporate Governance Report in the "Corporate Responsibility" section. This in turn forms part of the Group Management Report.

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

› **Corporate Responsibility**
Page 56 ff.

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

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

› **Corporate Responsibility**
Page 59 ff.

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

Business environment

Economic conditions

The global economy grew quite strongly by just under 4% in 2011, but the worldwide upswing lost considerable momentum as the year progressed. This also applied to the strongly growing economies of Asia and Latin America, where monetary policy was considerably tightened to combat inflationary fears; this was reflected in some much lower growth rates. The opposite trend was seen in the United States and Japan, where the economies in both countries gradually picked up in the second half after a weak first six months.

The economy in the eurozone weakened the most, even falling into recession at year-end. The main reason for this was the unresolved sovereign debt crisis. With increasing support from the ECB, politicians prevented a euro country from openly defaulting, which would have caused the economy to collapse. Nonetheless, many governments had to follow a strict consolidation course in order to win back investor confidence. This slowed down the economy, as did the uncertainties that massively increased in the second half of the year concerning the future of currency union and the subsequent economic consequences. It also made businesses less willing to invest. Together with weakening demand from outside the eurozone, this meant that the eurozone economy posted increasingly weaker growth rates as the year progressed, and actually contracted in the fourth quarter.

The German economy grew very robustly again by 3% in 2011. This was much stronger than the rest of the eurozone, which is expected to post growth of 1%. The German economy was again buoyed primarily by foreign demand and corporate investment, but private consumption made another tangible positive contribution again for the first time in a few years. Nevertheless, the German economy was not immune to the weaker global economy or the negative effects arising from the uncertainty over the sovereign debt crisis. Order intakes for industry fell considerably from the summer onwards, and the German economy actually contracted slightly in the fourth quarter.

The capital markets came under pressure last year from numerous crises: while the natural and nuclear disaster in Japan and the subsequent discussion on a potential US default had only a temporary impact, the renewed intensification of the sovereign debt crisis in the summer made investors less willing to take risks. As a result, share prices fell markedly, the yield on German Bunds reached a new record low, and the risk premiums of peripheral countries' sovereign debt rose sharply against equivalent Bunds. The euro also suffered from the increasing uncertainty about the future of the currency union. It fell sharply against the US dollar, particularly in the autumn when it became increasingly clear that the US economy was not falling into recession (as many had feared), but was actually picking up instead. Investors only rediscovered a bit more risk appetite towards the end of the year when the ECB calmed fears of an impending escalation of the sovereign debt crisis by carrying out further substantial monetary easing – this included providing eurozone banks with almost €500bn in liquidity through its first ever three-year tender.

Sector environment

In the first half of 2011, many banks were still able to use the favourable overall economic environment to improve their profitability, strengthen their capital base and thereby reduce their borrowings. At the same time, many improved the quality of the composition of their core capital. According to the Bundesbank's estimates, German banks noticeably strengthened their resilience by autumn 2011, thus preparing the ground for earnings growth and improved credit quality. Since then, however, mounting pressures have been posing an increasing challenge for German and international credit business. The European sovereign debt crisis, the global economic slowdown and increasing doubts about financial services companies in general have led to a loss of confidence in banks, despite banks' increased earnings power and improved resilience.

Although the environment was favourable at the beginning of 2011, in general banks' earnings have declined and uncertainty has increased. Margins were slightly wider, but lending volumes grew only minimally and actually fell again at year-end. As competition for deposits intensified further, earnings potential on interest rate business remained limited. Supported by favourable economic trends that prevailed until the autumn, the Corporate Clients segment benefited from lower risk provisions in domestic lending. However, this was offset by increased expenses from business with foreign individuals and from public finance of European peripheral nations. Although commission business benefited initially from the buoyant domestic economy, the emerging uncertainties on the financial markets limited its earnings potential sharply as 2011 progressed. The increasing competition for customer deposits also resulted in limited income potential in Private Customer business.

Since summer 2011, the environment for banks has been dominated by the markets' sharp loss of confidence in public finances; this forced banks to revalue key assets in their capital position and seriously compromised the interbank market. The European Central Bank became the most important source of funding for many banks. At the same time, the banking sector was affected by sovereign risk, both directly through sovereign debt in banks' portfolios and indirectly through cross-border interbank relationships. In other words, "debt issued by industrialised countries" has ceased to be the low-risk asset class it once was. Sovereign debt is suddenly subject to much greater risk, as it is no longer unthinkable that a country could leave the European currency union. Banks, insurance companies and other investors and financial companies will have to make further adjustments to these new circumstances.

Important business policy events

The 2011 financial year was an eventful one for Commerzbank. The capital increase carried out in the first half of the year was highly important for the Bank. Furthermore, in both the first and fourth quarters, measures were implemented to optimise and strengthen the Bank's capital structure. These should also be seen in connection with the changeover to the new regulatory requirements under Basel III and the European Banking Authority's (EBA) requirements that were published in December. The bank-wide project to integrate Dresdner Bank was successfully concluded by the middle of the year, with all important milestones having been passed. Moreover, the Bank expanded its advisory services and offering in both national and international corporate customer business, and improved its position in its core business. The Board of Managing Directors saw personnel changes in terms of responsibility for the Central & Eastern Europe segment and, with effect from April 1, 2012, in the CFO's function.

Capital measures for the major repayment of SoFFin silent participations

In the second quarter of 2011 Commerzbank repaid a major portion of the silent participations of the Financial Market Stabilisation Fund (SoFFin), totalling €16.2bn. The repayment of €14.3bn consisted of about €3.3bn from free regulatory capital and €11.0bn from a capital increase. Around €8.25bn of the capital increase was placed in the capital market, while SoFFin converted approx. €2.75bn of its silent participations into Commerzbank shares to maintain its stake of 25% plus 1 share in Commerzbank's share capital. In addition, SoFFin received a one-off payment of €1.03bn in connection with the repayment of the silent participations.

A two-stage package of measures was initiated for the capital increase: in the first stage on April 6, 2011, around 1 billion conditional mandatory exchangeable notes (CoMEN) were offered to shareholders and placed with national and international investors as part of a bookbuilding procedure. Shareholders who held Commerzbank shares at the close of trading on April 6, 2011 were allocated purchase rights within the scope of the CoMEN offering, i.e. they were able to acquire one CoMEN for each share. The purchase price was set at €4.25 per CoMEN in the bookbuilding procedure, yielding a total of €4.3bn. Based on the resolution of the General Meeting on May 6, 2011, some 1 billion CoMEN were exchanged for Commerzbank shares on May 12, 2011, with entitlement to a share in profits from January 1, 2011. The new shares were created as planned by the conversion of SoFFin's silent participations. In exchange, SoFFin received the gross proceeds of approx. €4.3bn from the placement of the CoMEN. As planned, the issue amount of the new no-par-value shares of €4.25 per share from the new conditional capital matched the purchase price of the CoMEN. The corresponding conditional capital of around €1.3bn for creating the new shares was entered in the Commercial Register on May 9, 2011. Out of this conditional capital, SoFFin also converted additional silent participations totalling about €1.4bn into some 334.7 million Commerzbank shares on May 12, 2011. In all, the number of Commerzbank shares outstanding after completion of the first stage of the capital measure was approx. 2.7 billion.

The second stage was a capital increase with subscription rights, where the shares exchanged for CoMEN in the first stage also carried subscription rights. Based on the General Meeting's resolution on May 6, 2011, the Board of Managing Directors of Commerzbank set the subscription price at €2.18, with the approval of the Supervisory Board. In the course of the capital increase with subscription rights, some 2.4 billion new shares were issued with entitlement to a share in profits from January 1, 2011. In all, proceeds totalled approx. €5.3bn. As agreed, SoFFin participated fully in the capital increase. The completion of the capital increase was entered in the Commercial Register on June 6, 2011.

Optimising and strengthening the capital structure

In addition to the two-stage capital increase, Commerzbank carried out measures to optimise and strengthen its capital structure in the first and fourth quarters of 2011.

In mid-January, Credit Suisse Securities (Europe) Limited (Credit Suisse) acquired from investors hybrid equity instruments (trust preferred securities) issued by companies of the Commerzbank Group, in its own name and for its own account, at prices below the nominal value, and paid them in as a contribution in kind in exchange for new Commerzbank shares issued from Commerzbank's authorised capital. A banking syndicate consisting of Credit Suisse, Citigroup, Goldman Sachs and UBS placed around 118.1 million shares with institutional investors on January 13, 2011, which equated to 10% less 1 share of Commerzbank's share capital at that time. The Financial Market Stabilization Fund (SoFFin) maintained its equity interest ratio in Commerzbank of 25% plus 1 share upon completion of the transaction. In addition, around €221m of SoFFin's silent participations from the conditional capital created at the 2009 Annual General Meeting was converted into approx. 39.4 million shares.

As part of the long-term optimisation of the Bank's subordinated capital structure with a view to the changeover to Basel III, Commerzbank successfully placed a benchmark subordinated loan with institutional investors at the beginning of March 2011. The issue, which is denominated in euro, is for €1.25bn, has a term of ten years and carries a coupon of 7.75% per annum. In a second stage, Commerzbank sent investors an invitation to offer for exchange any or all of two outstanding subordinated notes. The notes with a total nominal value of €2,000,000,000 could be exchanged for a new subordinated loan maturing in 2019 and carrying a coupon of 6.375% per annum. Over 61% of the debt securities were exchanged.

At the beginning of December, Commerzbank published an offer under which investors in hybrid equity instruments (trust preferred securities) issued by companies of the Commerzbank Group were able to sell these instruments to the Bank for cash. After the offer was concluded on December 13, 2011, the Bank had received offers to buy instruments with a nominal value totalling €1.3bn. The Bank spent a total of approx. €643m buying the hybrid equity instruments. The transaction had a one-off positive effect on the Bank's consolidated earnings and increased Core Tier I capital accordingly.

Tighter requirements from the European Banking Authority

Although Commerzbank passed the European Banking Authority's (EBA) published bank stress test as expected in mid-July, the capital requirements were subsequently tightened later in the year.

The euro rescue package agreed at the EU summit on October 26, 2011 also contained a number of specific demands relating to the banks. Alongside the debt write-down on Greek sovereign debt, the capital requirements for systemically relevant banks were adjusted by the EBA. The EBA requires compliance with a Core Tier I ratio of 9% as of June 30, 2012, including the market valuation of sovereign debt from the European Economic Area. Under these rules, the additional capital requirement calculated by the EBA for Commerzbank stands at €5.3bn. Directly after publication of the EBA's requirements, action was taken in November 2011 to speed up the reduction in risk-weighted assets and to manage the capital structure. An extensive package of measures was agreed in the middle of January 2012 to reach the EBA target ratio. Details on these can be found in the "Report on events after the reporting period" as well as in the "Outlook and opportunities report".

› Report on events after the reporting period
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Commerzbank successfully concluded bank-wide project to integrate Dresdner Bank

Commerzbank successfully concluded the bank-wide project to integrate Dresdner Bank in fewer than 1,000 days. All of the important milestones in the biggest integration project in German banking history were achieved as planned. In some areas, the Bank actually progressed farther than expected, despite the challenging global economic situation. Over Easter 2011, the Bank completed the last major step in the bank-wide integration project when it migrated the customer and product data. Since then, all customers have had access to the same products and services in all branches. Commerzbank had already modified its organisational structure in 2009 and 2010. Following Dresdner Bank's integration, Commerzbank expects annual synergies of some €2.4bn after 2013. Commerzbank is still on plan concerning the staff reduction programme.

In the course of the downstream project work, by end-2011 the Dresdner Bank systems were archived and shut down at segment level and 123 pairs of branches were already merged. The scheduled merger of around 400 branches should be completed by the end of 2012.

Sale of Dresdner Bank Brasil S. A. Banco Múltiplo completed

As announced a year ago, Commerzbank completed the sale of its Brazilian subsidiary Dresdner Bank Brasil S. A. Banco Múltiplo to Canada's Scotiabank at the end of September. The transaction was approved by the supervisory authorities. Based in São Paulo, Dresdner Bank Brasil S. A. Banco Múltiplo focused on investment banking activities. As at the end of 2010, the bank had total assets of around €237m and 37 employees. The Commerzbank representative office in São Paulo, which primarily supports the Bank's corporate customers with trade finance services and payment products, will not be affected by the transaction. Similarly unaffected is Commerzbank's Brazilian investment banking arm, with its activities in equity derivatives, commodities, currency and bond trading for private banks and institutional clients.

Deutsche Schiffsbank now wholly owned

As announced at the beginning of March 2011, Commerzbank Aktiengesellschaft acquired the remaining approx. 8% minority interest in Deutsche Schiffsbank AG, Hamburg/Bremen from UniCredit Bank AG at the beginning of November. This means that Commerzbank now wholly owns Deutsche Schiffsbank, which is one of the world's leading providers of ship finance. The transaction was approved by the supervisory authorities. The parties have agreed to maintain confidentiality about the details of the agreement. Deutsche Schiffsbank AG will be merged into Commerzbank Aktiengesellschaft in 2012.

Changes in Commerzbank's Board of Managing Directors

In its meeting on May 19, 2011 the Supervisory Board of Commerzbank agreed to Achim Kassow's request to release him from his position on the Board of Managing Directors with effect from July 12, 2011. Ulrich Sieber has taken over the Central & Eastern Europe segment from Achim Kassow in addition to his current responsibilities.

At its meeting on August 9, 2011 Commerzbank's Supervisory Board agreed to Eric Strutz's request not to extend his mandate as Chief Financial Officer, which expires at the end of March 2012. Eric Strutz will continue to carry out his existing responsibilities until the end of his contract. The Supervisory Board appointed Stephan Engels as his successor at its meeting on December 2, 2011. Stephan Engels takes up his new function as CFO on April 1, 2012.

Earnings performance, assets and financial position

After a good first quarter, the European sovereign debt crisis represented a significant drag for the Commerzbank Group as the year progressed, even though the core bank segments continued to perform well. The core bank consists of the entire Group excluding the Asset Based Finance and Portfolio Restructuring Unit segments. Commerzbank reported a stable liquidity position in the year under review and more than met the funding plan for the whole of 2011. The Bank also made good progress in downsizing its non-strategic business volume, as it significantly reduced total assets and risk assets. This also applied to the public finance portfolio of the countries affected by the European sovereign debt crisis. The successful capital measures taken during the year under review, including the repayment of a sizeable portion of the SoFFin's silent participation, significantly improved the capital structure. As at the end of 2011, the Commerzbank Group had a Core Tier I ratio of 9.9% and a Core capital ratio of 11.1%.

Income statement of the Commerzbank Group

Commerzbank achieved a pre-tax operating profit of €507m in 2011 compared with €1,353m in 2010. The 2011 results were heavily affected by the European sovereign debt crisis. Charges due to write-downs on Greek government bonds totalled €2.2bn. Overall, the substantial progress made in reducing operating expenses and risk provisions could not offset the drop in income at overall Group level. The situation was different in the core bank, where income increased to such a degree that pre-tax earnings, including the approx. €1.1bn from the buyback of the Bank's own hybrid capital instruments, rose to €4.5bn.

The individual items in the income statement were as follows:

Net interest income was €6,724m, which was 4.7% lower than the previous year's figure of €7,054m. This was primarily due to the planned reduction in the public finance and commercial real estate portfolios in the Asset Based Finance segment. In contrast, the deposit business of the Private Customers, Mittelstandsbank and CEE segments generated higher contributions compared to the prior-year period thanks to an increase in margins. Moreover, we recorded income from restructured loans.

› **Notes to the income statement**
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Risk provisions in lending fell year-on-year by 44.4% to €–1,390m. This was due to lower gross allocations and higher reversals. Apart from Corporates & Markets, which saw a net release last year, loan loss provisions in all segments fell back significantly. In the core bank, risk provision costs for the whole year fell to a very low level. By contrast, risk provisions in the Asset Based Finance segment, although significantly lower compared to last year, were still high due to the continually difficult situation on certain commercial real estate finance markets.

Commission income amounted to €3,495m, down 4.2% from the previous year, due mainly to the decrease in securities transactions with private customers who were still cautious about buying because of the uncertain market situation. However, integration-related costs also impacted here. Another effect was that in 2010, this item still contained income from non-strategic holdings which have since been sold. Higher income from the considerable increase in foreign trade and the associated product categories plus restructured loans had a positive effect.

Statement of comprehensive income I €m	**2011**	**2010**	**Change**
Net interest income	6,724	7,054	–330
Loan loss provisions	–1,390	–2,499	1,109
Net commission income	3,495	3,647	–152
Net trading income and net gain/loss on hedge accounting	1,986	1,958	28
Net investment income, income from at-equity investments and other net income	–2,316	12	–2,328
Operating expenses	7,992	8,786	–794
Operating profit/loss	**507**	**1,386**	**–879**
Restructuring expenses	–	33	–
Pre-tax profit/loss	507	1,353	–846
Taxes on income	–240	–136	–104
Consolidated profit/loss	**747**	**1,489**	**–742**
Consolidated profit/loss attributable to Commerzbank shareholders	638	1,430	–792

Table 1

Net trading income and net income from hedge accounting in 2011 were at a similar level to last year at €1,986m, but there were opposing trends. In the Portfolio Restructuring Unit segment, there was a marked drop, as high impairment reversals and realised profits in the prior year period were offset by a loss in the year under review resulting from negative market values. In Others and Consolidation, there was a significant €316m rise in earnings due to the refinement of the valuation models for interest rate hedging models. The Corporates & Markets segment again posted net trading income of over €1bn in spite of the very difficult market environment in the second half of the year. This resulted firstly from the strong business performance during the first two quarters and secondly from the valuation of its own liabilities at market value in accordance with IFRS.

Net income from financial investments was greatly affected by the European sovereign debt crisis, posting a loss of €–3,611m, compared with €108m in 2010. Our total write-down on Greek government bonds amounted to €2,226m, which was reflected in the ABF segment. This includes our holdings in the IAS 39 loans and receivables category, which we have written down by 73%, and our holdings designated as available-for-sale, which have been written down to current fair value. In addition, losses were incurred on disposals during the period under review due to the planned reduction of parts of the public finance portfolio.

Current net income from entities accounted for using the equity method was €42m in the period under review, compared with €35m in 2010. Other income amounted to €1,253m, compared with a loss of €–131m in the prior year period. The rise was related to the measures carried out in January and December 2011 for optimising the capital structure. We generated income of some €1.1bn after buying back hybrid equity instruments that were traded significantly below their nominal value. While "Other expenses" were substantially influenced by allocations for provisions, reversals of various provision categories were booked to "Other income".

Operating costs – including personnel costs and other operating expenses – fell by 9.0% to €7,992m in 2011, mainly as a result of synergies realised from the integration of Dresdner Bank. Other operating expenses, which included planned write-downs, were down by 12.7% to €3,814m, driven mainly by expected IT synergies. Advisory costs and write-downs also fell, and personnel costs were 5.4% lower at €4,178m. This was due to regular salary payments falling because of the decrease in the number of employees and lower performance-related elements of remuneration; however, expenditure on occupational pensions increased.

As a result of these developments, the Commerzbank Group posted an operating profit of €507m for 2011, compared with €1,386m in 2010.

Tax income for the year amounted to €240m, after €136m for the equivalent period of 2010. Tax income stemmed mainly from the retrospective recognition of deferred income tax claims on tax loss carry-forwards abroad.

Consolidated profit after tax amounted to €747m. Of this, €109m was attributable to non-controlling interests and €638m to Commerzbank shareholders. As Commerzbank Aktiengesellschaft has reported a loss under the German Commercial Code (HGB), we cannot service SoFFin's silent participation and other capital instruments for 2011 and are not allowed to pay a dividend.

The statement of comprehensive income for 2011, which in addition to consolidated profit/loss also includes other comprehensive income for the period, showed a net total of €8m. Other comprehensive income which shows a loss of €–739m consists of the sum of changes in the revaluation reserve (€–781m), the reserve from cash flow hedges (€195m), the reserve from currency translation (€–152m) and companies accounted for using the equity method (€–1m). Operating earnings per share amounted to €0.15 and earnings per share to €0.18.

Consolidated balance sheet

› **Notes to the balance sheet**
Page 249 ff.

Total assets of the Commerzbank Group fell by 12.3% compared with December 31, 2010, to €661.8bn. The €92.5bn fall also reflects the planned reduction in volumes and risks. On the assets side, the fall in volume was determined mainly by lower claims on customers and banks, which decreased by €31.2bn and €22.8bn respectively. Trading assets and financial investments also declined significantly by €12.1bn and €21.2bn respectively. On the liabilities side, liabilities to banks in particular decreased by €39.1bn and securitised liabilities by €25.7bn. Trading liabilities also declined €14.5bn.

The cash reserve fell year-on-year by €8.1bn to €6.1bn. Here credit balances with central banks declined contingent on the balance sheet date. Claims on banks were €22.8bn lower year-on-year at €87.8bn. This 20.6% fall was due to reductions of €17.1bn in collateralised money market transactions in the form of reverse repos and cash collaterals, of €4.0bn in claims from money market trading and of €1.4bn in promissory note loans. Claims on customers fell by €31.2bn to €296.6bn due to a much lower credit volume. As at the reporting date, total lending to customers and banks stood at €303.9bn, down €26.4bn compared with end-2010. Although loans to banks were 11.4% higher than in 2010 at €26.1bn, customer lending business declined by 9.5% to €277.8bn at year-end. This was mainly a result of the downsizing of the portfolio as part of the strategic focus on the Bank's core business.

As at the reporting date, trading assets amounted to €155.7bn, a fall of €12.1bn or 7.2% compared with the end of 2010. The €9.4bn fall in bonds and notes and other interest rate-related securities through disposals was a significant contributory factor. Financial investments decreased by 18.3% over the year to €94.5bn. Bonds, notes and other interest rate-related securities were down by €21.0bn to €92.5bn, while equities and other equity capital-related securities rose marginally by €0.2bn to €1.5bn.

Assets I €m	**31.12.2011**	**31.12.2010**	**Change in %**
Claims on banks	87,790	110,616	–20.6
Claims on customers	296,586	327,755	–9.5
Assets held for trading purposes	155,700	167,825	–7.2
Financial investments	94,523	115,708	–18.3
Other assets	27,164	32,395	–16.1
Total	**661,763**	**754,299**	**–12.3**

Liabilities and equity I €m	**31.12.2011**	**31.12.2010**	**Change in %**
Liabilities to banks	98,481	137,626	–28.4
Liabilities to customers	255,344	262,827	–2.8
Securitized liabilities	105,673	131,356	–19.6
Liabilities from trading activities	137,847	152,393	–9.5
Other liabilities	39,615	41,439	–4.4
Equity	24,803	28,658	–13.5
Total	**661,763**	**754,299**	**–12.3**

Table 2

On the liabilities side, liabilities from banks fell sharply by €39.1bn to €98.5bn; this included a large €25.0bn fall in collateralised money market transactions such as repos and cash collaterals as well as a €9.9bn drop in money market trading. The fall in volume was almost entirely due to liabilities to banks abroad. Liabilities to customers decreased slightly year-on-year by 2.8% to €255.3bn. A €7.2bn rise in deposits from German customers was offset by a steep decline abroad. Securities liabilities were €25.7bn lower year-on-year at €105.7bn. Bonds and notes fell by €16.0bn to €100.3bn. This was attributable mainly to the sharp €13.5bn drop in public-sector Pfandbriefe to €35.0bn due to maturities in the short-term range at Eurohypo AG. Money market paper fell €9.8bn to €5.2bn. Liabilities from trading activities were down €14.5bn to €137.8bn. This was mainly because of fewer delivery obligations from short sales of securities and the decline in negative fair values attributable to derivative interest rate instruments.

Off balance sheet liabilities were also lower compared to the prior year, with contingent liabilities falling slightly by €0.9bn to €37.2bn and irrevocable lending commitments decreasing by €6.7bn to €53.9bn.

Overall, Commerzbank took an important step on its way to further reducing volumes and risks by reporting a balance sheet volume at December 31, 2011 of €661.8bn. We are therefore now well below the EU Commission’s requirement to cut consolidated total assets to approximately €900bn by 2012. The reduction in total assets affected the Corporates & Markets segment in particular through lower trading activities and the Public Finance division in the Asset Based Finance segment.

Capital and reserves

Commerzbank carried out a number of capital measures during the reporting period. In the first quarter, hybrid equity investments were acquired as a contribution in kind in exchange for new Commerzbank shares in order to optimise the capital structure. A two-stage capital increase amounting to €11.0bn was executed in the second quarter. This increased the number of outstanding Commerzbank shares to 5,113.4m. The Financial Market Stabilization Fund (SoFFin) maintained its stake of 25% plus 1 share in Commerzbank after the transactions. Including an amount of around €3.3bn out of free regulatory capital, Commerzbank repaid a total of €14.3bn of silent participations to SoFFin. The €1.03bn one-off payment to SoFFin in connection with the repayment of its silent participations and the costs of the capital measure, which amounted to approx. €0.2bn, were recognised after tax and without P&L effect directly in equity. Another capital measure was the repurchase of hybrid equity instruments from investors in the fourth quarter.

The equity reported in the balance sheet at December 31, 2011 fell by 13.5%, or €3.9bn, to €24.8bn compared with year-end 2010. The capital increase and reduction in the accounting portion of the shares in subscribed capital from €2.60 to €1.00 triggered a significant shift in equity. In 2011, subscribed capital rose by €2.1bn to €5.1bn and the capital reserve increased by €9.7bn to €11.2bn. Retained earnings fell by €0.3bn to €8.8bn. Although the measures to optimise capital increased retained earnings, the recognition of the compensation payment to SoFFin in particular reduced the balance. The silent participations decreased significantly following the partial repayment to SoFFin, falling by €17.2bn to €2.7bn.

On December 31, 2011, the revaluation reserve fell by €0.8bn to €–2.5bn. This was due in particular to the sharp drop in the market value of Italian government bonds. Together with the negative balances from the cash flow hedge reserve and currency translation, this amounted to a deduction of €3.7bn from equity compared with €3.0bn at year-end 2010.

As at December 31, 2011, risk-weighted assets fell by €30.9bn compared with year-end 2010 to €236.6bn. This was due mainly to the reduction in non-strategic business and parameter updates. The reduction was also linked to the regulatory requirements set down by the European Banking Authority (EBA), under which Commerzbank must strengthen its Core Tier I capital by June 30, 2012. The fall was all the more noticeable, as the Basel 2.5 requirements applied in the fourth quarter, which pushed up risk-weighted assets by some €12bn, but this effect was more than compensated for.

Regulatory Tier I capital decreased by €5.5bn to €26.2bn, compared with 2010. This was largely the result of the partial repayment of the SoFFin silent participations out of free regulatory capital of around €3.3bn and the one-off payment of €1.03bn made to SoFFin. The Tier I capital ratio continued to be stable at 11.1%, compared with 11.9% at December 31, 2010. Core Tier I capital, which is a key variable in the context of Basel III, came to around €23.4bn, or a ratio of 9.9%. Our own funds ratio was 15.5% on the reporting date.

Liquidity and funding of the Commerzbank Group

Liquidity management in 2011

Group liquidity management is the responsibility of Group Treasury, which is represented in all major locations in Germany and abroad and has reporting lines in all subsidiaries.

Liquidity management comprises both operational and strategic elements. Operational liquidity management encompasses management of daily payments, planning for expected payment flows and managing access to central banks. It also deals with access to unsecured and secured sources of funding on the money and capital markets and the management of the liquidity portfolio. Strategic liquidity management involves drawing up and evaluating maturity profiles for liquidity-relevant assets and liabilities, including modelling the proportion of customer deposits which will be available on a permanent basis (the core deposit base). It also involves the Group's resultant issuance strategy and the calculation and allocation of liquidity costs that are included in the management of the Bank's business activities.

In order to compensate for unexpected short-term outflows of liquidity, Commerzbank has a central liquidity portfolio of highly liquid securities eligible for central bank borrowing purposes, backed by medium- to long-term funding.

This liquidity portfolio, which is supplemented by freely available cash resources, liquid securities positions and credit balances with central banks, forms Commerzbank's liquidity reserve. This stood at €68.8bn at year-end and underscores Commerzbank's stable liquidity position.

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. Monitoring of set limits and of liquidity risk is performed by an independent Risk function using an internal model. ALCO and the Board of Managing Directors receive regular reports on the liquidity risk situation.

› **Group Risk Report**
Page 187 ff.

Commerzbank's liquidity and solvency were adequate at all times during the period under review. The regulatory provisions applicable to liquidity were complied with at all times. As at the reporting date of December 31, 2011, Commerzbank Aktiengesellschaft's key liquidity figure under the German Liquidity Regulation's standard approach was 1.17, significantly higher than the minimum regulatory requirement of 1.00.

The refinancing profile is actively managed based on regular structural analyses. The liquidity position was consistently stable in 2011. This was facilitated by

- early fulfilment of the funding plan for capital market refinancing in the reporting period, and implementation of €2bn in funding transactions in anticipation of 2012,
- stable deposit business and Commerzbank's focus on the core segments Mittelstandsbank and Private Customers,
- the further reduction in balance sheet volumes,
- the scheduled reduction in non-strategic positions in the Portfolio Restructuring Unit segment and
- the reduction in Public Finance activities and commercial real estate financing in the Asset Based Finance segment that were not part of core activities.

After interest rates were increased in the first half of 2011, the ECB then reduced them twice towards year-end. This was because the global economic momentum steadily decreased in the second half of the year. Given the worsening European sovereign debt crisis and the great uncertainty about a successful restructuring of national budgets, the ECB decided to take further action in December to try to stabilise the banking system. This included introducing two 3-year tenders, expanding the collateral catalogue, reducing the minimum reserve rate from 2% to 1% and discontinuing, for the time being, the additional fine-tuning operations until the end of a minimum reserve period.

Despite a difficult market environment, Commerzbank had unrestricted access to the money and capital markets throughout the reporting period, and was at all times able to raise the funds required for a balanced funding mix.

Funding structure in 2011

Commerzbank also had unrestricted access to secured and unsecured funding on the money and capital markets in 2011. Its liquidity position continued to be stable. Thanks to its conservative and forward-looking funding strategy, Commerzbank Aktiengesellschaft did not need to draw on central bank liquidity facilities in 2011 and was able to continue to seek funding for standard market maturities without restriction on money markets, even in the short-term segment. This reflects the Bank's good standing in the market.

Eurohypo AG took part in the ECB's tender process for the first time in December 2011. This was to raise long-term liquidity of €10bn in total for the general funding of existing business and for making material improvements to Eurohypo's funding structure. From a Group perspective, this reduced Commerzbank's internal refinancing of Eurohypo AG. Overall, the European banking sector participated by taking up a total volume of €489bn, which the ECB regarded as a huge success.

Capital market funding structure
as of December 31, 2011

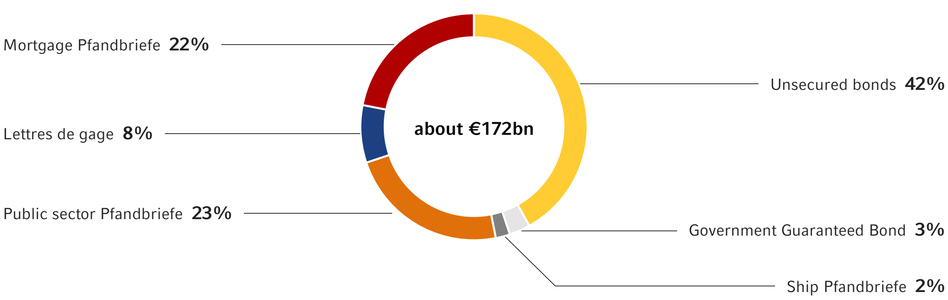


Figure 1

Based on its regular financial and monetary analyses, the ECB committee decided to decrease interest rates by 25 basis points at year-end. It also decided on four further special measures to counter the mounting sovereign debt crisis and the resulting tighter funding situation for banks. These measures were designed to guarantee better access to liquidity for the banking sector and strengthen the functioning of the money market in the eurozone. The offering included two longer-term refinancing operations, each with a maturity of 36 months and the option of early repayment after one year. These were conducted as a fixed-rate tender procedure with full allotment. Another measure resulted in the minimum reserve ratio being reduced from 2% to 1%. This freed up collateral and therefore supported money market activities.

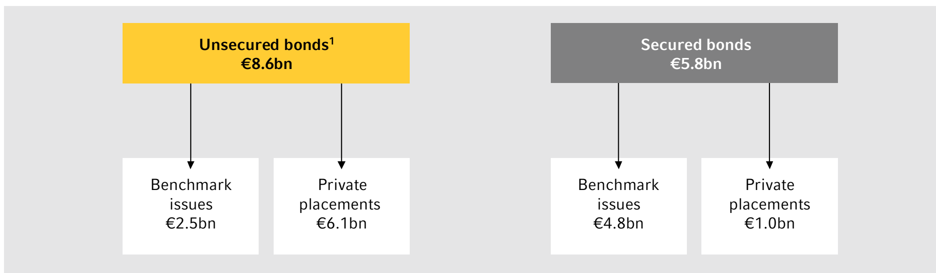
Commerzbank was again able at all times to raise the resources required for a balanced refinancing mix and continued to benefit from a stable deposit base in its Private and Corporate Customer business throughout the whole year.

This grew in importance given the backdrop of a volatile market environment in 2011. Credit default swaps and secondary market spreads on unsecured funding widened constantly over the course of the year (with fluctuations). The escalation of the sovereign debt crisis in 2011 and the uncertainty thus generated was one of the main drivers of this trend.

As a result, funding spreads were higher than in 2010. For unsecured issues, spreads were nonetheless continually below Commerzbank's CDS curve, with Pfandbrief issues generally offering more favourable terms compared to unsecured refinancing.

Commerzbank raised long-term funds totalling €14.4bn in 2011. Of the total, €6.7bn came from senior unsecured issues, €5.8bn from Pfandbriefe and lettres de gage and €1.9bn from subordinated bonds. The Commerzbank Group's funding requirements of approx. €10 to 12bn were already met in the first half of 2011. In the second half, the Bank used existing market opportunities to cover some of the 2012 funding requirement in advance.

Group capital market funding of 2011
Volume €14.4bn



[1] Including €1.9bn in subordinated bonds.

Figure 2

In the unsecured segment Commerzbank Aktiengesellschaft increased the senior unsecured benchmark bond issued in the previous year (maturity 2017) by €500m. This was followed in October with a 2-year senior unsecured benchmark bond with a volume of €800m. It also placed a number of foreign currency issues denominated in currencies including the US, Australian and Canadian dollars. A €1.25bn benchmark subordinated bond was placed on the capital market in the first quarter. The issue was for 10 years, carried a coupon of 7.75%, and was around 3.5 times oversubscribed. The issue is an important step in optimising the Bank's long-term subordinated capital structure (Tier 2) in anticipation of the transition to Basel III.

In the secured segment, the issue volume in 2011 focused on the following products: €5.0bn mortgage Pfandbriefe, €0.5bn public-sector Pfandbriefe, €0.2bn ship Pfandbriefe and €0.1bn lettres de gage.

Overall, Eurohypo AG's benchmark issuance amounted to €4.8bn. €3.8bn of this related to three jumbo mortgage Pfandbriefe with maturities of 2, 3 and 5 years. All of the issues enjoyed strong demand among foreign investors. In addition, a €500m syndicated mortgage Pfandbrief with a 10-year maturity was issued in the first quarter. The Bank also topped up several existing benchmark Pfandbrief issues by a total of €500m.

Summary of 2011 business position

The Bank's 2011 results were influenced by a variety of factors. After a good start to the year, which continued for the first six months, the consequences of the deepening European sovereign debt crisis became particularly apparent in the results for the second half. This included major drags on earnings due to write-downs on Greek government bonds and losses as a result of reducing risk.

Against the background of these negative factors on earnings and the decreasing economic momentum, we were unable to realise our aim in 2011 of generating a significant year-on-year rise in operating profit, which presupposed stable market conditions.

In the challenging market environment, we continued to reduce risk in 2011 and substantially improved our capital structure. In concrete terms, this was reflected in the significant reduction in risk-weighted assets and balance sheet volume and in a Core Tier I ratio of 9.9%

The fact that we were well positioned thanks to our customer-oriented business model was reflected in the positive results posted by the core bank: pre-tax earnings, at €4.5bn, including some €1.1bn from the measures taken to optimise capital, were significantly higher than in 2010, and our gross income also improved by 13.6% to €12.4bn despite the generally difficult operating conditions in the banking sector. Loan loss provisions decreased substantially by around 45%. Operating expenses fell by 9% in 2011, which also reflected the cost synergies achieved thus far by the integration.

All core bank segments posted a positive operating profit for the full year. Our Mittelstandsbank segment was by far the most profitable sector, but the Central & Eastern Europe segment also performed very well. In the Asset Based Finance segment we continued our chosen strategy of reducing both risk and volume.

Overall, we achieved important milestones in the year under review. Based on the business performance in terms of the results posted by the core bank, we are steering the right course; but the results reported for the Commerzbank Group are disappointing.

Wanting more. Achieving more.

The home network: nothing works without electricity – and **Guido Kaie** does everything to ensure power in the home. The electrical engineer and his six-strong staff work in the Harz and Weser area. Commerzbank supports the growth of Elektrobau Ing. G. Kaie GmbH and takes care of private wealth management.

Many years' experience. Installation, maintenance, repair and modernisation of electrical systems are just some of the services provided by Elektrobau Ing. G. Kaie GmbH. Founded in 1992, the company in Reddeber, near Wernigerode, does not limit itself to its hometown. Guido Kaie and his team have made a name for themselves well beyond the region thanks to their in-depth know-how.

› **Elektrobau Ing. G. Kaie,** Reddeber
Working in partnership since 1992
(former Dresdner Bank customer)

Segment performance

Private Customers

The Private Customers segment covers the activities of the Private Customers division, which includes branch business in Germany for private and business customers, as well as the Wealth Management and the Direct Banking division. With a stable customer base of around 11 million, we are one of Germany's leading banks for private customer business. The merger of Commerzbank's and Dresdner Bank's Private Customer business was almost completed in 2011. In the first half of the year in particular, customer and product data were migrated onto an IT platform, giving Commerzbank a standardised system. Substantial synergies have already been realised, but integration-related costs had to be absorbed in the year under review.

Despite these charges and the challenging market environment, operating performance was significantly improved compared to 2010, even though we have not yet realised all the potential from our platform. After a good first quarter in 2011, the follow-up work of the integration and uncertainty among our customers in response to the European sovereign debt crisis had a significant impact on business performance. Despite this, we succeeded in substantially improving our cost structure thanks to further synergies from the integration and strict cost discipline.

Performance

Private Customers

€m	2011	2010	Change in %/%-points
Income before provisions	3,820	3,845	–0.7
Loan loss provisions	–57	–246	–76.8
Operating expenses	3,388	3,552	–4.6
Operating profit/loss	**375**	**47**	**.**
Capital employed	3,375	3,494	–3.4
Operating return on equity (%)	11.1	1.3	9.8
Cost/income ratio in operating business (%)	88.7	92.4	–3.7

Table 3

› **Note 44 – Segment reporting**
Page 242 ff.

In the Private Customers segment, the project for the technical integration of Dresdner Bank was completed in 2011. This primarily involved the migration of customer and product data. In spite of the associated adjustment costs for our relationship managers in the branches, we succeeded in maintaining income almost unchanged compared with the same period a year ago. Operating profit was €375m compared with €47m in 2010.

Income before loan loss provisions stood at €3,820m, which was unchanged on 2010. Net interest income rose by 2.3% compared with the same period last year to €2,027m, primarily driven by higher margins in the deposit business. Net commission income fell by 9.6% to €1,754m, mainly as a result of a decline in revenue from the commission-based securities business. This reflected a cautious attitude on the part of customers as a result of the uncertainty on the financial markets. Other income came to €22m in 2011, which represented an increase of €142m compared with the same period of 2010 when provision costs were incurred for legal risk in particular.

Loan loss provisions also fell by 75% to €57m, mainly as a result of stable economic trends in Germany.

Operating expenses fell by 4.6% to €3,388m. Personnel costs were almost unchanged at €1,355m; there was a significant 14.3% fall in other operating costs, which stood at €864m.

Overall the Private Customers segment posted a pre-tax profit of €375m compared with €47m in 2010.

Operating return on equity based on capital employed of €3.4bn climbed significantly to 11.1% (prior year period: 1.3%). At 88.7%, the cost/income ratio was slightly below the figure for the prior year (92.4%).

Main developments in 2011

Technical integration completed, branch merger programme started

The successful conclusion of customer and product data migration in April 2011 marked an important milestone in Private Customer business for the integration of Dresdner Bank. This is because, from a technical perspective, there is now just "one bank". Prior to customer and product data migration, we kept our customers fully up to date with forthcoming changes, trained our staff in 2010 and 2011 in around 168,000 training days on system standardisation and also took further organisational measures to ensure that the migration ran smoothly.

After completing the technical integration, we began merging branches that were located close to each other and continued modernising our branch network. Overall, we merged 123 pairs of branches in 2011 and remodelled 157 branches as either "branches of the future" or "branches of the future PLUS". We managed to achieve this much quicker than originally planned. We also set up 65 support centres for our business customers in major cities, where we consolidated all our expertise for advising and supporting business customers. These measures form the basis for Commerzbank's future financial success in Private Customer business. By merging pairs of closely located branches, we have saved costs but are still easily accessible for our customers.

Branch business geared towards growth

We set down major markers for our future growth in branch business in 2011. Our new sales management delivers the framework for the growth strategy. Here we fundamentally overhauled our sales organisation, our requirements for sales management and the advisory processes. This involved in particular a more business-driven approach to our customers, more time for giving advice and more personal responsibility. The performance of the sales teams will in future be measured for quality as well as growth and profitability. In this regard we have firmly established customer satisfaction in our controlling tools. The new control and management model was implemented in October 2011, and most of the measures will be put in place in 2012.

To gear our business model towards long-term success, we also started in parallel the "Customer Focus" strategy and growth programme, which should help us position ourselves consistently on the market as a customer bank. For us, this specifically means achieving a fair ratio of customer benefit to bank benefit. Based on this principle, we are reviewing our business strategies in deposits, investment advice, lending, payment transactions and direct banking. At the same time, the bank-wide "Commerzbank Excellence" project was implemented in Private Customers to ensure that customer-related processes are set up in a more customer-friendly and efficient manner.

We also updated our website after the technical side of the integration had been completed. With the support of our marketing activities, we attracted 500,000 new customers over the year.

In Direct Banking, we continued our successful growth strategy in 2011 and posted record results.

Private Customers

The Private Customers division covers Commerzbank's branch business in Germany for private and business customers as well as Wealth Management. As a provider of sophisticated financial services, we place great value on top-quality advice and tailored financial solutions. Our customer segments occupy prime positions in Germany. In Private and Business Customers, Commerzbank is the number one retail bank with the largest single-brand branch network. In Wealth Management, it is one of the leading providers with the greatest regional coverage. Furthermore, Commerzbank is one of the nation's biggest lenders to private customers, granting a total of €52bn. With 1,200 branches in future, we are never very far from our customers. As a provider of sophisticated financial services, we place great value on quality advice and financial solutions tailored to our customers' varied requirements.

Private Customers – strong Internet presence and customer-oriented products ensure success in competition-driven environment

The integration of Dresdner Bank in 2011 played a key role for Private Customers, which encompasses broad Private Customer business and Private Banking. It was therefore important to us to structure the integration in the most customer-friendly way possible. Intensive preparations and in-depth staff training helped us successfully deal with the migration of customer and product data in April 2011. With the data migration complete, we began merging 396 pairs of branches located close to each other. In 2011, we merged 123 pairs of branches and also undertook redesign work as part of the branch modernisation process. Furthermore, 34 former Dresdner Bank branches that were not merged with a Commerzbank branch – and will consequently remain in place – were remodelled as "Branches of the future PLUS". Fixed costs in branch business fell significantly, but our market coverage remained the same.

With our new sales management and "Customer focus" strategy and growth programme, we also set the course for gearing our sales efforts and range of services even more strongly towards our customers' needs.

One particular challenge in 2011 was the uncertainty among customers caused by the turbulence on the financial markets. In particular, this significantly increased demand for traditional savings products with fixed terms, calculable returns or regular paying-in options. We launched a wide-scale advertising campaign with new attractive products from autumn 2011 in response to these needs from customers. It was the first campaign under the new overall concept. For our very safety conscious customers, we offered a return of 2.1% p.a. with our "Topzins-Anlage". Prior to this, we had already seen growth with our successful "Topzins-Konto Plus". All in all, we saw a considerable rise in deposit levels.

In our investment business, we intensified our range of advisory services as a response to the complexity and speed of capital markets. In July 2011, we introduced our new securities advisory model throughout Germany involving around 660 securities specialists. They provide qualified and customer-oriented advice on securities, thereby expanding our range of advisory services for securities for sophisticated customers who follow capital markets closely.

The legal requirements for the product information sheet (PIB) were implemented in due time. Around 14,000 PIBs were available from July 2011 onwards for our advisors to access online. When producing the PIBs, we focused above all on ensuring that they were easy to understand in addition to complying with legal requirements. Regardless of the new regulatory requirements, we will constantly try and improve the quality of our PIBs through our "Quality First!" project.

In our pension business, we worked together with our cooperation partner Allianz to develop the products we offer our customers. With around 750 experts specialising pension and insurance needs for Allianz, which are integrated exclusively into our advisory service, we maintain a high standard on a broad basis. Popular target group offers are income solutions based on assets, protection for children and families, offers for basic cover, i.e. liability, occupational disability and long-term care cover – as well as state subsidised pension solutions. Together with Wüstenrot Bauspar AG, we already achieved the planned targets in the first year and expanded the growth field of construction finance and saving. The Bank exclusively employs around 170 Wüstenrot construction saving and funding experts. In 2011, the first growth measures were formulated; the number of experts will be further increased further in line with customer demand up until 2015.

We significantly expanded Commerzbank's new business volume by 17% year-on-year by offering attractive conditions and products, gearing our business in classic construction finance carefully towards growth. Commerzbank also expanded its instalment finance in 2011 through Commerz Finanz GmbH, a joint venture with BNP Paribas Personal Finance. Contributory factors to this profitable growth were the new attractively priced car loans and the focus on point-of-sale customers on the retail front through Commerz Finance GmbH's customer support centre.

We expanded our range of products in Mobile Banking. Since February, our customers have been able to use banking apps for iPhones and android smartphones. We also offer a special mobile banking web portal that can be used with any internet-enabled mobile phone or smartphone.

The Commerz Direct Service – Commerzbank's call centre, which was still allocated to Direct Banking in 2010 – was also fully integrated in 2011. With the completion of the customer and product data migration, all processes were thereby geared towards the new Commerzbank's target operation; the IT infrastructure was also amended and modernised. In 2011, an average of 580 company employees handled some 6.9 million customer enquiries professionally and competently to the satisfaction of customers.

Business customers – skills bundled together

For our business customers – companies and self-employed persons with a turnover of up to €2.5m – we expanded our range of services and bundled our skills in 2011. This way we set down important markers for sustained growth in an expanding market. We aim to become *the* principal bank for business customers in Germany. In concrete terms, this means that for entrepreneurs, we are a reliable business partner in all financial matters, from the processing of payment transactions to professional liquidity management.

As a basis for this, we opened 65 business customer advisory centres in major cities as in July 2011. Customers have an allocated contact person who is supported if necessary by the broadly based teams of experts. In addition to specialist knowledge in individual product areas such as securities and pensions, we provide competent contact persons who have a sector focus, such as for doctors, tax advisors or lawyers. We started a nationwide training programme for our advisors to ensure high quality standards in our customer advice.

We significantly optimised the range of services in core product fields of payment transactions and lending throughout the year. This included improving the autopilot function on deposit accounts for automated liquidity management, ensuring that customers can easily and independently transfer funds between their current and deposit accounts. In lending we made the application process much more customer-oriented with significantly shorter decision-making paths, and in particular adjusted the pricing structure for investment and subsidised loans.

We addressed our customers' need for advice in advisory initiatives. Here the marketing focus for the business portion lay in payment transactions and lending, for the private portion in securities business. By actively advising our customers, particularly on liquidity management and deposits, we managed to significantly improve new business throughout the year.

Wealth Management – business model expanded further

Wealth Management provides services to particularly wealthy private clients who have complex asset management requirements. As one of the leading providers in Germany, we now offer a nationwide network of advisors throughout Germany in 43 locations. This is supplemented by Commerzbank International S.A. (CISAL) as a competence centre for international wealth management. With international teams of multilingual experts who have extensive market and technical know-how, we meet the individual needs of wealthy customers who have worldwide interests. At year-end 2011, our team of approx. 860 staff managed more than 35,000 mandates in Germany and Luxembourg, representing assets worth around €48bn.

We continued to expand our portfolio of services in Wealth Management in 2011. The new offering of the "Individual risk analysis" appeals to our customers' raised risk awareness in the difficult market environment and in concrete terms, highlights for customers the risks in their portfolios, regardless of whether their custody account is with us or with a competitor. With the new "Property report", the central Family Office offers tailored analysis and valuation solutions that cover all types of property assets and enable property investments to be managed. Another new service is "Wealth planning" for individual concepts formulated as finance plans. Against the background of current developments on the markets, it is especially important to subject all components of wealth to intensive examination and to formulate investment decisions on this basis.

Asset Management was also able to effectively demonstrate its positioning as an active risk manager in 2011 in the face of sometimes hefty market turbulence. Our profiles fared well against our rivals. Acceptance also came from the critical public: like last year, the "Euro" magazine rated our asset management in its test as "very good", which is the highest assessment. Wealth Management also focused on funding in 2011, not least due to the low interest rates. Working closely with Mittelstandsbank, we support customers in a very broad variety of private and business matters.

Outlook

We will complete the integration of our branch business in 2012. This involves merging the remaining branches by year-end and generating the relevant integration synergies. We will also redesign more branches as branch models of the future, which at the same will allow us to make further significant cost savings.

Our primary aim is to again boost profitability in our branch business on a sustained basis through quality and growth. To do this, we will press on with our "Customer focus" programme, which we began in 2011, and will review and enhance our business strategies in individual areas. We will carry on with the new sales strategy in Private Customer business that we introduced in 2011 and gear our advisory services even more towards customer needs. To do this, we will set up a new Customer Advisory Board and include it more often in the development process for our range of products. We will also incorporate customer satisfaction into the remuneration of our sales staff from this year onwards. Customer willingness to recommend the Bank was already part of the variable remuneration of senior managers in the past. From 2012, employee satisfaction will also be taken into account.

To continue expanding our construction finance business and increase our ability to offer our customers the best products, we also intend to arrange private property finance for them from third-party providers in future. If the pilot project that started in Hamburg in December 2011 proves successful, we will roll it out nationwide.

Direct Banking

The Direct Banking division covers the activities of comdirect group (comdirect bank AG and ebase GmbH). With some 2.6 million customers in total, 1.7 million securities accounts under management and 18.7 million securities transactions carried out, comdirect group is the market leader in online securities business, making it one of the leading direct banks in Germany.

Staying on the growth path

In 2011, comdirect group posted its best-ever results, thereby underscoring the solidity of its business model in a volatile capital market environment. This was reinforced by order numbers, which rose year-on-year, as well as market interest levels, which were higher on an annual average basis. The comdirect group was also able to build on the previous year's strong growth. Customer numbers were significantly higher in both direct banking business (comdirect bank) and in business with institutional partners (ebase). Satisfactory net inflows of funds into customer custody accounts largely compensated for negative price effects.

The key growth driver for comdirect bank was once more the enormous popularity with customers of the current account with a satisfaction guarantee and the "Tagesgeld PLUS" account. Furthermore, comdirect bank also expanded its range of products and services, mainly in online securities business, as part of the "Germany's performance broker" campaign. Traders, securities investors and savers benefited from a wide range of product and service initiatives. This included the introduction of a CFD "Contracts for difference" (CFDs) trading platform – with Commerzbank as the trading partner – and limit functions for OTC trading.

ebase also expanded its range of services, with a focus on special custody account solutions for insurance companies and financial product distributors as well as white label accounts. Furthermore, ebase created the technical conditions for interest sponsorship by these partners, allowing them to offer their end customers attractive terms through interest rate campaigns.

Intensive marketing in 2011 helped ebase win additional custody account holdings of notable partners, including KanAm Grund Kapitalanlagegesellschaft mbH. It has also been operating the direct business of Allianz Global Investors for cominvest custody accounts under the "cominvest" brand since the fourth quarter of 2011.

Outlook

comdirect group's strategy continues to be geared towards consistently exploiting the opportunities in the direct banking market. comdirect bank is also keen to grow its "complus" strategy programme in the future on a value- and yield-oriented basis. It intends to use product initiatives and intensive marketing to persuade more customers of the benefits of the direct bank offering, such as by continuing the "Germany's performance broker" campaign with a complete range for ETFs as a one-off investment or savings plans; the current account will also be made easier for banking customers to use. At ebase, the focus will be on enhancing custody account and account solutions for institutional partners. The latter will be able to offer their end-customers comprehensive banking services in future, including payment transactions and investment accounts.

Outlook for Private Customers segment

The market environment for Private Customer business continued to worsen in the wake of the debt crisis in the second half of the year and will probably remain challenging in the current year. The tendency in the sector was for low market interest rates to be a drag on net interest income, and uncertainty among investors to depress net commission income. The loss of customer confidence will present financial services providers with enormous challenges, and additional regulatory requirements will intensify competition.

We see an opportunity in these changed operating conditions to expand our market position as a quality provider, which is why we already began remodelling our Private Customer business strategy in 2011.

Our new sales management will be a major springboard for quality and growth. Our sales teams, having been given greater entrepreneurial freedom, are closer to customers, which is the basis for a continuous improvement in sales performance and sustained growth. Our "Customer focus" programme will enable us to gear a wide range of services even more closely to customers' needs, with the aim of expanding our market position. We are therefore planning for higher income, particularly from deposit and lending business, in the coming years.

Having fully completed the integration, we expect to realise the major portion of the planned synergies by 2013. In this regard, the outstanding merger of branches located close to each other will be completed by the end of 2012. We will continue to reduce our cost base through strict cost discipline and a critical analysis of our processes within the scope of the "Commerzbank Excellence" project. All in all, we are therefore expecting a further improvement in operating profit in the Private Customers segment also in 2012.

Wanting more. Achieving more.

Luxurious, ordered individuality: CABINET has been thinking outside the box for more than 30 years. The manufacturer of customised cabinets and partitions run by **Julia Greven** and her team has successfully established itself in a challenging competitive environment, supported with equally customised solutions from Commerzbank.

Fascinating diversity. The concept of sliding door installations was imported from the USA by company founder Michael Greven. He soon began to put this storage idea, which was quite a novelty in Germany at the end of the 1970s, into production. The concept was further enhanced and perfected to produce CABINET's extensive product range. Today the company is still a family affair. It is now run by the founder's daughter, Julia Greven, together with Frank Nowicki and Jens Leyrer.

› **CABINET,** Kerpen
Working in partnership since 2006

Mittelstandsbank

The Mittelstandsbank segment is one of Commerzbank's core segments, comprising three group divisions Mittelstand Germany, Corporate Banking & International, and Financial Institutions. The Mittelstand Germany division serves small and mid-sized customers, the public sector and institutional clients in Germany. The Corporate Banking & International division concentrates on corporate customer groups with a turnover of more than €500m (provided they are not Multinational Corporates allocated to the Corporates & Markets segment) and to smaller concerns with high capital market requirements as well as those with significant overseas operations. It also contains the competence centre for customers from the Renewable Energies sector. As a specialist in Commerzbank's global foreign trade activities, the Financial Institutions division is responsible for relationships with banks, financial institutions and central banks in Germany and abroad.

Relying on its customer- and market-oriented business model, Mittelstandsbank performed well in 2011. Despite additional costs stemming from the successful integration of Dresdner Bank in the first half of 2011, Mittelstandsbank generated earnings on par with the previous year's high level.

Performance

Mittelstandsbank

€m	2011	2010	Change in %/%-points
Income before provisions	3,176	3,319	–4.3
Loan loss provisions	–188	–279	–32.6
Operating expenses	1,461	1,442	1.3
Operating profit/loss	**1,527**	**1,598**	**–4.4**
Capital employed	5,378	5,545	–3.0
Operating return on equity (%)	28.4	28.8	–0.4
Cost/income ratio in operating business (%)	46.0	43.4	2.6

Table 4

The Mittelstandsbank segment was also the main earnings driver within the core bank in 2011. Against the background of a solid economic environment on the German domestic market, the Mittelstandsbank segment posted operating profit of €1,527m in 2011 (2010: €1,598m).

› Note 44 – Segment reporting
Page 242 ff.

Income before loan loss provisions in the reporting year reached €3,176m which was 4.3% lower than the previous year. While income from direct customer business showed a rise, the impact of lower valuations proved to be a negative factor compared to 2010. At €2,174m, net interest income was 4.5% higher than the previous year's figure of €2,081m. This was primarily due to the contribution of deposit business as a result of slightly higher deposit volumes and higher margins. In lending, volumes and margins were both stable, despite demand for credit being modest overall.

Net commission income rose to €1,086m as a result of strong foreign trade and higher income from related product categories, but also as a result of increasing demand from SMEs for capital market products, compared with €983m in 2010. Net trading income came to €-42m, down by €66m on 2010, largely due to positive remeasurement effects from credit hedge transactions contained in last year's figure. Net investment income for the reporting period amounted to €–51m, mainly as a result of remeasurement effects on ownership interests. Current net income from entities accounted for using the equity method was €11m in 2011. Other net income amounted to €–2m compared with €13m in the prior year period.

Thanks to the robust economic conditions in Germany in 2011, net allocations to loan loss provisions were just €188m for lending in the period under review. The prior-year result contained net allocations of €279m.

At €1, 461m, operating expenses were up by 1.3%, which was only slightly higher than the 2010 figure of €1, 442m; this was due in particular to higher charges for pension provision.

Overall, the Mittelstandsbank segment posted pre-tax profit of €1,527m for 2011, which represents a year-on-year decrease of 4.4%.

The operating return on equity based on average capital employed of €5.4bn was 28.4% (prior-year period: 28.8%). The cost/income ratio again reached an excellent 46.0% (2010: 43.4%).

Main developments in 2011

Leading bank for corporate customers in Germany

In a market environment challenged by the European sovereign debt crisis, Mittelstandsbank supported its customers in Germany and abroad in 2011 as a reliable funding partner. This underscores our position as a leading corporate customer bank, especially in our core market of Germany. Despite companies having unrestricted access to the credit market, demand for credit was rather subdued throughout 2011. The positive rating migration in the lending portfolio showed that our customers came through the financial market crisis solidly funded. Despite interest rates being low, we saw good growth in investment management.

Integration of Dresdner Bank successfully completed

In the first half of 2011, Mittelstandsbank was still heavily dominated by the final phase of the integration of Dresdner Bank, with the customer and product data migration in April as well as the physical merger of around 150 regional branches into their target locations. Above all, the regional implementation of our new organisational structure was completed much earlier than expected; this meant that we created an extremely optimised support model for our customers and expanded and standardised our range of products.

Efficient and competent partner for foreign business

Our growing significance in processing international business together with a still strong worldwide operating presence offers a solid basis on which to support our customers in Germany and abroad in their international activities. In expanding its product range to include Renminbi accounts in 2011, Commerzbank is also offering its customers the opportunity of conducting trading business in the Chinese local currency by maintaining Renminbi accounts to do so. Classic commercial foreign business is a cornerstone. Last year, no other German bank processed more letters of credit for German exporters than Commerzbank. In addition to funding exports with state backing (Euler Hermes), our range also includes solutions such as purchasing privately backed export claims which are a unique feature on the market. Last year we continued to offer our corporate customers the opportunity to hedge risk on their international business. We also increased our international presence on the support side. Last year, Mittelstandsbank competently and successfully supported companies beyond our core market of Germany. By opening a branch in Zurich in August 2011, we can now also offer needs-driven support in Switzerland for our internationally active customers.

Best bank for cash management again

The performance of our cash management was confirmed by a survey conducted by the trade journal “Euromoney”, with Commerzbank voted the best cash management bank in Germany again for 2011. This means that we successfully defended our 2010 title, having impressively put our high level of service and performance in payment transactions, cash pooling and treasury management to the test again.

Advisory services with a focus on needs-oriented solutions

In investment and risk management, we again convinced our corporate customers of the benefit of customised capital market products in 2011, even in volatile times. This enabled us to once again report double-digit growth figures for this area versus last year. Commerzbank’s performance was highlighted by first-place rankings in currency, risk and commodities management in the “German risk derivatives rankings” category. We were able to continue expanding our market position by acquiring stable deposit volumes, which was a welcome development in view of the forthcoming regulatory requirements under Basel III. Our much observed study on commodities and energy from the “UnternehmerPerspektiven” range clearly showed that corporate customers continue to have a strong need for commodities hedging. In times of major price volatility, our quarterly commodities radar facilitates transparency, and by hedging volatile positions we enable our customers to gain planning security.

Mittelstand Germany

In the Mittelstand Germany division, we concentrate on serving SME customers with a turnover of between €2.5m and €500m, public-sector customers and institutional customers. Our clear focus on long-term business partnerships makes us a strategic partner for our customers. Our sales organisation has a close sales network of 150 locations that provides our customers with competent and needs-driven local support through our corporate customer advisors and product specialists. A strategic success factor in this regard is our customer proximity.

Broad product range for SMEs

As a strategic business partner, we are committed to a customer- and market-oriented service approach. We strive to offer our customers a needs-driven product range of funding solutions, cash and treasury management, payment transactions, foreign business and risk management on competitive market terms. We are also able to offer small SME customers access to capital markets by working closely with the Corporates & Markets segment.

Competent and reliable funding of SMEs

Commerzbank considers itself to have a special responsibility towards German SMEs as their biggest lender. We support the broad segment of SMEs with classic credit finance and a range of innovative structures. Mid-sized and larger SMEs receive additional support from experts from our Financial Engineering area in the form of customised and individual finance solutions. In addition to classic funding instruments, we draw on leasing, factoring, borrowing base and mezzanine products. This also helps us provide financial support for our customers' complex growth strategies.

To live up to our claim as the leading SME bank, we have around 200 highly qualified finance specialists in the Financial Engineering area throughout Germany who are available to give advice. We guarantee quick lending decisions through a systematic sector structure of the back office, lean credit processes and short decision-making paths. The "sustainability" analysis is applied to the credit decision in many sectors and supplements the standard bank ratings-based valuation with an individual, future-oriented, sector-specific assessment of our customers' business models. Even in a volatile market environment, this enables us to better assess the market and competitive position of a company, independently of financial statistics and planning factors.

Supporting our customers' investment plans by passing on attractively priced public subsidised loans was once again a particular focus for us last year. In order to further increase the use of subsidies, we introduced new advisory software and carried out extensive staff training on its use.

Rising demand for individual funding solutions

Despite the increasing uncertainty in 2011, there was good demand for structured loans for funding growth, particularly in the first half of the year, but competitive pressures also intensified in response to the initially positive economic environment. The success of our SME syndicated funding, which we offer under the name of "Club Deal", underscored the need for customised funding solutions. There was also lively demand for funding for acquisitions by SMEs. We were able to support numerous transactions by financial investors and in the corporate-to-corporate sector.

Outlook

We intend to keep on expanding our strong position in business with German SMEs and are keen to actively help them grow. Our business model, which is based on long-term partnership and customer proximity, helps us boost our presence with customers and encourages this important Mittelstandsbank business area over the long term. We still see potential here to expand our business relationships with small SMEs. To do so, we want to continue supporting classic SME customers in our domestic market in all product areas on an unrestricted basis as a competent, trustworthy principal bank committed to working in partnership.

Corporate Banking & International

The Corporate Banking & International division is responsible for supporting corporate customers with a turnover of more than €500m as well as smaller groups and businesses with mainly foreign operations that require capital market products. Seven corporate centres within Germany are responsible for domestic Corporate Banking. This division is also responsible for the Renewable Energies Competence Centre, which provides professional support for customers and their projects in this sector. This includes supporting businesses which generate more than half of their turnover through renewable energies, as well as project finance for power plants implementing these technologies.

Focus on business with reference to Germany

International orientation is part of the business model for most of our corporate customers. As a reliable partner, we provide competent support for our German corporate customers in their international activities. Here our customers benefit from our broad knowledge of relevant markets. By consistently implementing our powerful and proven service model relying on corporate customer advisors and product specialists, we can optimally satisfy the growing demand for international support abroad. The foundation for this is a comprehensive local network and broad country know-how. Our customers receive further support from the International Desk, a central service unit that provides assistance on the set-up and expansion of business in foreign markets based on interculturalism and the experience of many years' spent abroad. We also support foreign companies on their way into the German market and focus in particular on business related to our German core market

Successful collaboration with the Corporates & Markets segment

Large companies in particular look for sophisticated financing solutions, including the capital markets – from classic commercial banking to all-round financing solutions with corporate finance products. Against this background, our concept of close cooperation with the Corporates & Markets segment has paid off. Our customers value Corporate Finance Advisory's cross-product advisory approach and the resultant individual and strategic solutions implemented in close collaboration with sector and product specialists.

Supporting the change in energy policy

Even before the decision to change energy policy was taken, Commerzbank was active in this future-oriented sector with its Centre of Competence Renewable Energies. With our extensive experience in funding renewable energies, we see ourselves as a strategic partner for our customers in this sector. In 2011, we provided around €800m in project finance in German and Europe, making us one of the market leaders in Europe. Of particular note here was Commerzbank's first commitment in several funding packages for offshore wind farms.

Outlook

In the Corporate Banking & International division, we plan to continue adjusting our product range so that we can keep on offering our customers innovative funding solutions. We anticipate more strong growth in our corporate finance business in 2012. In accordance with the future liquidity requirements of Basel III, we are already working on financing solutions that will guarantee an efficient use of capital. Overall, we want to ensure that our customers continue to benefit nationally and internationally from our long-term service approach.

Financial Institutions

Financial Institutions uses a worldwide network of around 7,000 German and foreign banks and central banks to handle Commerzbank's worldwide foreign trade activities with banks and also supports other divisions with their international operations. The expertise and strength of this division lies in processing foreign payment transactions, hedging foreign trade risk and funding foreign trade deals. We also provide our customers with bilateral loans, support them in syndicated loans and, together with the Corporates & Markets segment, offer solutions for active risk management.

Strong market position asserted

According to SWIFT, Commerzbank is one of the leading institutions in Europe for handling foreign trade deals in the eurozone. Its market share in 2011 was 11.5% for handling export letters of credit and 3.7% for foreign payments. In 2011, we expanded our position as one of the leading banks in cash services by adding Renminbi accounts to our product range. This measure supports our customers in handling worldwide trade and payment streams. In the Trade Services area, we maintained our strong position, boosted by a rise in German exports in 2011 to more than €1 trillion. The need of the German export industry to have this export volume hedged by Commerzbank increased in 2011. As a result of the upheavals on the markets and the European debt crisis, we supported our customers in the banking products area, mainly through syndicated transactions in countries outside the eurozone. The Market Products sales team works in close collaboration with Corporates & Markets, as this enables us to provide efficient structured liquidity management for our customers.

Global presence extended

Our relationship management team based in Frankfurt follows a global service approach, supported by a worldwide sales network of around 40 representatives and Financial Institutions Desks in all key economic areas. We extended our sales network by opening a representative office in Tiflis, thereby expanding Commerzbank's network of operational outlets abroad in some 60 locations in 50 countries. The Financial Institutions division offers its customers comprehensive advice and support through Financial Institutions relationship managers. They are assisted by a range of qualified product and risk specialists, some of whom are based in other Commerzbank units.

Outlook

Due to the uncertainty on euro markets, we are looking to open more representative offices outside the eurozone on a selective basis in order to take advantage of the opportunities of the dynamic growth of global trade streams. Our aim is to develop product solutions that are tailored to our customers' needs and requirements. Against this background, we plan to optimise the processes in document handling in 2012, expand our product range in Trade Services and set up a special Trade Sales team. As the capital adequacy regulations become even stricter, we will make every effort to use our equity capital even more efficiently.

Outlook for the Mittelstandsbank

As the global economy weakens and the European sovereign debt crisis continues, we expect expansion of the German economy to be much slower in 2012. The Ifo business climate index currently predicts that German GDP growth will be little over 0%. As the economic situation is forecast to worsen, we also expect this to impact on our customers. We therefore anticipate a rise in loan loss provisions in the coming year from their currently very low levels. The stricter regulatory requirements will compromise banks' capacity to lend, resulting in a regulatory-driven decline in capital-intensive business. We are well prepared for this with our business model and strong customer base. In 2012, we will maintain our stated commitment to German SMEs and continue the forward-looking dialogue we have begun with customers, which is based on partnership. We will emphasise this by including customer satisfaction as a part of our advisors' and specialists' variable remuneration. We will also respond to regulatory changes with more active management of our portfolios. We are looking to increase our income in 2012 and have already started various initiatives for implementing our special growth programme. We will also reduce the cost base.

Responsibility for Commerzbank Eurasija, our branches in the Czech Republic and Slovakia and Commerzbank Zrt. was transferred to Mittelstandsbank from Central-&-Eastern-European Holding to Mittelstandsbank with effect from January 1, 2012. This will enable our units in Eastern Europe to benefit even more from the growing potential of German companies in cross-border business and from Mittelstandsbank's successful model in international business.

Wanting more. Achieving more.

When the frost comes: as temperatures drop, energy requirements increase. The tanker trucks from BALTYKGAZ set off. Under the management of **Roman Slagowski,** the company has grown into one of the leading LPG suppliers in Poland. BRE Bank – a subsidiary of Commerzbank – provided the financial resources.

Full of energy. Whether for a house or a block of flats, office buildings or industrial facilities, or simply for cars: with the installation of LPG systems, BALTYKGAZ Sp. z o.o. makes sure the conditions are right for energy to keep flowing. Managing director Roman Slagowski has placed the emphasis on distribution. BALTYKGAZ supplies the whole of Poland – allowing independence from the main supply network.

› **BALTYKGAZ,** Rumia/Poland
Working in partnership since 2010
(BRE Bank)

Central & Eastern Europe

In 2011, the Central & Eastern Europe (CEE) segment comprised the operations of our Polish subsidiary BRE Bank, Bank Forum in Ukraine, Commerzbank Eurasija in Russia, Commerzbank Zrt. in Hungary, our branches in the Czech Republic and Slovakia, and minority interests in seven microfinance banks and Russia's Promsvyazbank. The activities are grouped together under a management holding company which acts as a centre of competence and interface between the Group units. It sets and monitors the Group's objectives in CEE on the market and the risk side, realises operational excellence and develops growth initiatives in the region. The strategic focus in the Central & Eastern Europe segment is on universal banking and direct banking.

While the positive economic trends continued in Central and Eastern European countries in the first half of 2011, the region was increasingly affected by the European sovereign debt crisis in the second half. Although this was reflected in subdued growth, the Central & Eastern Europe segment reported excellent results in this market environment, to which Poland's BRE Bank made a substantial contribution by posting record results. In the Ukraine, lower loan loss provisions, the continued reduction in the portfolio and continuing measures to increase efficiency significantly improved Bank Forum's results. Small corporate customer units in Russia and Central Europe turned in consistently positive performance in 2011.

Performance

Central & Eastern Europe

€m	2011	2010	Change in %/%-points
Income before provisions	1,157	979	18.2
Loan loss provisions	−89	−361	−75.3
Operating expenses	585	565	3.5
Operating profit/loss	**483**	**53**	.
Capital employed	1,723	1,628	5.8
Operating return on equity (%)	28.0	3.3	24.8
Cost/income ratio in operating business (%)	50.6	57.7	−7.2

Table 5

The Central & Eastern Europe segment recorded a significant increase in operating profit, which rose to €483m in the reporting period, compared with €53m in 2010.

› **Note 44 – Segment reporting**
Page 242 ff.

Income before provisions rose by €178m to €1,157m year-on-year. At €648m, net interest income in the segment was slightly below the previous year's level. While interest income from Polish subsidiary BRE Bank rose on account of the healthy growth in deposits and lending, interest rate-dependent results in other regions fell behind those of 2010. Commission income benefited particularly from the strong product demand in BRE's private customer business, improving 4.3% to €217m. Trading profit rose to €251m compared with €73m in 2010. This increase can be attributed primarily to the valuation effects of the agreed sale of Commerzbank's share in the Russian Promsvyazbank.

As the need to apply provisions against lending at Bank Forum and BRE Bank was much reduced, loan loss provisions fell significantly from €361m to €89m.

Operating expenses in 2011 stood at €585m. The 3.5% rise was due mainly to higher staff costs at BRE Bank as a result of growth.

Pre-tax earnings of the Central & Eastern Europe segment totalled €483m in 2011, a rise of €430m compared to 2010.

The operating return on equity based on average capital employed of €1.7bn was 28% (prior-year period: 3.3%). The cost/income ratio was 50.6% compared with 57.7% in 2010.

Main developments in 2011

The focus of our activities in 2011 was on organic growth initiatives, measures to boost efficiency and on reducing our credit portfolio further on a value-oriented basis. Furthermore, the strategic course was set in the segment for continuing to expand universal banking and direct banking activities. The focus was increased on large core markets, such as Poland, which will facilitate above-average growth and in which a top-ranked market position can be achieved.

With the emphasis more on growth with universal bank models, it was decided to gear corporate customer business of small CEE units more closely to the business models of Mittelstandsbank and Corporates & Markets.

We attracted a growing number of customers with our range of product and services in 2011, the number of customers increasing by some 265,000 to almost 4.5 million. This makes Commerzbank the leading German bank in Central and Eastern Europe. Our customers' needs are served by close to 8,000 employees across 478 branches. The number of cross-border customers increased through cross-border sales initiatives by 17.6% to more than 4,600.

BRE Bank Group

BRE Bank celebrated its 25th anniversary in 2011. Beginning as a niche bank in export business, today it is one of the most profitable banks in Poland and its third largest banking institution. It currently looks after around 3.9 million customers. Business activities include private and corporate customer business and investment banking.

The Polish economy grew by well over 4% in 2011 which was more dynamic than in 2010. Comparatively robust private domestic demand in Poland was another contributory factor to this in addition to export business. In this market environment, BRE Bank achieved its best ever results since its inception. The BRE Bank Group's contribution to the segment's operating profit totalled a record €329m in 2011, a 73% rise compared to 2010. Key drivers were excellent growth and much higher income in private customer business. Loan loss provisions showed a positive trend, falling 62% year-on-year to €60m. Current costs also rose only moderately thanks to continuous cost management. The cost/income ratio improved accordingly to almost 51% in 2011 compared with some 52% in 2010. The strong capital base was reflected in a solid Equity ratio of 15% in 2011 compared with 15.9% in 2010.

More customers and a stronger range of services

Key drivers for BRE Bank's positive growth in 2011 were the increase in customer numbers and greater cross-selling. The number of private customers rose by almost 240,000 to some 3.9 million, due particularly to the the dynamic growth in mBank's direct banking in Poland, the Czech Republic and Slovakia.

BRE Bank kept on improving its offerings in private customer business throughout 2011, expanding the range of services with optimised and new credit, deposit and investment products as well as new sales processes in mBank and Multibank. The range includes highly innovative offerings, such as express online transfers and over-the-phone loans processed in only 15 minutes with positive prescoring. Furthermore, mBank's mobile banking was upgraded to make it available via iPhones, iPads and android systems. BRE Bank has been a market-leading provider of electronic payment products since 2011. During the year, it issued more than 100,000 cash cards, enabling customers to benefit from secure and cashless payment instruments that can be loaded with flexible cash amounts.

In BRE Bank's corporate customer business, the number of business customers reached a record level at more than 14,000. Five new corporate customer branches were opened during the year. The network currently comprises 20 branch offices and 29 corporate customer branches. The "Branch of the future" pilot project was launched in Koszalin, offering a combined range of services in private customer and corporate customer business (BRE Bank, Multi-Bank). It should deliver further synergies, both operationally and from a cost perspective.

Further progress was also made in cross-border business in 2011. A custom-fit range of products and services for international customers was set up as part of the close cooperation between Commerzbank and BRE Bank. In addition, a new customer management system was implemented, the cooperation in cross-border sales teams was expanded and cross-border credit processes were tightened further. In the current year, BRE Bank has attracted many German-speaking customers working in Poland with its cross-border offering. The number of cross-border customers rose by 435 to 2,733 in total.

Growth recognised with many accolades

BRE Bank and its subsidiaries won many accolades in 2011. This included BRE Bank being ranked Poland's best bank by the magazine "Euromoney" in its "Euromoney Awards for Excellence". The jury rated its above-average rapid growth compared to its competitors as outstanding. At the same time, the "Global Finance" magazine nominated BRE Bank as Poland's best bank in the "Best Emerging Market Bank in CEE" category. BRE Bank was also recognised as the best Internet bank in the Central and Eastern Europe region.

Outlook

We can expect the impact of the European sovereign debt crisis to weaken economic growth in Poland in 2012, but we anticipate another rapid rise in growth rates for subsequent years. BRE Bank's business operations will continue to be geared dynamically towards current and future customer needs, with the focus being placed on increasing income potential and profitability. These goals should be achieved through focused growth with adequate risk distribution, an efficient use of equity and a balanced liquidity structure.

Private customer business will be aimed at serving wealthy and young customers who are looking to achieve above-average income. Furthermore, BRE Bank will focus more on the individual needs of business founders and small companies. It also hopes to strengthen its public perception as a market-leading provider of technological innovations and modern banking services.

In corporate customer business, BRE Bank is positioned as the top provider for mid-sized and large companies. Its presence will be gradually increased in business with SMEs and further consolidated among large customers through more cross-selling in transaction business. BRE is looking to expand its position as the preferred bank for cross-border business. The focus here will be in particular on companies from German-speaking countries that are also major trading partners with Poland.

Bank Forum

Growth in GDP in the Ukraine improved from 4.2% in 2010 to 5% in 2011. The positive market growth stemmed in particular from a dynamic first six months, while economic activity weakened in the second half of the year due to the impact of the European sovereign debt crisis.

In a volatile market environment, Bank Forum posted a much lower loss than in 2010. Contributory factors were sharply reduced loan loss provisions plus staff-related, structural and operating measures for boosting efficiency. The number of customers rose by 6% during the year to around 537,000. Bank Forum's new online banking offering attracted around 32,500 customers in the course of the year. This was mainly due to the image campaign that used the slogan "Business the German way", which won several international awards in 2011.

Progress made in remodelling as a focused universal bank

In 2011, the emphasis was still on Bank Forum's strategic remodelling as a focused universal bank. In the first half of the year, competencies in management were also realigned, with the team being strengthened by new appointments. With a new sales approach, key strategic guidelines were laid down and the branch presence in the Ukraine was further geared towards profitable customer segments in major cities. In this regard, further measures were implemented to boost efficiency and reduce costs. The number of sales units fell from 194 to 148. At year-end, the number of full-time employees stood at 2,275, 13.1% fewer than in the previous year.

In 2011, further adjustments were made to reflect Commerzbank standards, and compliance processes and international risk management standards (MARisk) were also further developed and implemented. The internal restructuring unit reported further success in the year under review as it continued to scale down the portfolio of non-performing loans on a value-oriented basis.

Outlook

We expect economic growth to be subdued in the Ukraine in 2012. Key drivers will be comparatively low export prices for steel and higher costs for Russian gas imports. Furthermore, there is a risk of a massive depreciation in the local currency (Hrywna or UAH), which the Ukrainian National Bank has thus far managed to support through fiscal measures despite inflationary pressures. In a still challenging market environment, Bank Forum will continue to implement the scheduled reduction in the portfolio of non-performing loans. At the same time, the remodelling as a focused universal bank will continue, and the range of services offered in private and corporate customer business will be expanded. Bank Forum is set to keep on improving its earnings through ongoing measures to boost efficiency and cost-savings in its operating business.

Commerzbank CEE subsidiaries & branches

Commerzbank Eurasija

Russian GDP grew by 4% in 2011. Subdued domestic demand and the downward trend in the industrial business climate in the second half of the year were offset by strong energy exports. Despite the European sovereign debt crisis, the economy in Russia was therefore comparatively stable.

Commerzbank Eurasija's focus in 2011 was on corporate customer business. Synergy effects were delivered in 2011 through a group-wide standardised customer support model, which were a major contributing factor in the success of cross-border business in Russia. In cash management and international business, more services were developed for corporate customers in domestic and foreign payment transactions plus individual cash management solutions. Furthermore, Commerzbank Eurasija took over handling export letters of credit and guarantees from Eurasian Development Bank (EDB) under a framework agreement. EDB is a supranational financial institution that concentrates on funding projects from the GUS countries.

Outlook We expect economic growth in 2012 to be marginally below that of the previous year. Thanks to still stable commodities prices, the Russian economy should be less affected by the European sovereign debt crisis and show moderate growth.

Western investors are also expected to strengthen trade links with Russia as the latter has now become a member of the World Trade Organization. In this market environment, Commerzbank Eurasija will continue to benefit in the Mittelstandsbank segment from the well-established range of related services. The cross-border collaboration in cross-border finance with other Group units in Asia, Western Europe and the USA will also be expanded.

Branches in the Czech Republic and Slovakia

Growth in the Czech and Slovakian economies slowed down in 2011. Activities in both countries in 2011 focused on corporate customer business.

In 2011, we further strengthened business relationships with local subsidiaries of German companies. Small and mid-sized companies in the Czech Republic and Slovakia benefited from attractive medium- and long-term funding which was refinanced under an agreement with the European Investment Bank. In addition, cash management and funding for Czech and Slovakian exporters were further expanded. Despite a challenging economic market environment, international business with local companies was stepped up and the position as principal bank secured. In both countries, the quality of the credit portfolio was also improved further. Specialist seminars for customers strengthened new business in the Czech Republic.

A particular focus was on export finance to Russia. Over the course of the year, a new product was introduced in the Czech Republic – the enhanced deposit – which is a time deposit with an attractive guaranteed interest rate. It proved particularly popular with existing customers and led to further transactions. In Slovakia, Commerzbank benefited in particular from documentary business and appealed to its customers with customised solutions, such as export finance for building a thermal power station in Venezuela.

Outlook The Czech Republic and Slovakia are more dependent on the outcome of the European sovereign debt crisis due to their close trading links with Western Europe.

For 2012, market observers are predicting that economic growth will slow down due to lower domestic and export demand. In subsequent years, much stronger GDP growth is expected for both countries again. With the transfer of units to the Mittelstandsbank segment, business activity will focus even more on SMEs. There are also plans to exploit further potential in cross-border and foreign business.

Commerzbank Zrt., Budapest

Economic growth in Hungary was slightly higher in 2011 than in 2010. The Hungarian financial services sector was negatively affected by the European sovereign debt crisis and regulatory issues, such as the banking tax introduced in 2010. Commerzbank Zrt. posted positive results in a challenging market environment.

Commerzbank Zrt.'s focus in 2011 was on corporate customer business. The bank responded to a tense market situation in Hungary by intensifying its individual support. In doing so, it strengthened the range of services for corporate customers.

Its public image was strengthened by corporate-social responsibility activities in the cultural sphere on the one hand and by prestigious awards from the financial sector on the other. A study by economic information service Dun & Bradstreet published in June 2011 examined the creditworthiness of companies. It worked out the likelihood of a company either going bankrupt or into liquidation in the next twelve months. In terms of creditworthiness, Commerzbank Zrt.'s portfolio of corporate customers was again ranked first among Hungarian banks with more than 1,000 corporate customers.

Outlook We expect negative economic growth in Hungary for 2012. The predicted positive performance from 2013 remains subject to a stable political, regulatory and economic environment. Successful refinancing of the comparatively highly indebted country using resources from the International Monetary Fund (IMF) will depend on the willingness of the Hungarian government to enact political reform. The European Union is asking for concessions, in particular with regard to controversial changes to the Constitution. Commerzbank's activities will continue to focus on cross-border business with German corporate customers.

Other activities in Central and Eastern Europe

Microfinance banks

Commerzbank has minority interests of between 6% and 20% in six ProCredit banks in Albania, Bosnia-Herzegovina, Bulgaria, Kosovo, Romania and Serbia. These banks specialise in supporting small and medium-sized businesses in their own countries with loans (including agricultural loans) and other financial services. They also offer savings and time deposits as well as current accounts for private customers. The majority shareholder is ProCredit Holding AG, which is based in Frankfurt am Main. Further international financial institutions, including the European Bank for Reconstruction and Development (EBRD), the KfW Bankengruppe and the International Finance Corporation (IFC), are also shareholders in ProCredit Bank Romania.

In Belarus, Commerzbank Aktiengesellschaft owns a 9% stake in Belarusian Bank for Small Business (BBSB), which has been operating since 2008. It was founded under the guidance of the EBRD. Other shareholders in BBSB include Kreditanstalt für Wiederaufbau (KfW), IFC, FMO (the Netherlands Development Finance Company), Swedfund, the US Shorebank International and Shore Cap International.

Promsvyazbank

Commerzbank Auslandsbanken Holding AG held a 14.37% minority share in Russia's Promsvyazbank in addition to EBRD (11.75%). Established in 1995, OJSC Promsvyazbank is ranked tenth among Russian banks by assets and is one of the leading private Russian banks. Promsvyazbank offers financial services for corporate and private customers, and has a branch network throughout Russia plus offices in China, India, the Ukraine and Cyprus.

At the end of 2011, it was decided to sell the 14.37% minority interest in the Russian Promsvyazbank.

Outlook for Central & Eastern Europe

For 2012, we predict subdued economic growth in the Central and Eastern Europe region due to the European sovereign debt crisis. After that, the economy should start to pick up again in the region, from which the Central & Eastern Europe segment can benefit. In this market environment, Commerzbank plans to further expand its position as a leading German bank in the region. The focus of the Central & Eastern Europe segment lies on universal banking business and direct banking activities in the region's main core markets. At the same time, the portfolio of non-strategic holdings will be optimised further.

In Poland, BRE Bank will continue to gear its business activities towards customer needs and see dynamic growth. It will concentrate on improving income potential and profitability. In private customer business, activities will be concentrated on wealthy and young customers who are looking to achieve an above-average income; the focus will also be on expanding its position as an innovation leader for modern bank offerings. In corporate customer business, BRE Bank's position will be further reinforced or expanded through all customer segments. A further boost to income will come from greater cross-selling in transaction-based business.

In the Ukraine, activities will centre on expansion to become a focused universal bank, measures to increase efficiency and the value-oriented reduction in the portfolio of non-performing loans. This will be accompanied by further improvement in operating profit and a return to profitability in the medium term.

Responsibility for Commerzbank Eurasija, branches in the Czech Republic and Slovakia and Commerzbank Zrt. was transferred to the Mittelstandsbank segment with effect from January 1, 2012. By introducing Mittelstandsbank's successful support model, these locations should benefit further from the growing business potential of German companies in cross-border business and from Mittelstandsbank's successful business model in international business.

Wanting more. Achieving more.

Earthquakes, floods and tornadoes: the past year was a very challenging one for Munich Re. Despite the enormous pressure on the company, **Andreas Sauerbrey** and his team pressed ahead with active capital management by buying back an outstanding hybrid bond and issuing a new one – at the same time as the Japanese earthquake. As a reliable partner, Commerzbank supported him in the process.

A solid basis. The company takes on risks from all over the world that differ in their nature and complexity. As one of the world's leading reinsurers, Munich Re focuses on profitable growth through clear positioning and excellent capitalisation. Corporate Finance, run by Andreas Sauerbrey, also plays an enduring part in this.

› **Munich Re,** Munich
Working in partnership since 1993

Corporates & Markets

The Corporates & Markets segment includes Commerzbank's customer-oriented investment banking activities and management of customers who require capital market products. The range of products and services Commerzbank offers enables it to meet the rising customer requirements of a universal bank. Corporates & Markets segment is a core segment of the whole bank and is closely connected with other segments. The Group divisions working closely together – Fixed Income & Currencies, Equity Markets & Commodities, Corporate Finance and Client Relationship Management – are described in more detail below.

The 2011 financial year was dominated by an extremely difficult market environment, declining economic momentum, the ongoing European sovereign debt crisis with accompanying high market volatility as well as customers' increasing risk aversion. This had a negative impact on the segment's earnings, particularly in the second half of the year.

Performance

Corporates & Markets

€m	2011	2010	Change in %/%-points
Income before provisions	2,234	2,392	−6.6
Loan loss provisions	−146	27	.
Operating expenses	1,505	1,633	−7.8
Operating profit/loss	**583**	**786**	**−25.8**
Capital employed	3,026	3,854	−21.5
Operating return on equity (%)	19.3	20.4	−1.1
Cost/income ratio in operating business (%)	67.4	68.3	−0.9

Table 6

In the difficult market environment, the Corporates & Markets segment posted an operating profit of €583m for 2011, after €786m a year earlier. It posted an operating profit in all four quarters of 2011 by systematically focusing on its customer-oriented business model.

› **Note 44 – Segment reporting**
Page 242 ff.

In the Corporate Finance division, income was below 2010 levels after strong performance in the first six months, followed by weaker performance in the second half. This was also due to high income levels from restructured loans in 2010. Earnings growth in the Equity Markets & Commodities division also differed in the two halves of the year: after excellent results in the first half, the market turbulence in the second half of the year, particularly in the fourth quarter, resulted in less customer activity and negative valuation adjustments. The Fixed Income & Currencies division was sorely affected by the European sovereign debt crisis in 2011, resulting in lower income levels than in 2010. The results of this division include a gain of around €290m from the remeasurement of own liabilities.

Overall, income before provisions fell by €158m to €2,234m year on year. Interest income rose by €65m to €832m due to positive contributions from structured finance business. The €46m rise to €300m in commission income was due in part to a reclassification of income from the trade surplus. Trading income fell by €91m to €1,069m due to the tough market conditions. The significant €190m decline to €30m in net investment income was attributable to the discontinuation of valuation effects on structured loans.

Risk provisions on lending for 2011 amounted to €146m and related mainly to individual commitments in business with corporate customers. A positive amount of €27m was reported in 2010 due to net allocations.

Operating expenses contracted by a significant €128m to €1,505m, particularly as a result of the synergy effects realised in back-office areas and lower variable remuneration.

Pre-tax profit amounted to €583m, compared with €786m in the previous year.

With average capital employed falling by 21.5% to €3.0bn, the operating return on equity was 19.3% (prior year period: 20.4%). The cost/income ratio was 67.4%, compared with 68.3% in 2010.

Main developments in 2011

In a difficult year which saw some dramatic market upheavals, the Corporates & Markets segment proved again that it is an important cornerstone of the core bank. This could only be achieved only through the clear customer-focused approach of the Corporates & Markets business model and a high degree of integration into the rest of the organisation.

The Corporate Finance division reported a successful year and made a solid positive contribution to segment earnings despite the difficult market conditions. The sovereign debt crisis, which depressed fixed income markets since the beginning of the year and deepened as the year progressed, fuelled greater uncertainty, making customers reluctant to invest in the Fixed Income & Currencies area. Despite this, the division managed to stabilise earnings during the year. The crisis also spread to equity and commodities markets in the second half of the year. International equity markets suffered heavy losses in the summer and were extremely volatile in the second half of the year. Private and institutional investors showed little appetite for investment, and this had a negative impact on flow business. An extremely successful first half of the year for Equity Markets & Commodities was therefore overshadowed by negative market developments in the second half.

We made significant progress in reducing risk assets in order to optimise the use of resources and in anticipation of regulatory changes. But the focus here was on meeting economic responsibilities for the real economy in our core markets, which is in line with the objectives of the Corporates & Markets business policy.

Fixed Income & Currencies

The Fixed Income & Currencies division saw income fall year-on-year against the backdrop of low interest rates and the sovereign debt crisis, which deepened as the year progressed. Decreasing customer activity was not compensated for by greater risk appetite on the trading side. On the contrary, the division stuck firmly to its customer-oriented business model in 2011. In spite of the strongly volatile market environment and the associated higher charge for derivatives positions, there was a significant fall in risk-weighted assets.

As the year progressed, we increased our presence in the world's major financial centres, particularly in America and the growth region of Asia, while improving our customer service in Frankfurt and London. This enabled us to offer an optimised range of products and services for classic Corporates & Markets customers as well as for the Mittelstandsbank segment's customers and for Commerzbank's private customers. The growing demand of our institutional customers for US dollar products was reflected especially in the development of a corresponding platform. Following the growing trend of increased demand for electronic trading, the existing platform for electronic derivatives and bond trading was optimised and supplemented by new functionalities. In a survey by the magazine "Deutsches Risk", Commerzbank was ranked top in the "Interest Rate Swaps – US-Dollar", "Interest Rate Options – Euro", "Cross Currency Swaps – Euro & US-Dollar" and "Forward Rate Agreements – Euro" categories.

We actively support our customers in the increasingly complex world of regulatory requirements. A strategic sales unit was established for this purpose, focussing on the range of products linked to regulatory changes. We also started a comprehensive OTC client clearing initiative which focuses on the new rules on centralised OTC derivatives clearing. We will thus offer a comprehensive clearing service to our customers who cannot conclude derivatives transactions directly with a centralised counterparty, as will be required in future. The newly established OTC Client Clearing Unit is attached to the FIC division and plays an important cross-segment and intra-bank role for customer loyalty.

In currency trading, the "Click & Trade FX" electronic platform continues to be popular with customers. Commerzbank confirmed its strength in currency business by placing first in a survey carried out by the German publication "Risk Magazin", in the "Overall FX" category. The initial success of our regional expansion was recognised by Euromoney's FX poll in 2011, when the Bank was ranked second in the "Most Improved Volume by Region – North America" category.

Another reflection of customer satisfaction was Commerzbank's first-place ranking for the third consecutive time in the Risk Management Advisory section and its second-place ranking in "Derivatives overall" in the survey by "Risk Magazin".

Outlook

We expect continuing turbulence on the markets in 2012. Our customer focus will be additionally strengthened by further expanding the customer base in the corporate, retail and institutional sectors. The interlinking of Group-wide sales channels will help us to optimise our range of products and successfully place them on the market. We plan to exploit further potential in 2012 from the regional presence which we strengthened in 2011, particularly in North America and Asia.

Equity Markets & Commodities

An excellent first half of the year for the Equity Markets & Commodities division was overshadowed by negative market developments in the second half. The crisis bearing down on the fixed income markets since the beginning of 2011 took full hold of equity and commodities markets in the second half of the year. The dramatic market upheaval and significantly higher volatility made investors more risk-averse, which had a considerable impact on the division's business.

Nevertheless, Equity Markets & Commodities expanded its prominent position in the European equity derivatives market in 2011. With nearly 140,000 products, the division offered an even more extensive range of equity derivatives than a year ago and was thus strongly represented in this product segment. In the year under review, Commerzbank placed certificates on shares of DAX, MDAX and TECDAX companies with an outstanding volume of around €16bn and won the "Best Issuer of Certificates" award at the Scope Awards 2011.

The division also confirmed its role as one of the leading brokerage houses for German equities. To intensify its support for institutional customers, the Securities Finance and Brokerage departments were merged to form a new Securities Finance and Corporate Equity unit. The Exchange Traded Funds (ETF) platform was still in constantly high demand with private and institutional investors. "ComStage" took first place at the ETF Awards in the "Cost structure" category and was also recognised as "ETF of the year". Furthermore, in cooperation with sales partner comdirect, a platform was successfully started for Contract for Differences (CFDs) for experienced private customers.

Commodities trading was also dominated by a significant increase in market volatility in the second half of the year. This phase saw higher turnover, particularly in precious metals, and a greater need for hedging by corporate customers in the energy sector. Here the division responded quickly to market events and came top of a survey by the German publication "Risk Magazin" in the "Metals" and "Energy" categories.

The high quality and breadth of the range of products were confirmed by several other awards. Commerzbank took first place in Europe in the "Best for Client Services", "Best Manufacturer", "Best Manufacturer Commodities" and "Best Manufacturer Equities" in Euromoney's Structured Retail Product survey. Overall, Commerzbank ranked in the top three positions in 72 categories in the same survey. In a survey for the magazine "The Shareholder", Commerzbank was in first place in the "Best Derivatives House", "Best Service Provider" and "Best Website" categories.

Outlook

The Bank is set to expand its leading role as market-maker in structured finance products as well as funds and ComStage ETF products in 2012. We want to respond to the difficult markets as well as we can in 2012 and further consolidate our competitive position through a comprehensive range of products and efficient sales channels for private customers and an improved platform for institutional customers.

Corporate Finance

In a challenging market environment, the Corporate Finance division secured its market position through numerous mandates for major corporate clients and financial institutions and in the public sector within Germany and internationally. Despite the deepening financial crisis throughout 2011, Corporate Finance posted more excellent results.

In the Debt Capital Markets Loans area, we concluded numerous high-visibility transactions on the syndicated loan market. In 2011, Commerzbank took over leading positions in the league tables in Germany and was in fifth place in EMEA (Europe, Middle East, Africa) markets. Commerzbank's excellent reputation on the syndicated loan market was recognised with numerous awards: first place as "Best Arranger of German Loans", "Best Arranger of Financial Institution Loans", "Best Arranger of Corporate Loans" and "Best Arranger of Schuldscheine", and leading positions as "Best Arranger of Western European Loans" and "Most impressive Arranger of EMEA Loans".

In 2011, the Debt Capital Markets Bonds area acquired numerous mandates for bond issues and private placements in the public sector, for corporate bonds and for the bonds of financial institutions. Here, too, there was a great deal of new issue activity in the first half of the year compared to the second. Furthermore, we developed innovative hybrid finance solutions for customers and for Commerzbank. In 2011, for instance, Commerzbank was lead manager for large volume hybrid transactions for Allianz and Munich Re. In a survey for "EuroWeek" magazine, Commerzbank was voted the "Most impressive Germany, Austria & Swiss Financial Institutions Groups Issuer" in 2011.

Although the European market for corporate acquisitions by Private Equity investors suffered from the euro crisis and the uncertain economic outlook in 2011, the Leveraged Finance area maintained its position on the European market while sticking to conservative credit risk management. The area not only made a solid and positive contribution to the division's results with a string of transactions, but also opened up additional cross-selling potential with Mittelstandsbank.

The Equity Capital Markets unit in Germany is one of the leading providers of equity-based capital measures, and in 2011 it acted in a leading role for a series of prominent transactions, including various IPOs and capital increases. Commerzbank's capital increase carried out by ECM in the first half of the year was recognised by "The Banker" as "Innovation of the Year" and by "International Financing Review" as "EMEA Equity Issue of the Year". The broad spectrum of transaction volumes showed that Commerzbank is the preferred partner of choice for equity-based capital measures for German blue chips and for SMEs.

M&A Advisory reinforced its solid competitive position in Germany through mandates for advice on public takeovers and purchases/sales of unlisted companies or parts of companies. This included advising German customers on the domestic market and abroad, as well as foreign companies and investors on takeovers in Germany, England and other European countries. In 2011, for example, M&A Advisory advised companies in Australia, China, England, Italy, Korea, Switzerland and the United States on acquisitions and disposals of business activities, on defending against public takeover bids and on valuing and analysing strategic options on public takeover bids.

The activities of Credit Portfolio Management, which actively manages the credit portfolio acquired from Client Relationship, focused on improving profitability in 2011, particularly by optimising the use of equity. The portfolio diversification was improved further through active management and a reduction in risk concentrations. CPM also made a significant contribution to the results of the Corporate Finance division in 2011.

During the year, a new unit was set up within Corporate Finance – Financial Institutions Advisory – which specialises in advising financial institutions. Including all Corporates & Markets product areas and Mittelstandsbank, customers' needs are analysed, product solutions formulated and business relationships developed, resulting in a comprehensive advisory service for Western European banks with capital market requirements.

Outlook

In 2012, Corporate Finance intends to reinforce its position on the German market and in European core countries, and expand it through targeted measures. This will require Corporate Finance to work closely with Mittelstandsbank and Client Relationship Management to enhance relationships with customers while developing solutions across the whole product range. In this context, there will be further cooperation between Corporate Finance units in 2012. Furthermore, we will intensify the development of innovative capital market solutions in various currency areas. Given the increasing disintermediation of small companies that are active internationally and looking more and more to meet their funding needs via the capital market rather than a classic loan, we will increasingly arrange relevant bond issues for our corporate customers, seek to step up our syndication ratios on loans and structure new and existing loans so that they are of interest to various investor classes.

Client Relationship Management

The Client Relationship Management division focuses on serving well-known German multinational companies, selected German family companies in all key industrial sectors and companies from the international insurance sector. The division is also responsible for taking care of leading private equity investors as well as the federal government and the individual German states. In order to offer our clients customised solutions, the division works closely with the relevant product specialists from all areas of the Bank.

Even in the difficult market environment of 2011, we stood by our customers as a strong and reliable partner in investment and corporate banking. Here we focused on providing innovative answers to the challenges of the global financial markets and ensuring continuity when granting loans for our customers. We secured market share and reinforced Commerzbank's good positioning by successfully developing our support for investment bank customers in the public sector. Our comprehensive service approach for financial investors means that Commerzbank is now in greater demand as a partner.

Outlook

In 2012 the division will strive to further develop business relationships with target customers. In doing so, we will continually optimise the use of capital. In addition, the worldwide servicing of sovereign wealth funds will in future be conducted through CRM.

Outlook for Corporates & Markets

The next two years will bring fresh challenges for the Corporates & Markets segment. The segment will therefore focus on stabilising earnings, optimising capital requirements and maintaining consistent cost management in the next few years. It will also adhere to a conservative risk approach in its trading and banking books and apply appropriate loan loss provisions. In doing so, our products and services will continue to be geared closely to customer needs in future. This will help us remain a competitive and attractive business partner for our customers, while at the same time being well prepared for the new regulatory arrangements.

Wanting more. Achieving more.

Heading for the horizon: since 1983, **Hermann Ebel** has set up more than 120 shipping funds through his firm HANSA TREUHAND. His own shipping company currently operates 37 ships. This would not have been possible without a strong partner. With Commerzbank on board, the company is steering a profitable course.

Creating value. Hermann Ebel's group of companies was founded in 1983. In the past few years, HANSA TREUHAND Holding AG has expanded beyond its original shipping business into private equity and aircraft. On land and at sea, the company now has around 3,000 employees.

› **HANSA TREUHAND,** Hamburg
Working in partnership since 1989
(Deutsche Schiffsbank)

Asset Based Finance

The Asset Based Finance (ABF) segment comprises the Commercial Real Estate (CRE), Public Finance (PF), Ship Finance (S) and Asset Management and Leasing (AML) divisions. Nearly all CRE and PF activities are carried at Commerzbank's subsidiary Eurohypo AG. AML comprises the activities of our subsidiary Commerz Real AG. Ship Finance consolidates the ship financing of Commerzbank and our subsidiary Deutsche Schiffsbank AG.

The asset-based lending strategy in the Asset Based Finance segment is geared towards optimising the existing portfolio, which means downsizing balance sheet volume, reducing risk positions and moving towards profitability for the portfolio.

The effects of the European sovereign debt crisis were acutely felt in 2011. As a result, we had to make write-downs on our Greek government bond portfolio, which impacted heavily on the segment's earnings. Reflecting the global economic slowdown in the past year, business on the international real estate and shipping markets was also very mixed. Some markets continued to improve, whereas in others – such as the Spanish real estate market, for example – conditions remained difficult.

Performance

Asset Based Finance

€m	2011	2010	Change in %/%-points
Income before provisions	–2,432	925	.
Loan loss provisions	–907	–1,584	–42.7
Operating expenses	572	609	–6.1
Operating profit/loss	**–3,911**	**–1,268**	**.**
Capital employed	5,398	6,276	–14.0
Operating return on equity (%)	–72.5	–20.2	–52.2
Cost/income ratio in operating business (%)	.	65.8	.

Table 7

Against the backdrop of the developments set out above, the ABF segment reported an operating loss of €–3,911m in 2011, compared with a loss of €–1,268m in 2010.

› **Note 44 – Segment reporting**
Page 242 ff.

As a result of the European sovereign debt crisis, income before provisions was also negative at €–2,432m, compared with income of €925m in the prior year. Net interest income amounted to €1,021m, down 12% from the previous year because of the accelerated portfolio downsizing and higher funding costs. Compared to last year, commission income fell by 20.5% to €260m, due mainly to lower levels of new business. After being negative at €–78m in 2010, trading income rose to €123m, due in particular to the valuation of derivatives in accordance with IAS 39. Net investment income amounted to €–3,799m, notably as a result of write-downs on our Greek government bonds. Losses on disposals were also incurred in connection with our forced risk reduction in the Public Finance portfolio.

At €907m, loan loss provisions were below last year's very high level, but they still reflected the ongoing problems in certain real estate markets and the uncertain trends on shipping markets.

Operating expenses remained substantially below those of 2010 at €572m due to lower staff costs and other operating costs.

The pre-tax loss was €-3,911m, compared with a pre-tax loss of €–1,301m in 2010.

The operating return on equity based on average capital employed of €5.4bn was –72.5%, compared with –20.2% in the previous year.

Main developments in 2011

In the Commercial Real Estate division, we successfully pressed ahead with the implementation of our goals of downsizing the portfolio, reducing risk and moving towards profitability. Selective new commitments in real estate lending, which, in addition to prolongation management, is one of the main channels for steering the downsizing process, amounted to €2.5bn, compared with €5.7bn in 2010.

Reflecting our strategic decision to run off the Public Finance portfolio in a risk-sensitive manner, the Public Finance division did not conduct any new public finance business during the period under review, except for the purposes of cover pool management. We managed to reduce the portfolio by some €18bn overall, of which around €9bn was due to actively winding down positions, even if this meant incurring additional losses.

The Ship Finance division was dominated by the renewed downturn on the shipping markets, principally in the second half of the year. We only took on new commitments on a very selective basis, which helped shrink the portfolio.

Asset Management and Leasing enhanced its collaboration with the Mittelstandsbank and Private Customers divisions, which proved particularly successful in business with institutional clients and in the management of open-ended property funds.

Commercial Real Estate

Commercial Real Estate faced with special challenges

Finance for commercial real estate is handled within the Commerzbank Group by Eurohypo AG. Its customers are professional real estate investors and property developers with a continuous need for finance for stock properties, project developments and real estate portfolios. Eurohypo AG gives them individual need-based advice and customised finance solutions. In addition to its domestic market in Germany, this specialist bank has concentrated its core activities on nine foreign target markets.

In view of its restructuring activities, Eurohypo has withdrawn from 17 of its total of 20 locations since 2009, in some cases earlier than planned. In 2011, it closed its offices in Athens and Shanghai with effect from June 30 and December 31, 2011 respectively. Further closures are planned in Bucharest and Mexico City in the first half of 2012.

The ongoing sovereign debt crisis and major uncertainties on the real estate and capital markets present Eurohypo AG with operating conditions which have permanently changed and to which it must respond. Potential further escalation of the European debt crisis entails the risk of another correction on real estate markets. Governments' austerity packages, the high and in part excessive indebtedness of private households, and the mostly stagnating property markets are also subduing growth prospects for the target markets.

Focus on winding down the portfolio and reducing risk

In 2011, Commerzbank successfully continued its strategy of winding down assets on a value-preserving basis and optimising the commercial real estate finance portfolio. The improved results in the CRE core markets showed that the Bank chose the right strategy.

Activities still focused on winding down non-Pfandbrief-eligible or non-strategic parts of the portfolio. In commercial real estate financing, segment assets (performing and non-performing book) as at December 31, 2011 totalled around €62bn, compared with €73bn in 2010, which corresponded to a reduction in the CRE portfolio of some 14% within a single financial year. This means that the target of reducing the CRE portfolio by the end of 2012 to less than €60bn will probably be reached sooner than planned. As a result of the substantial portfolio reduction, the risk content of real estate business also decreased considerably, with average risk-weighted assets (RWA) at year-end standing at €38.2bn, 22% less than the 2010 figure of €49.1bn.

In CRE, new business was limited to around €2.5bn in 2011, due mainly to the forced winding down of the portfolio. Of this, around €0.8bn related to domestic commitments and €1.7bn to foreign ones. In addition to new commitments, existing loans of €6.6bn were prolonged, which corresponded to a reduction in the CRE portfolio of some 14% within a single financial year. Overall, the business area provided its customers with loans totalling €9.1bn.

Outlook

In commercial real estate financing, we will continue to concentrate on resizing the credit portfolio and reducing assets by year-end to less than €60bn in line with risk-income considerations. The existing portfolio will contract further over the next few years. Against this background, every individual commitment will be critically reassessed to determine whether it is suitable for prolongation. Overall we assume that credit quality will continue to improve. We will begin taking on new business again in the second half of the year at the earliest: Given the risk-oriented portfolio reduction, risk-weighted assets are also likely to fall further.

Public Finance

Public Finance business involves funding sovereigns, federal states, municipalities and other public-sector bodies as well as supranational institutions. It comprises the activities of Eurohypo AG, including those of its Luxembourg subsidiary EUROHYPO Europäische Hypothekenbank S.A. and the Commerzbank subsidiary Erste Europäische Pfandbrief- und Kommunalkreditbank AG (EEPK) in Luxembourg. The secured funding for Public Finance's activities derives from issuing public-sector Pfandbriefe and lettres de gage Publiques. Repo transactions also play a role in refinancing the portfolio. Commerzbank provides unsecured finance. By changing Eurohypo's funding concept to longer-term funding within the Group, it has optimised funding via the residual terms and thereby created stable funding.

Portfolio reduction accelerated

The conditions for public finance worsened considerably again in 2011: the creditworthiness of a number of countries, some outside Europe, was downgraded and the risk premiums for nearly all European countries rose significantly.

This development not only confirmed that the reduction strategy chosen in 2010 was the right one, but also resulted in the measures being extended. New Public Finance business was concluded simply for cover pool management or to meet contractual agreements. Although deliberately taking losses, we pressed ahead during the year with selling assets that did not meet our creditworthiness requirements – either immediately or foreseeably – and/or that had a negative impact on the portfolio's profitability due to expensive follow-up funding. Eurohypo AG also reduced its commitment in southern European countries under its active downsizing programme. By December 31, 2011, the exposure at default on securities and promissory note loans in Greece, Italy, Ireland, Portugal and Spain totalled €12.3bn compared with €16.8bn at the end of 2010.

Outlook

Against the background of the continuing European sovereign debt crisis and the much tighter capital adequacy requirements demanded by the European Banking Authority, we will systematically press ahead with reducing the Public Finance portfolio in 2012.

Our view is that strict implementation of measures for budget consolidation in EU countries and the USA remains doubtful; this is a basic requirement to enable confidence to return and the markets to recover. We therefore assume that the markets will continue to be volatile in 2012.

Ship Finance

All the Commerzbank Group's shipping finance activities are combined in the Ship Finance division. In addition to Commerzbank's shipping finance, this applies to the Deutsche Schiffsbank Aktiengesellschaft subsidiary which has been wholly owned by Commerzbank since November 2011. Deutsche Schiffsbank AG will be merged into Commerzbank Aktiengesellschaft in 2012.

Market trends and portfolio

The sovereign debt crisis, the economic situation in the USA and various European countries, and the uncertain economic trends in China had a particularly negative effect on shipping markets in 2011.

In the container sector, worldwide container handling grew compared to 2010, but high fleet growth led to overcapacity and falling freight rates. Rising bunker costs and tough competition for market share were additional pressures on shipping companies. As a reaction to this, charter rates and shipping values also fell from the middle of the year. Towards year-end, the first signs of consolidation trends appeared in the form of alliances of shipping lines and mergers of charter companies. It remains to be seen whether these will last.

Demand for bulk carriers fell back considerably in the first half of 2011, with charter rates for bulkers seeing large falls. In the second half of the year, the strong seasonal rise in the iron ore trade, fuelled by low prices, led to a three-fold spike in rates at year-end. Since the beginning of 2012, however, they have fallen back considerably again, which was to be expected. By contrast, the charter rates of medium-sized and smaller bulkers were at break-even level over the year.

The tanker market fluctuated during the year and is generally affected by numerous factors that are almost impossible to predict. The decrease in oil storage on ships linked to rising fleet growth and weak demand for oil resulted in a significant oversupply of large tankers.

The yearly charter rates for crude oil tankers continued to fall and were 40% lower at year-end compared to the previous year. The market values of larger tankers also recorded substantial falls in the second half of the year.

Exposure at default (performing and non-performing book) for ship finance fell in 2011 from €22.7bn to €21.2bn. The exposure is divided into three largely unchanged standard types of ship, namely containers (€7bn), tankers (€5bn) and bulkers (€4bn). The remaining portion is accounted for by various special tonnages which are well diversified across the various ship segments.

The systematic reduction in risk on existing business resulted in a degree of stabilisation during the period under review, driven in particular by restructuring measures. In the given market environment, however, business performance was still burdened by high loan loss provisions.

Outlook

The European sovereign debt crisis and related uncertainty about the global economy indicate that uncertain market trends will continue for the shipping industry, although we expect this to vary by individual asset class.

While container shipping depends in particular on the European economy recovering and the moderate growth in the USA continuing, bulk shipping is reliant on continuing strong demand for raw materials in the developing nations and growth in China. The uncertain demand for oil is limiting market expectations for tankers. The markets for bulkers and tankers are also being adversely affected by continuing high fleet growth.

We therefore expect business to be inconsistent overall in 2012. As we are continuing to reduce risk and conduct a very restricted volume of new business, we expect income to decline and risk costs to remain high.

Asset Management and Leasing

After a strategic and structural reorientation in 2010, the Commerz Real Group reported confident business performance in 2011. By concentrating on cooperation with the Private Customers and Mittelstandsbank segments and reducing non-strategic holdings, the assets managed by Commerz Real fell last year by €1.4bn to around €37bn as of December 31, 2011. Of this, around €23bn related to investment products and around €14bn to funding products.

Investment products: growing importance of renewable energies and infrastructure

Commerz Real offers a broad range of asset-based investment products to private and institutional customers.

With a fund volume of around €10bn, hausInvest is one of Germany's largest open-ended property funds. In 2011, it was "A" rated (high quality) by Scope, the independent rating agency. In addition to its profitability, Scope also commended the fund for its widely diversified property portfolio of recent provenance. At the end of its financial year as of March 31, 2011, hausInvest achieved a yield of 3.2% (calculated using the BVI method), which was the best annual performance of all open-ended property funds for private investors.

Commerz Real is also tapping into the infrastructure investment asset class through special property funds for its institutional investors. The majority acquisition in July 2011 of the RWE subsidiary, Amprion, represented a major milestone in this regard. It was the largest transaction of its kind in Germany to date. On behalf of a group of institutional investors, Commerz Real acquired 74.9% of the company, which operates Germany's largest extra-high-voltage grid, which is 11,000 kilometres long.

In October 2011, Commerz Real continued its successful solar fund issue series with the "CFB-Fonds 179 Solar Deutschlandportfolio IV" with a volume of €245m, making it the largest solar fund to date. In recognition, it was honoured, as in 2010, with the Scope Investment Reward 2011 in the category closed-end energy funds.

Funding products: repositioning and portfolio restructuring

The market environment for Commerz Real's structured investments and equipment leasing service range brightened in 2011 against the backdrop of the positive economic climate in the first half of the year in Germany and rising investment activity. New business improved accordingly. Commerz Real also repositioned its funding products, linking itself more closely with Commerzbank's Mittelstandsbank in terms of distribution.

Structured investments at Commerz Real centre on property services. Planning, building, structuring and funding from one source – this creates optimum management and operating structures for a property's complete life cycle. Also included is the broad range of services in equipment leasing, with demand during the reporting year focused on investment in plant and machinery.

Commerz Real continued disposing of non-strategic investments, including the minority holding of around 49.9% in BRE Leasing Sp. zo.o., which specialises in commercial customers, to BRE Bank, the Polish subsidiary of Commerzbank. The latter already held 50.1% of the shares in the company, which is based in Warsaw.

The CORRELATION strategy project was also successfully completed, the aim of which was the now implemented strategic realignment of Commerz Real.

Outlook

Open-ended property funds continue to be the mainstay of Commerz Real's investment products for private investors. The hausInvest brand is well established and is celebrating its 40th anniversary in 2012. The product concepts of closed-end funds are being amended to reflect current market and legislative requirements.

Commerz Real is also planning to expand the investment opportunities for institutional investors and major investors in 2012. More products are being prepared for the property and infrastructure segments.

For the structured investments and equipment leasing service range, Commerz Real will press ahead with integration so that its funding products can be positioned more efficiently with customers in the Group.

On the assumption that sales markets will become economically stable, positive business progress is expected.

Outlook for Asset Based Finance

We will press ahead with the strategic restructuring of the segment's divisions in an extremely challenging market environment. Key aims will be a further reduction in assets and subsequent lower funding requirements, as well as continued of downsizing of risk positions. Another important focus will be on rigorous management of capital employed and on the further forced reduction in costs.

Portfolio Restructuring Unit

The Portfolio Restructuring Unit (PRU) was set up in the third quarter of 2009 as an independent unit in response to the worsening financial market crisis. It originally covered several asset classes, particularly those from investment banking that were linked to discontinued proprietary trading and investment activities and are no longer classified as strategic. In 2011, the PRU only comprised Structured Credit, as Credit Trading was closed at the end of 2010. The Structured Credit area contains all asset-backed securities (ABS) that do not carry a state guarantee, but none of our own securitisations. The PRU's activities are mainly carried out in London.

Performance

Portfolio Restructuring Unit

€m	2011	2010	Change in %/%-points
Income before provisions	–62	843	.
Loan loss provisions	–5	–62	–91.9
Operating expenses	63	106	–40.6
Operating profit/loss	**–130**	**675**	**.**
Capital employed	1,002	1,212	–17.3
Operating return on equity (%)	–13.0	55.7	.
Cost/income ratio in operating business (%)	.	12.6	.

Table 8

› **Note 44 – Segment reporting**
Page 242 ff.

The performance of the PRU in 2011 was characterised mainly by economy-related market volatility deriving primarily from the European sovereign debt crisis. Even in this difficult market environment, the PRU segment successfully continued its strategy of systematic risk reduction, cutting its portfolio by 16% to €11.9bn at year-end 2011. This reduction was achieved through natural amortisation, proactive restructuring and taking advantage of market opportunities. Disposals in the fourth quarter in particular accelerated the reduction in the portfolio. The PRU's operating result for 2011 as a whole showed a loss of €–130m, compared with €675m in 2010.

Income before loan loss provisions showed a loss of €–62m compared with a positive €843m in the same period of 2010. Interest income was €49m, down from €82m in 2010, reflecting the smaller size of the portfolio. Trading income saw a large fall, reporting a loss of €–108m, which, in addition to largely countervailing valuation and realisation effects, was due to valuation adjustments in respect of the counterparty risk of credit insurers. The 2010 figure contained positive effects of impairment reversals plus profits from the portfolio reduction.

Loan loss provisions for lending amounted to €5m, compared with €62m in 2010.

Operating expenses fell around 41% year-on-year to €63m.
Pre-tax result showed a loss of €–130m, compared with €675m in the previous year.
Average capital employed fell back 17.3% to €1.0bn.

Main developments in 2011

The PRU's strategic aim in 2011 was still to wind down the portfolio while optimising value. It pursued this aim through reduction measures and active management of all exposures. The PRU will not enter into any new positions unless for hedging/risk management purposes.

The management philosophy for the PRU in the first three quarters of 2011 was geared towards comprehensive and active portfolio management as well as reduction strategies with clear balance sheet and RWA targets. Capital preservation and risk reduction took absolute priority in this regard. Selling "at any price" was not part of this management philosophy. Instead, the PRU wound down portfolios while proactively exploiting specific market events or carrying out restructuring.

During the fourth quarter of 2011, the PRU's strategy based on portfolio reduction was then realigned to reflect the "capital optimisation" criterion.

In 2011 we made further progress in winding down the portfolios transferred to the PRU. Volume fell back from €14.1bn to €11.9bn, and complexity was reduced accordingly. Due to the simultaneous reduction in risk positions, the PRU will be affected to a lesser extent by the forthcoming regulatory changes on capital adequacy under Basel III.

During 2011, we primarily sold exposures in asset classes US RMBS, ABS and CDOs on ABS. We also reported restructuring success and early terminations, which had an additional risk-reducing effect. To decrease operational complexity further, the majority of positions and processes had already been transferred from New York to London in the previous year.

Outlook for Portfolio Restructuring Unit

The performance of the markets will still greatly depend on macroeconomic factors. Additionally, market liquidity will be determined by international monetary policy, the development of the European debt crisis and regulatory and legal conditions. We expect the markets to continue to be highly volatile in this difficult environment.

The PRU will continue to actively manage the remaining exposures in 2012; this will be linked to a further reduction in balance sheet volume. As a result, both net interest income and the operating cost base will fall in 2012.

Others and Consolidation

The Others and Consolidation segment contains the income and expenses which are not attributable to the business segments. The reporting for this segment under “Others” comprises equity holdings that are not assigned to business segments, as well as Group Treasury. The costs of the service units which – except for integration and restructuring costs – are charged in full to the segments are also shown here. Consolidation includes expense and income items that represent the reconciliation of internal management reporting figures shown in segment reporting with the consolidated financial statements in accordance with IFRS. The costs of the Group management units which are charged in full to the segments, except for integration and restructuring costs, are also reported under this heading.

Performance

› **Note 44 – Segment reporting**
Page 242 ff.

Operating profit amounted to €1,580m in 2011, compared with a loss of €–505m in the prior-year period. Operating income before loan loss provisions rose from €368m in 2010 to €1,996m in 2011. The increase of €1,628m was mainly due to one-off effects connected with the capital measures implemented in the first and fourth quarters of 2011 to optimise the capital structure along with one-off income in Group Treasury from a refinement of the valuation models for interest rate hedging transactions in the third quarter of 2011. Income was also generated from the disposal of equity investments. The marked drop in operating expenses, which fell by €461m, was principally attributable to declining integration costs for the service and management units in connection with the “Growing together” project and to various and sometimes contrary one-off effects, including those associated with the sale of non-strategic holdings in 2010. Results for 2011 showed a pre-tax profit of €1,580m, after a loss of €–505m in 2010.

Our employees

As a leading bank for private and corporate customers, we need well qualified and committed employees. The main objective of our Human Resources work is therefore to constantly improve the appeal of Commerzbank as an employer, both internally and externally. Our Group Human Resources division creates the conditions for recruiting, developing and retaining suitable employees for the Bank. The HR division is a business partner for the segments and creates an important strategic basis for Commerzbank's success.

At year-end 2011, Commerzbank Group employed 58,160 staff, 941 fewer than the year before.

› **HR Report**
https://www.commerzbank.com/media/careers

Commerzbank personnel

Actual number employed	31.12.2011	31.12.2010
Total staff Group	58,160	59,101
Total staff parent bank	42,877	43,550

Table 9

The number of full-time equivalents was 49,215 compared with 50,489 the previous year. The following table shows full-time employees at year-end by segment.

Full-time personnel	31.12.2011	31.12.2010
Private Customers	16,546	17,202
Mittelstandsbank	4,843	4,831
Central & Eastern Europe	8,066	8,163
Corporates & Markets	1,827	1,747
Asset Based Finance	1,527	1,743
Portfolio Restructuring Unit	25	45
Others and Consolidation	16,381	16,758
Group total	**49,215**	**50,489**

Table 10

Most employees in the Commerzbank Group (76%) work in Germany. Their average length of service with Commerzbank Aktiengesellschaft (Germany) is around 18 years; almost 20% have worked for the Bank for up to 9 years, 38% for between 10 and 19 years and 43% for 20 years and longer. The employee turnover rate in 2011 was 4.8%, and it has been falling almost continually since 2000, when it was 9.4% at the old Commerzbank.

Staff integration completed, organisational development continues

To implement our high staff standards more consistently in all the Commerzbank Group's German and foreign locations, we began to place our HR work on a uniform Group basis as part of the "global functional leads" by Group Human Resources. To do this, we agree with our global subsidiaries and Group entities the extent to which our HR products, processes and regulations should apply in individual locations.

The integration of Commerzbank's and Dresdner Bank's staff was completed in the year under review. As of July 1, 2011, a further 2,500 staff were assigned to their final target functions. Further progress was made with the integration-driven job reductions. Over 80% of the 9,000 full-time job reduction plan, which is still intended to be carried out without compulsory redundancies, has been implemented, taking account of all agreements concluded.

We also systematically pressed ahead with organisational development after integration was completed. An important tool for this was the Commerzbank Monitor. Close to 26,000 employees from within Germany and abroad took part in this staff survey in autumn 2011. The corporate culture in the direct work environment, the excellent cooperation within teams plus the performance and customer orientation of staff were identified as strengths throughout the Bank. The management work of direct line managers was also given a high rating, as were the Bank's health offerings. At the same time however, the Commerzbank Monitor also showed shortcomings, with staff sceptical about the Bank's overall situation. A need for improvement was identified in staff professional development and in implementing the Bank's target image. In addition, more than 1,600 managers received in-depth reports for their unit in mid-December 2011, which they are using to implement concrete measures in divisions and departments.

Hiring young talent, developing staff

The skills and qualification of our staff are essential for the success of our business. To keep on continually expanding those skills, we are taking a comprehensive development approach, from junior staff level to top-level management. We encourage our young talent from the very beginning and offer attractive development opportunities in technical, management and project careers. Of the 39,081 staff employed by Commerzbank Aktiengesellschaft at year-end 2011 (in Germany), 2,343 of them were undergoing professional training. Furthermore, we have employed 195 staff as trainees, 334 on average were students belonging to Commerzbank's study group. We also employed around 850 academic interns in 2011.

Since 2010, we have been making more use of social media platforms to communicate with potential young talent. These platforms are becoming more and more popular with pupils, students and graduates as an information source and a platform for exchanging information on starting a career. We therefore use Twitter to publish current job offers and information on our entry opportunities for young talent. We also have a presence on YouTube and Xing and have ourselves rated by our employees on Kununu. In 2011 on our "Commerzbank Career" Facebook page, our Chief Human Resources Officer, Ulrich Sieber, gave insights into the world of careers at the Bank entitled "7-times Sieber". Overall, we have nearly 15,000 fans on social network sites. Our social media involvement in the HR area makes us one of the top five most active DAX companies.

We not only reach out to potential young talent via social media but also in person. In 2011, we organised application training events in schools and used case studies to place pupils into entrepreneur roles. We also participated in cross-sector young talent development programmes, such as the Start Foundation, "business@school" and "Handelsblatt macht Schule". The success of these measures can be seen, for instance, in the constantly high level of applications from trainees. In 2011, we had taken on around 1,000 trainees and students from cooperative education colleges. We normally train more students than we ourselves require, in order to give a large number of students the opportunity to receive professional training. This way we invest in the Bank's future and also underpin our social commitment. In 2011, we took on more than two thirds of the trainees who wanted to participate and gave them an interesting professional perspective in the Bank.

With the Commerzbank Academy, we ensure transparency and uniformity in bank-wide training and encourage staff across all groups. We have already established a uniform structure for development paths in management and project careers. The focus is now on specialists, for whom there will be increased competition on the jobs market in future. We offer them a valuable alternative to management and project careers.

Developing ideas, solving problems

We made significant progress in 2011 in developing ideas management with which we are improving company processes. The basis for this is still the "ComIdee" IT platform on which all staff may submit their ideas for improvements. In 2011, 2,824 female staff and 4,404 male staff submitted ideas through ComIdee; this was 10% more than in 2010. The ideas were rewarded with a total of €216,000, the highest premium for a single idea reaching a new high of €56,625. We also started our "WikIdee" platform in September 2011, where employees work interactively on overarching problems, such as processes, technical applications or methods of advising customers. Everyone may place their own suggestions online or submit a concrete question with a request for support. The evaluation of ideas produces a ranking that highlights relevant topics, potential innovations and critical points.

In 2011, staff submitted a total of 1,381 ideas on WikIdee, as well as 4,883 comments and 38,693 votes. More advanced ideas are transferred from WikIdee to ComIdee. WikIdee is an important platform for the "Commerzbank Excellence" programme. The success of our ideas management was also recognised through another award from the international association "Ideas America". WikIdee is unique in the financial sector. The benefit achieved by ideas management in 2011, net of all costs, stood at around €3.42m, based on an average five-year application period.

Promoting health, living and working actively

We have used numerous measures to help staff stay healthy at work. In doing so, we improve well-being, motivation and the performance of our employees. Our health management constantly expands and optimises the offerings to reflect the changing requirements of the professional daily routine. In the process, we assume a duty of care for our staff and strive to reduce absenteeism. The staff sickness rate at Commerzbank Aktiengesellschaft (Germany) stood at 4% in 2011, the average number of sick days per staff member was 9.9 days.

We introduced the "Health in Commerzbank" interactive training programme last year to improve staff awareness of health issues. This Intranet programme, which covers topics on health in the workplace, stress management, how to avoid addiction, nutrition and exercise, has to be completed by all Commerzbank Aktiengesellschaft staff in Germany. Shortly after the introduction of the first of three modules, the programme was completed more than four times as often as the previously most successful electronic obligatory training course in the Bank.

In a joint initiative by the overall works council and health management, we established the "HORIZONT" network in August 2011 for those affected by burnout. Around 50 staff took part in the first event. The network in which those affected work together, offers an exchange and information platform. As with our other company networks, the content and organisational work is independently structured and is run in close cooperation between the works council and health management.

Medical screening is an efficient way of promoting health issues and improving quality of life. Consequently, senior staff at Commerzbank Aktiengesellschaft in Germany have been offered health check-ups since 2011.

We support all staff who would like to play sport after work by offering them a range of options. Our 160 sports associations throughout Germany are dedicated to all popular types of sport and have a total of 17,000 members. The work of the sports associations is organised by 3 committees and several divisional heads, so that, overall, there are close to 1,000 staff involved in corporate sport on a voluntary basis. Around 800 sportsmen and women took part in our first joint nationwide sporting competition, the ComGames, in September 2011.

Strengthening diversity, supporting staff

We promote the diversity of our staff, as this has a positive impact on our corporate success and strengthens our corporate values. Applied diversity improves motivation, innovativeness and the working environment. And it ensures that very different personalities are accepted in a company, so that they can develop their full potential.

Our "Women in management positions" project, started in 2010, is intended to increase the proportion of women in management so that Commerzbank has the most effective management team possible reflecting the full range of talents. Women represent 50% of the workforce in Commerzbank Aktiengesellschaft (Germany), but in terms of management positions they only account for between 9.3% of management level one and 28.8% of management level four. We plan to increase the proportion of women in all management positions throughout the Group from the current 24.2% to 30% by 2015. This target is supported by a range of bank-wide measures, such as a mentoring programme in which around 600 men and women are currently taking part.

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The Board of Managing Directors, all managers of level one and more than 1,300 managers of levels two to four have so far attended our diversity workshops, which have been obligatory for all managers since 2011. "Career days" are another part of the project and were held for the first time in the year under review. Around 500 women took part in these segment-internal networking events aimed at promoting exchanges with experienced female managers.

We opened our own after-school club in Frankfurt am Main in August 2011. Ten primary school children of Commerzbank parents are currently attending the after-school club, where they are looked after up until 7 p.m. This number may rise to up to 80 children in the coming years. It is organised by Pme Familienservice, which already provides around 260 full-time places throughout Germany for Commerzbank staff children in crèches, kindergartens and in an after-school club. We have been recognised for our family-friendly initiatives for the fourth time through the "career and family" certification granted by the not-for-profit Hertie Foundation.

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Since the beginning of 2011, all staff, who for whatever reasons are temporarily not at work, can stay informed about a variety topics and current job offers through our diversity portal on the Internet, which we started in 2010 for staff on maternity or paternity leave. There are currently more than 3,600 staff registered on the portal.

In addition to diversity activities by our HR department, we actively include our staff in the diversity process through networks. "Focus on fathers" addresses the topic of equal opportunity from a man's perspective. The "Courage" network is a women's forum where female staff can exchange experiences and foster their professional development. In addition to locations around Germany, "Courage" has also been active in Western and Eastern Europe, London, New York and Asia since 2011. The "Arco" network for gays and lesbians continues to grow and now has close to 400 members, making it the largest corporate network of its kind in Germany.

We publish information on our diversity events on the Intranet. All staff are invited to keep themselves informed on various topics through workshops, talks and discussion forums, and to exchange information and drive forward their own personal and professional development. More than 50 events were held for this purpose during 2011. There was strong demand for our Saturday workshops for female staff, which were held in Berlin, Düsseldorf, Frankfurt am Main, Hamburg, Mannheim and Nuremberg.

Remuneration

As a result of the increased significance arising from greater regulatory requirements, employee remuneration has been disclosed since 2010 in the form of a separate report. This is being published on the Commerzbank website www.commerzbank.com and in future will be updated once a year.

Note of thanks to employees

We would like to thank all our employees for all their hard work in 2011. They showed exceptional commitment in a difficult market environment and under conditions that were not always easy. We know that this cannot be taken for granted. We would also like to thank all staff, managers, works councillors and other representatives who assisted in HR work in 2011 in a trusting and constructive manner.

Report on events after the reporting period

Further optimisation of the capital structure

As part of the Bank's capital management, Commerzbank used the market opportunities in the middle of February and on February 23, 2012 entered into an agreement with Goldman Sachs under which Goldman Sachs can bring into Commerzbank as a contribution in kind selected hybrid capital instruments and subordinated loans against shares to be issued by Commerzbank out of authorised capital. Goldman Sachs will acquire these securities from institutional investors on the market based on an exchange offer at a price below par. The volume of the new shares is restricted to no more than 511 million (10% minus one share), Commerzbank shareholders' subscription rights are excluded. This transaction is another measure for the efficient reinforcement of the capital base with a view to future regulation.

Measures to cover the EBA's requirements

In mid-January 2012, Commerzbank presented a comprehensive package of measures to enable us to meet, through our own resources, the European Banking Authority's (EBA) requirement for strengthening our hard core capital by €5.3bn by June 30, 2012.

In order to meet the Core Tier I ratio specified by the EBA, Commerzbank already introduced comprehensive measures in November 2011. Based on the figures as at December 31, 2011, the capital requirement according to the EBA was reduced to around €1.8bn. This amount stemmed from retained earnings for the fourth quarter of 2011 which contained a one-off IFRS contribution to earnings from the buyback of hybrid equity instruments, and from RWA management. In addition, regulatory capital deduction positions were significantly reduced in the fourth quarter of 2011 through efficient management of the capital structure.

The write-downs on Greek government bonds applied in the fourth quarter of 2011 could therefore be offset against the capital buffer specified by the EBA.

Together with a successful conclusion of the measure announced in February for optimising the capital structure, this capital requirement can be reduced by a further €1.0bn to approximately €0.8bn, in the event that the exchange offer is accepted in full. This would allow Commerzbank to cover a significant part of the additional capital requirement calculated by the EBA.

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There have been no other events of material significance.

Outlook and opportunities report

Future economic situation

The outlook for the global economy depends heavily on how the sovereign debt crisis in the eurozone develops. Any escalation caused by open default of a euro country could trigger a wave of uncertainty similar to the one seen after the collapse of the US investment bank Lehman Brothers in autumn 2008 and not only plunge the eurozone economy into recession, but also the entire world economy. However, if politicians manage to prevent such an escalation, with heightened support from the ECB – on which we base our following assumptions – then there is a good chance that the global economy will start to pick up this year.

The central banks of the developing nations have gradually shifted their focus over the past few months. As inflationary risks have become less of an issue and they have been able to concentrate more on supporting the economy, they have relaxed their monetary policies again. This should help the economies in these countries start to grow quicker again after the usual time lag. In the USA, the after-effects of the burst real estate bubble and high unemployment will continue to prevent a strong upturn, which should actually be generated by the US central bank's extremely expansive monetary policy. These problems may eventually fade in importance, however, allowing the US economy's pace of growth to gradually rise.

Real gross domestic product
Year-on-year change

	2011	2012[1]	2013[1]
USA	1.7%	2.0%	2.5%
Eurozone	1.6%	–0.4%	0.8%
Germany	3.0%	0.5%	1.3%
Central and Eastern Europe	3.7%	2.2%	3.3%
Poland	4.0%	2.2%	3.8%

[1] The figures for 2012 and 2013 are all Commerzbank forecasts.

Table 11

The eurozone is also set to benefit from the somewhat more positive global economic environment, and it should see some mild economic growth during 2012. This is also reflected by business climate indicators, which recently have improved. Nevertheless, the still very restrictive financial policy in many euro countries will continue to hold back the economy.

Furthermore, in some countries such as Spain, the excesses of the past in terms of corporate and domestic indebtedness and real estate lending have not yet been fully corrected. There is also great uncertainty about the future of the currency union. If the sovereign debt crisis were to deepen again despite massive intervention by the ECB, this could quickly tip the eurozone back into recession. But even if this does not happen, the economy in the eurozone is likely to contract slightly on average in 2012 and only start to pick up in 2013.

It can be assumed that Germany will fare better than most other countries within the eurozone in the next two years, and this will be for the same reasons as before, i.e. because competitiveness has improved considerably in the past few years and there is less need to consolidate government finances. As a result, the German economy should start to pick up again by spring at the latest, provided that renewed intensification of the sovereign debt crisis does not trigger another huge wave of uncertainty. The recovery will probably be only modest, however. GDP is forecast to rise only slightly for the whole of 2012, and the situation on the employment market is therefore not expected to improve any further. In fact, unemployment is predicted to rise slightly. In 2013 the German economy should then be in tune again with potential growth in the basis scenario.

Even if the sovereign debt crisis does not escalate, it is still expected to have a strong impact on capital markets in 2012. This is firstly because the persisting major risks are likely to make the ECB, along with many other central banks, adopt a rather more expansive course. Interest rate hikes in most countries are unlikely; in fact inflation rates worldwide should fall instead. It should also be expected that the still unresolved crisis will sustain the high level of demand for secure investments such as Bunds and US treasuries. This means that their yields are not likely to rise very much in the coming year. The euro, too, will probably continue to suffer from the unresolved problems in the currency area and depreciate further against the US dollar, at least in the coming year. On the equity market, the somewhat improved economic data should help provide momentum, but even here, the uncertainty generated by the crisis will limit upside potential.

Exchange rates

	31.12.2011	31.12.2012[1]	31.12.2013[1]
Euro/US-dollar	1.31	1.25	1.28
Euro/Sterling	0.86	0.83	0.80
Euro/Zloty	4.45	4.30	4.20

[1] The figures for 2012 and 2013 are all Commerzbank forecasts.

Table 12

Future situation in the banking sector

The outlook for the banking sector worsened in 2011 and we do not expect any improvement for 2012. In Europe, economic trends are expected to weaken, with economic performance lower than in 2011. The sovereign debt crisis will continue to cast a shadow, prompting all euro countries to consolidate their budgets and draw up austerity programmes. The crisis also shows how closely governments and banks are linked together. The ECB will remain the most important source of funding for many banks. In addition, fluctuations on capital markets, the continuation of low interest rates, higher capital requirements and possibly greater regulation will dominate the banking environment. In the main, tighter capital adequacy requirements for banks as a result of increased regulation will continue to impact negatively on the sector for the foreseeable future.

Should the debt crisis in Europe deepen, the possibility of contagion on banks in the USA and emerging nations should be seen as a matter of concern. Against the background of tighter regulatory requirements, European banks face the challenge of having to reduce their balance sheet volumes. Given the sector-wide pressure, they will have to offer price concessions when making sales and raising capital. At the same time, high volumes of bank bonds fall due by 2013, clashing with the governments' strong finance requirements.

Over the medium term, banking in Europe will probably be much less profitable than in the years leading up to 2007 and in the surprisingly strong recovery phase after the subprime crisis. Major profit drivers of the past, such as high lending growth and falling credit default rates, are no longer available to continue boosting profits. Given the weakening economic trends, loan loss provisions will tend to act as a dampener on growth in Corporate Customer business. In Private Customer business, commission income will remain under pressure due to the uncertain economic situation and comparatively volatile markets. We see a rather difficult year ahead for investment banking, given the subdued levels of activity in many areas, and we therefore expect market adjustments.

Even if a solution to the European sovereign debt crisis is found that satisfies market participants, two major trends will continue to dominate the banking environment. Firstly, the banking sector must adjust to the realisation that during the crisis, areas with the lowest risk weightings caused major problems, and re-think the considerable importance of sovereign finance business. Secondly, the banking industry must realise that the deleveraging process required of countries and budgets will be patchy rather than smooth, and this will reduce the overall trend growth. Given weak economic growth, the phase of extremely low yields on low-risk investments and low inflation rates will continue.

This will intensify competition even further – for deposits, which are the main way of refinancing independently of the interbank market, and for the comparatively crisis-proof business of German SMEs, which more and more foreign banks are starting to pursue again. For the foreseeable future there will be no change in the basic market structure in Germany, which is characterised by a large number of cooperative banks and savings banks, and therefore the competitive situation will not ease.

Expected development in significant items in the income statement

We anticipate the following developments in 2012 for individual items in the income statement:

We expect net interest income to fall slightly compared to 2011, in light of the following key factors: low interest rates, which have a fundamental impact on net interest income; the intensifying competition, particularly for deposits, which places more pressure on margins; the reduction in non-strategic holdings; and the expectation of generally higher funding costs. Although we expect positive effects in the core bank from both the expansion of business volumes and the buyback of hybrid equity capital instruments and subordinated loans over the medium term, it will be a challenge compensating for the aforementioned factors. Any improvement in net commission income in 2012 will also depend on whether market volatility continues to deter customers from investing. On the sales side, we will benefit from the fact that there will be no further integration-related charges for our advisory teams. We also expect higher commission income from foreign business and cash management activities. Overall, we expect net commission income to be higher in 2012 than in 2011. It is difficult to forecast trading profit, particularly in light of high volatility in the financial markets and the resulting impact on financial instrument valuations. Nevertheless, we are still expecting net trading income in 2012 to be largely the same as in 2011. We anticipate that loan loss provisions in lending business will be no higher than €1.7bn in 2012. We will continue to manage operating expenses rigorously in 2012, and we will also press ahead with cost synergies. As a result, we expect operating expenses to be no higher than €7.6bn.

In light of these developments, the core bank should post another year of solid operating profit. As last year showed, profit in the ABF and PRU segments will depend on how the European sovereign debt crisis evolves, which is a highly political arena. Our operating profit target for the first half of 2012 is €1.2bn. If the markets stabilise, we expect the positive earnings contribution to be lower in the second half of the year, which is weaker due to seasonal factors.

Financial outlook for the Commerzbank Group

Financing plans

Commerzbank's Group Treasury is responsible for the Group's capital and liquidity management. To this end, Group Treasury relies on the results of the stable funding concept as a basis for planning issues on the capital markets. This identifies the structural liquidity requirement for the Bank's core lending business as well as those assets that cannot be liquidated within one year, and compares these to the liabilities available long-term to the Bank (including core customer deposit bases).

Clearly defined processes should ensure that under this concept, funding activities are regularly adjusted to reflect changed circumstances. Liquidity management also analyses the structure of the various sources of funding in order to actively manage the funding profile. The aim is to finance the Bank's illiquid assets and core business as far as possible with long-term liabilities. This process proved successful in the past financial year, which was dominated by a heightening of the European sovereign debt crisis.

Nevertheless, Commerzbank is working on how to constantly improve its processes, particularly taking account of the new supervisory and regulatory requirements. The strength of the Commerzbank Group's funding structure relies on broad diversification across investor groups, regions, products and currencies.

Long-term funding is mainly assured by means of secured and unsecured capital market products, along with customer deposits that can be regarded as stable and available to the Bank over the long term. The Commerzbank Group's funding needs of around €10 to12bn for the full year 2011 were more than met through the exploitation of existing market opportunities. In view of the funding requirements for 2012, we already placed two issues at the beginning of the current year: one involved lower tier bonds with a volume of €400m, which we issued via Private Customer business; the other was an unsecured bond, which we issued at the beginning of February. Thanks to the substantial market demand, we were able to raise around €1bn. With the implementation of the measures announced in respect of the EBA requirements, we assume from today's perspective that we will not need to raise any more finance on the capital markets in 2012. Nevertheless, we also want to issue more unsecured loans this year to increase our flexibility for diversifying our finance base and to cover our branches' product needs. We also anticipate a lower funding requirement for 2013. The Bank has established a US dollar issuing programme to further diversify an already balanced funding mix on the capital market.

Group maturity profile as of December 31, 2011
in €m

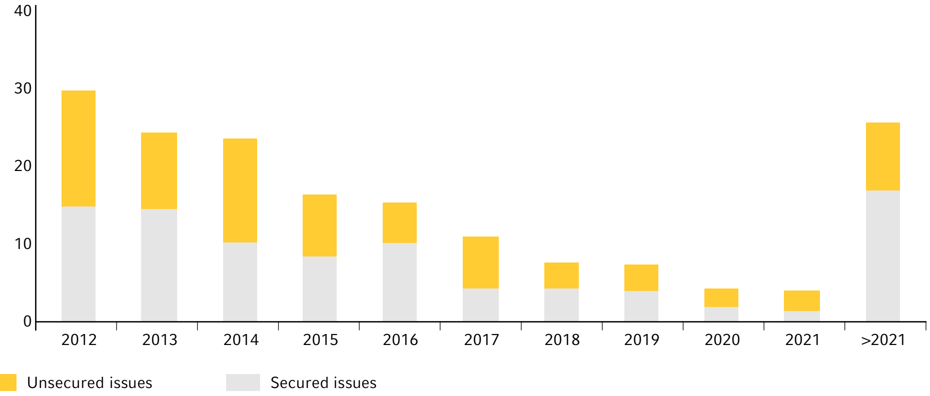

Figure 3

The Bank uses mainly private placements with its own customers for placing unsecured bonds. It will continue to use market opportunities to place larger public-sector transactions. Secured funding is mainly through Pfandbriefe which are issued by Eurohypo AG Activities in 2012 will be strongly dominated by the continuing sovereign debt crisis. By regularly reviewing and adjusting the assumptions we use for liquidity management, the Bank will continue to respond actively to changes in the market environment in order to secure a solid liquidity cushion and an appropriate funding structure.

Planned investments

Investment activities have been closely linked to the integration of Dresdner Bank since 2008. The bank-wide integration project was completed in 2011 and the remaining activities transferred to line organisation. By year-end 2011, €2.4bn of the €2.5bn costs budgeted for the integration had already been incurred. A total of €40m in integration costs is planned for the branch merger programme in 2012. The integration costs will produce annual savings of €2.4bn once implementation is fully completed. Of this amount, we had already achieved €1.8bn by the end of 2011. A further €0.3bn are planned for 2012.

Following on from the integration project, Commerzbank began the bankwide "Commerzbank Excellence" programme in the third quarter of 2011 to boost quality and efficiency. Due to run until 2014, it aims to optimise Commerzbank's core processes. "Commerzbank Excellence" is designed to improve the functioning of customer-relevant basic processes in order to optimise structures and to more effectively shape and add quality to work processes throughout the Bank and in individual teams. We therefore expect a significant rise in customer and employee satisfaction while at the same time boosting efficiency and reducing costs. The "Commerzbank Excellence" programme is intended to be self-funding through the cost savings it is expected to bring.

As a result of rising regulatory requirements, Commerzbank will have to make substantial investments to fulfil national and international standards. The Bank will be additionally investing around €120m in implementation in 2012. The more precise definition of equity capital, complex transition arrangements and new comprehensive reporting requirements (COREP, FINREP, Pillar III disclosure) will increase the cost of evaluations and reporting to the banking authorities. In terms of market risk and counterparty risk management, internal models will have to be adjusted to take account of, for example, stress scenarios, credit risk-related valuation adjustments and other risk factors. With the leverage ratio and the two new liquidity indicators – the LCR and NSFR – new figures will have to be calculated which will have far-reaching implications on liquidity risk management and are linked to comprehensive reporting requirements. Investment is also required in order to implement tax regulations.

Investment projects in Private Customers, Mittelstandsbank, Central & Eastern Europe, Corporates & Markets and Asset Based Finance segments as well as the "Group Finance Architecture" project are explained in more detail below.

Following the successful merger of Dresdner Bank's and Commerzbank's IT infrastructure and customer systems in 2011, the Private Customers segment will complete the merger of branches by the end of the current year. As part of this implementation, we will also continue turning branches into the new "Branch of the Future" and "Branch of the Future Plus" models, which will feature an improved advisory offering for customers and more services in self-service areas. Using the revised "Management, governance, advisory process and information management" tool, the Private Customers segment will create the basis for a new quality of advising. This will necessitate investment in the training of managers and advisors, as well as developing and introducing new customer advisory services. We are also investing in upgrading the business model and, in particular, the product and performance portfolio, under the "Customer focus" programme. Other focal points are the optimisation of online banking and increasing market presence.

In the Mittelstandsbank segment, investment planning in 2012 will centre on strengthening our core competencies of advising customers, customer loyalty and acquisition. We are looking to expand our long-term position as a leading Mittelstandsbank in Germany with a special growth programme which groups together growth initiatives in Germany and abroad and makes a significant contribution to fulfilling Mittelstandsbank's medium-term planning. In addition to individual customer segments and measures to boost quality, the programme will focus on issues such as changing regulatory conditions and strategic HR management to secure the Bank's long-term competitiveness. In the Mittelstand Germany and Corporate Banking & International divisions, we are focussing on upgrading our online portals and related optimisation of the payments transactions platform. Our Financial Institutions area will invest in our international IT platform to expand our global franchise model through its "Leading Trade Service Bank" growth initiative. The focus here will be on investment in settlement systems for letters of credit and access to new processing units that are being created.

In the Central & Eastern Europe segment, BRE Bank has invested heavily in process automation projects in the back-office and in lending. Further emphasis was placed on implementing new banking products and in continually optimising electronic sales channels. The iBRE FX platform for corporate customers is also being expanded in particular. These initiatives will continue in 2012. As part of its strategy implementation which has already begun, BRE Bank will continue upgrading the branch network in Corporate Banking. The main focus at Bank Forum is on continuing to implement the restructuring programme. Particular attention has been paid to upgrading risk management as well as centralising back-office units and processes.

The Corporates & Markets segment is investing on a long-term basis in efficient and robust IT and back-office infrastructure to provide the necessary flexibility, competitiveness and attractiveness for our customers. We are also planning further investment in particular to respond to the growing customer demand for electronic dealing. New products and innovative functionalities will also be added to the derivatives and bond trading platform, which was optimised in the reporting year. Given the new regulations for OTC derivatives clearing, Fixed Income & Currencies will be investing in the new "OTC Client Clearing" initiative. In addition, we will continue to upgrade the successful FX trading platform known as "Click&Trade". Our position in the banknotes area is being further strengthened through the renewal of the existing platform and development of an innovative e-commerce solution. The CFD "Contracts for difference" trading platform implemented in Equity Markets & Commodities in 2011 is being further expanded and made more effective. Further investment is also being made to expand the range of commodities products. Against the background of the intensifying and constantly changing regulatory requirements, more investment will be necessary in the related projects and the requisite IT and process adjustments.

Eurohypo AG's strategic realignment will continue in the Asset Based Finance segment. Optimisation of the portfolio structure and a focus on core markets will further reduce business complexity, the aim being to concentrate resolutely on core activities that add value. Last year we invested €12m in Commercial Real Estate through the "Focus" project, which was largely completed in 2011. The "CORRELATION" strategy project launched at Commerz Real AG in 2009 will also continue. The aim is to separate non-strategic peripheral activities, optimise structural and process organisation and focus on Group sales. The cost of the project in 2011 was €4m. The project will be completed in 2012. Investment in Ship Finance was largely dominated by the integration of Deutsche Schiffsbank AG (DSB) into Commerzbank Aktiengesellschaft. After implementation in the current year, all ship finance activities will be grouped in Commerzbank Aktiengesellschaft. The integration of DSB into Commerzbank is expected to deliver significant synergies, particularly from improved refinancing. Costs of €9m had already been incurred for this purpose by year-end 2011.

Work will continue as planned in 2012 on the "Group Finance Architecture" (GFA) programme that was initiated in 2009 to redesign the process and system architecture of the Commerzbank Group finance function. The main thrust of the GFA includes the development of a multi-GAAP solution, the integration of financial accounting and management accounting and a resulting significant acceleration in processes, plus improvement of analysis options. The aim is to establish corresponding architecture for Commerzbank Aktiengesellschaft Germany Accounting by year-end 2014. An investment of around €310m is planned by the end of the project in 2014. Of the investment so far, around €125m was incurred in 2011, and around €50m is expected for 2012.

Funding for all investment planned in 2012 will be sourced from Commerzbank's freely available inflow of funds.

Liquidity outlook

In view of the worsening economic outlook and deepening European sovereign debt crisis, the ECB lowered interest rates twice in the fourth quarter and also took far-reaching new measures to stabilise banks in the eurozone. We assume that the ECB will continue to monitor current events closely to determine how far these measures have the desired effect. If the European sovereign debt crisis should intensify again, we assume that the ECB would implement further interest rate measures in 2012. This could involve narrowing the spread between the top refinancing rate and the deposit facility.

In terms of interest rates, we expect the euro yield curve to continue flattening for maturities up to one year, combined with a further narrowing of the spread between the 3-month Eonia rate for secured finance and the 3-month Euribor rate for unsecured finance.

We expect Commerzbank to continue to enjoy unrestricted access to secured and unsecured funding on the money and capital markets.

Besides the Bank's good standing in the market, being located in Germany, a strong euro member state, is a further advantage. This improves funding opportunities, and hence the funding structure. Accordingly, we expect to remain in a position to achieve our funding goals as planned in future.

Commerzbank is well prepared for changing market conditions. The Bank's funding strategy takes account of regulatory changes promptly and implements these accordingly. As part of the ongoing development of liquidity risk monitoring and liquidity management, we are involved in work on various regulatory initiatives to harmonise international liquidity risk standards. Commerzbank is analysing in particular the impact of the liquidity risk ratios defined in Basel III and engaging actively in dialogue with the supervisory authorities.

Managing opportunities at Commerzbank

The weak economic environment that can be expected in 2012 also presents a range of challenges for Commerzbank. The overarching issue is to ensure capital adequacy levels that satisfy the European Banking Authority's requirements. The Bank will also concentrate even more on core activities. We will therefore provide Mittelstand customers in Germany with even better support, in order to expand our market position in this segment, but we will also have to withdraw from public finance. If the markets' loss of confidence in public finances cannot be stemmed or if it starts to spread, the functioning of the interbank market and banks' funding options will be affected, both with the central bank and private investors, i.e. through the effects of contagion on banks and through loss of confidence in the banking system.

Even in an unfavourable economic environment, however, there are many opportunities for the Bank to improve its market position. The specific opportunities identified by the individual segments are presented in the "Segment performance" section.

General statement on the outlook for the Commerzbank Group

The following information should be read against the background of the expectations described in the whole Outlook and Opportunities Report.

The European sovereign debt crisis will continue to be the cause of major market uncertainty in 2012, which in itself represents a challenging overall situation. Consequently, we think that the following aspects in particular will impact on Commerzbank's business activities in 2012 and 2013, namely subdued economic growth, low interest rates and tense money and capital markets.

The integration of Dresdner Bank has clearly strengthened Commerzbank's position as one of the the leading banks in Germany, which is why we are adhering to our business model which harbours the potential for sustained earnings. However, we will carry out optimisation measures and concentrate on expanding customer business in Germany and Poland.

We are realigning ourselves in Private Customer business. This is necessary owing to customers' loss of confidence in the financial sector and to the additional regulatory requirements that will further intensify competition. Here we regard our new sales management as a key growth tool for the coming years which can help us improve income in our deposit and lending business in particular. Furthermore we will realise the planned synergies in the next two years as far as possible and thereby reduce our costs significantly. In Mittelstandsbank, we will maintain our clear commitment to German SMEs in 2012 and continue on a targeted basis with the dialogue we have begun with our customers that is future-oriented and based on partnership. This is the basis on which we intend to boost income over the coming years. This will also reduce the cost base for the current year. The units that were previously the responsibility of the CEE segment, Commerzbank Eurasija in Russia, the branches in the Czech Republic and Slovakia and Commerzbank Zrt. in Hungary, were integrated into Mittelstandsbank at the beginning of the year to enable them to benefit further from the potential of German companies in cross-border business. The focus in the Central & Eastern Europe segment is on universal banking and direct banking activities. In Poland, BRE Bank will remain on its growth course, which is aimed at improving profitability. In the Ukraine, we will press ahead with measures to increase efficiency and work down non-performing loans on a value-oriented basis. The next two years will be generally challenging for the Corporates & Markets segment. Consequently, the focus will be on stabilising income, optimising capital requirements and applying consistent cost management. We expect to strengthen our position as a competitive investment bank partner through our reinforced customer base and product expertise which is recognised by the market.

Outside the core bank, we will press ahead with reducing volumes and risks of non-strategic holdings. The Asset Based Finance segment will push on with the strategic realignment of its divisions. As a result, we will not engage in any new public finance business and will reduce the existing volume over time. In Commercial Real Estate, we will substantially reduce our activities. We will critically reassess prolongations and only begin taking on new business in the second half of 2012 at the earliest. In the PRU we will actively manage the remaining portfolios under the criterion of capital optimisation.

Based on our current business plan and unless the economic fundamentals deteriorate further, notably the sovereign debt crisis, Commerzbank expects to be able to cover its capital requirements as at June 30, 2012, these having already been reduced to €1.8bn as at December 31, 2011. To achieve this, we have defined measures – including a buffer for imponderables – of around €2.9bn. These do not include the measures announced in mid-February for optimising the capital structure.

The Bank intends to use the current package of measures to further significantly reduce its risk-weighted assets by June 30, 2012, for example, by continuing to reduce peripheral activities. This will help further reduce our Core Tier I capital requirements. Our current plans also include a sharp decrease in regulatory capital deductions for securitisation positions in the first half of 2012 through efficient capital management, which should boost Core Tier I capital even further. The Bank is also planning to use Commerzbank Aktiengesellschaft shares to pay the individual variable compensation entitlements for the 2011 financial year of a large proportion of its non-pay-scale employees. In addition, profits from the first and second quarters of 2012 are to be used to strengthen equity capital.

After completing all measures and based on our current business plans, Commerzbank is set to achieve a Core Tier I ratio of over 11% as at June 30, 2012.

In addition to the measures already agreed and planned for the period up to the end of June 2012, Commerzbank still has other options – if the situation deteriorates – which are not yet included in its plans, for additionally strengthening its Core Tier I capital, if necessary, and for reducing risk assets.

In terms of operating profit for the year as a whole, we expect the ABF and PRU segments to report a much improved situation compared to the high losses of 2011. The environment will remain challenging and negative consequences from any escalation of the European sovereign debt crisis cannot be ruled out completely. However, the core bank is well on course for reporting solid results in 2012. Conditional upon stable markets, we expect our results for 2013 to be an improvement on those of 2012.

We continue to be committed in principle to our operating profit target of €4bn, but reaching it will still depend on market circumstances.

Group Risk Report

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

› **Group Risk Report**
Page 155 ff.

Group Risk Report

In the Group Risk Report we give a comprehensive presentation of the risks we are exposed to and 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 on an adequate basis at all times.

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.

Key developments in 2011

In 2011, the risk situation was dominated by the sovereign debt crisis, which intensified in the second half of the year. In addition, the European Banking Authority (EBA) once again significantly increased the capital requirements for the major European banks during the course of the year. To comply with these higher requirements, Commerzbank took initial action in July 2011 and, in November 2011, set up a comprehensive programme to strengthen the Bank's capital situation, based on the EBA requirements. As part of a comprehensive package of measures, risk assets were reduced by around €20bn in the last quarter of 2011.

- **Loan loss provisions** in 2011 amounted to €1.4bn. Compared to the prior year, a reduction of over one third was achieved primarily due to the trend reversal in Asset Based Finance.
- We continued our clear risk reduction strategy in the **Public Finance** portfolio with a further cut in exposure (EaD) by €20bn to €89bn. Our original target of bringing risk exposure down to below €100bn by the end of 2012 was already achieved at the end of the first half of 2011. We are still targeting an overall reduction to below €70bn for the end of 2014.
- In **Commercial Real Estate** we continued the reduction of existing business, primarily at Eurohypo AG, while minimising the impact on earnings and lowered total exposure by a further €13bn to €57bn.
- The strategy of systematic risk reduction in existing **Ship Finance** portfolios succeeded in achieving further stabilisation during the period under review. Compared with December 31, 2010, exposure was lowered from €21bn to €18bn.
- In the **PRU** segment, the risk exposures of the structured credit portfolio were reduced significantly by €3.4bn to €13.7bn during the year. The remaining positions in the PRU (correlation trading portfolio) were fully wound down in the second quarter of 2011.
- In the **Central & Eastern Europe** segment, the positive economic environment in Poland helped to improve the good risk quality further, with risk density in this segment being reduced from 84 to 73 basis points.
- In anticipation of regulatory changes exposure and RWA of **Corporates & Markets** were reduced mainly during the second half of the year. The exposure decreased by €17bn to €61bn compared to the previous year.

- Although the exposures in the Bank's overall portfolio were substantially reduced, the volumes in the **Mittelstandsbank** segment generally remained stable. Despite implementing measures to strengthen our capital base, lending volumes to small companies in Germany, for example, increased overall in 2011.
- In the **Private Customer** segment, risk density was reduced from 37 to 34 basis points due particularly to the implementation of systematic management measures in lower rating classes and the expansion of early risk identification.
- From a **market risk** perspective, 2011 was dominated by the European sovereign debt crisis, which generated high volatility in the markets. The value at risk in the Bank's trading books was significantly lowered by around one-third to €59m, due to the ongoing reduction in non-strategic positions amongst other things.
- Whereas charges for **operational risk** and ongoing litigation had grown steadily in previous years, these declined for the first time in 2011 by €24m to €250m.

Risk-oriented overall bank management

Risk management organisation

Commerzbank defines risk as the danger of possible losses or profits foregone due to internal or external factors. In risk management we normally distinguish between quantifiable risks – those to which a value can normally be attached in financial statements or in regulatory capital requirements – and non-quantifiable types of risk such as reputational and compliance risk.

The Bank's Chief Risk Officer (CRO) is responsible for implementing the Group's risk policy guidelines for quantifiable risks laid down by the Board of Managing Directors. The CRO regularly reports to the Board of Managing Directors and the Risk Committee of the Supervisory Board on the overall risk situation within the Group.

Risk management activities are split between Credit Risk Management, Market Risk Management, Intensive Care and Risk Controlling, and Capital Management, all of which span across the group and report directly to the CRO. The heads of these four risk management divisions together with the CRO make up the Risk Management Board within Group Management. The Board of Managing Directors has delegated the operational management of risk to committees. Under the relevant rules of procedure these are the Group Credit Committee, the Group Market Risk Committee and the Group OpRisk Committee, in addition to 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.

Commerzbank's Asset Liability Committee has responsibility for the Group-wide management of portfolio composition, capital allocation and development of RWAs, and is the major instigator of the internal capital adequacy assessment process (ICAAP).

Risk strategy and risk management

The risk strategy, together with the business strategy, defines the strategic guidelines for the development of Commerzbank's investment portfolio. Risk-taking capability and liquidity are ensured by setting concrete limits for the risk resources available to the Group in the form of capital and liquidity reserves.

Banks' core functions as transformer of liquidity and risk might result in inevitable threats that can in an extreme case endanger the business continuity of the institution. For Commerzbank, these implied existential threats are e.g. the default of Germany, Poland, one of the other major EU countries (France, Italy, Spain or the UK) or of the USA, respectively a collapse in the basic repo functionality of the ECB. Pursuing our business targets, those risks are taken deliberately and lie out of scope of the management defined within our Group risk strategy.

The overall risk strategy covers all material risks to which Commerzbank is exposed. It is detailed further in the form of sub-risk strategies for the risk types which are material. These are then specified and made operational through policies, regulations and instructions/guidelines. The annual risk inventory process ensures that all quantifiable and unquantifiable risks material to the Group are identified. The assessment of the materiality of a risk is based on whether its occurrence could have a major direct or indirect impact on the Bank's risk-taking capability.

As part of the planning process, the Board of Managing Directors uses stress scenarios to decide on the extent to which the capital available to the Bank for risk coverage should be utilised. The Board sets the risk appetite at Group level by consciously defining a capital framework as part of the capital available for risk coverage. In a second step, as a result of the planning process this capital framework is broken down into limits for each risk category and allocated to the relevant units. Compliance with limits and guidelines is monitored during the year and action taken where required.

The avoidance of risk concentrations is a core strategy of risk management. Risk concentrations can arise both from the synchronous movement of risk positions within a risk type ("intra-risk concentrations"), and through the synchronous movement of risk positions across differing risk types (through common risk drivers or interactions between different risk drivers of various risk types – "inter-risk concentrations").

The establishment of adequate risk management and controlling processes, which enable the identification, assessment, management, monitoring and communication of substantial risks and related risk concentrations, serves to ensure that all Commerzbank-specific risk concentrations are adequately accounted for. A major objective is to ensure early transparency regarding risk concentrations, and thus to reduce the potential risk of losses. Commerzbank uses a combination of portfolio and scenario analyses to identify 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.

Risk-taking capability and stress testing

The risk-taking capability 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 the Commerzbank Group at all times.

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

When determining the economic capital required, allowance is made for potential unexpected fluctuations in value. Where such fluctuations exceed forecasts, they must be covered by available economic capital in order to absorb unexpected losses (capital available for risk coverage). The quantification of capital available for risk coverage 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 setting the economic capital required, allowance is made for all the types of risk at Commerzbank Group that are classified as material in the annual risk inventory. The economic risk approach therefore also includes risk types that are not included in the regulatory requirements for banks' capital adequacy and reflects the effect of portfolio-specific interrelationships. The confidence level of 99.91% in the economic capital model is in line with the underlying gone concern assumptions and ensures the economic risk-taking capability concept is internally consistent.

Risk-taking capability at Commerzbank Group level is monitored and managed monthly at Group level. Risk-taking capability is assessed based on the utilisation of the capital available for risk coverage, and is deemed to be assured as long as utilisation is below 100%. In 2011, the utilisation level was consistently well below 100% and was 81.5% as at December 31, 2011.

Risk-taking capability Commerzbank Group | €bn	**31.12.2011**[2]	**31.12.2010**[3]
Capital available for risk coverage	**27**	**36**
Economically required capital	**22**	**20**
thereof for credit risk	13	14
thereof for market risk	8	6
thereof for OpRisk	2	3
thereof for business risk	2	2
thereof diversification between risk types	−4	−4
Utilisation level[1]	**81.5%**	**56.8%**

[1] Utilisation level = economically required capital/capital available for risk coverage.
[2] Based on current methodology from the first quarter of 2011; only partially comparable to values for 2010.
[3] 2010 figures based on methodology as at 31 December 2010.

Table 13

The higher utilisation level during the year under review was mainly due to the increase of the economically required capital for market risk, which was driven by heavy capital markets turmoil in the second half of 2011, as well as the decrease of capital available for risk coverage. The main drivers of the change in capital available for risk coverage were the capital measure carried out in 2011 in order to repay most of the SoFFin's silent participation as well as actions taken to strengthen our capital structure and the development of the Public Finance portfolio as a consequence of the crisis.

Macroeconomic stress tests are also used to check risk-taking capability in the face of assumed adverse changes in the economic environment. The underlying scenarios, which are updated regularly every quarter, show exceptional, but plausible, negative developments in the economy and are applied across all risk types. In the scenario calculations, the input parameters for the calculation of economic capital required are simulated to reflect the forecast macroeconomic situation. In addition to the amount of capital required, the income statement is also stressed using the macroeconomic scenarios and then, based on this, changes in the capital available for risk coverage are simulated. The risk-taking capability in stress scenarios is also assessed based on utilisation of the capital available for risk coverage. The utilisation level in the stress case was consistently below 100% in 2011.

We also developed our risk-taking capability and stress test concept during 2011. The risk-taking capability concept was extended in accordance with regulatory requirements defined in Germany and applied correspondingly throughout 2011. In addition to the regular stress tests, "reverse stress tests" were first implemented at Group level in 2011. Contrary to regular stress testing, the result of the simulation is determined in advance: a sustained threat to the business model. The aim of this analysis process in the reverse stress test is to improve the transparency of Bank-specific risk potentials and interactions of risk via the identification and assessment of extreme scenarios and events.

In June 2011, Commerzbank took part in a regulatory EU-wide stress test, which was carried out by the EBA in conjunction with national supervisory bodies. The aim of this stress test was to examine the resistance of the European banking sector to a stressed market environment. As expected, Commerzbank passed the stress test. In both scenarios, the Bank has a Core Tier I ratio which is significantly above the 5% required by the EBA. The Core Tier I ratio calculated according to EBA standards was 8.9% in the baseline stress scenario, and 6.4% in the adverse stress scenario.

The European Council has ordered that by June 30, 2012, 71 European banks with international operations must have a Core Tier I ratio of 9%, which is well above the regulatory requirement, including the simulation of partially defaulted European government bonds. In order to determine the capital requirement needed for this, the EBA carried out an EU capital exercise in November 2011. Based on figures of September 30, 2011, the capital requirement for Commerzbank was calculated to be around €5.3bn.

In order to comply with the capital requirements specified by the EBA, Commerzbank has created a comprehensive capital plan and has already initiated and implemented first measures in the fourth quarter. This enabled us to achieve a reduction in risk-weighted assets of around €20bn in the fourth quarter of 2011, compared with the RWA starting point of €256bn established by the EBA. This reduction was the result of systematic RWA management, for example, by lowering volumes outside core markets in accordance with conditions imposed by the EU, and by efficiently controlling market and counterparty risks. In addition, the regular annual parameter update and improved data quality for lending collateral had a positive effect on the level of RWA. In the first half of 2012, it is also intended to further reduce risk assets by some €15bn, partly through risk transfers via synthetic securitisations and through volume reductions in line with our business and risk strategy.

For additional details regarding the package of measures to meet the capital requirements of the EBA, see section "Outlook and opportunities report".

› **Group Management Report**
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Default risk

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

Default risk management

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

The ratios, measures and input required for the operational process of risk management are based on overarching Group objectives and are enhanced at downstream levels by sub-portfolio and product specifics. Risk-based credit approval regulations focus management attention in the highest decision-making bodies on issues such as risk concentrations or deviations from the risk strategy.

The management of risk concentrations within default risk includes both exposure-related credit risk concentrations (bulk risks) as well as country and sector concentrations.

In operational credit risk management, we continued to develop management mechanisms to improve the portfolio structure. In addition to further de-risking measures to reduce concentration risks, management focus was on the effects of the euro and sovereign debt crisis and the reduction of risks in the non-investment grade area. We developed our credit processes for domestic corporate customer business and were very successful in standardising our granular business with an improved “time to market”.

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

Overview of management instruments and levels

Level	Risk strategies and policies	Limit and guideline systems	Portfolio monitoring and reporting	Structures of organisation and committees
Group	Overall risk strategy plus sub-strategies for significant risk types Establishment of a general risk understanding and creation of a uniform risk culture	Definition of Group limits (across all risk types) for capital and liquidity management Additional definition of guidelines as key points of the aspired target portfolio	Group Risk & Capital Monitor plus risk type specific Group formats (including flash reporting) Uniform, consolidated data repository as basis for Group reporting	Ensuring exchange of information and networking in committees that operate across all risk types Retaining qualified staff in line with progressive product innovation or regulatory adjustments
Sub-portfolios	Clear formulation of risk policy in guidelines (portfolios, asset classes, etc.) Differenciated credit authorities based on compliance of transactions with the Bank's risk policy	Performance metrics on level of risk categories and sub-portfolios Expansion of Group-wide performance metrics using sub-portfolio-specific indicators	Portfolio batches as per established portfolio calendar Asset quality review and analysis of High Attention Parts (HAP) Trigger monitoring with clear escalation and reporting lines	Interdisciplinary composition of segment committees Ensuring uniform economic opinions
Individual exposures	Rating-dependent and bulk-sensitive credit authority regulations with clear escalation processes	Limitation of bulk risk and uniform management according to model-independent all-in definition	Limit monitoring at individual exposure level Monthly report to the Board of Managing Directors on the development of bulk risks Review of individual customers/exposures resulting from asset quality or HAP analyses	Deal team structures Institutionalized exchange within the risk function, also taking account of economic developments Sector-wise organization of domestic corporate business

Figure 4

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

The euro and sovereign debt crisis and the substantially reduced time of validity of regulatory requirements increase the need for flexible credit portfolio management. Ensuring the responsiveness of the portfolio has been and remains one of the key strategic action fields in credit risk management.

Commerzbank Group by segment

To manage and limit default risks, we use the risk parameters exposure at default (EaD), expected loss (EL), risk density (EL/EaD) and credit Value at Risk (CVaR = economically required capital for credit risk with a confidence level of 99.91%) as well as all-in for bulk risk. These credit risk parameters are distributed in the rating levels 1.0 – 5.8 as follows over the segments:

› **Note 84 – Default risk**
Page 296 f.

Credit risk figures by segment as at 31.12.2011	Exposure at default €bn	Expected loss €m	Risk density bp	CVaR €m
Private Customers	**65**	**218**	**34**	**789**
Residential mortgage loans	36	93	26	
Investment properties	6	14	24	
Individual loans	12	58	51	
Consumer and instalment loans/ credit cards	9	48	52	
Domestic subsidiaries	1	4	28	
Foreign subsidiaries and other	1	1	7	
Mittelstandsbank	**115**	**357**	**31**	**3,361**
Financial Institutions	20	87	43	
Corporates Domestic	81	230	28	
Corporates International	14	40	28	
Central & Eastern Europe	**26**	**192**	**73**	**664**
BRE Group	23	152	68	
CB Eurasija	2	16	97	
Bank Forum	<1	15	606	
Other	2	9	49	
Corporates & Markets	**61**	**133**	**22**	**1,600**
Germany	24	38	16	
Western Europe	19	55	29	
Central and Eastern Europe	2	4	19	
North America	11	26	25	
Other	6	10	17	
Others and Consolidation	**31**	**51**	**16**	**655**
Asset Based Finance[1]	**181**	**646**	**36**	**4,943**
Commercial Real Estate	57	290	51	
Eurohypo Retail	14	17	12	
Shipping	21	165	77	
thereof Ship Finance	*18*	*164*	*90*	
Public Finance[1]	89	175	20	
PRU	**12**	**83**	**70**	**1,039**
Group[1,2]	**492**	**1,680**	**34**	**13,052**

[1] EaD including non-impaired portion of Greek bonds in LaR and AfS.
[2] Excluding inflation-induced valuations of securities holdings mostly classified as LaR with a volume of €0.4bn.

Table 14

In 2009, Commerzbank set up a comprehensive de-risking program for the entire Group. On the basis of a clear allocation of sub-portfolios to the core bank, reduction and optimisation areas, targets were formulated for the individual areas and implemented as part of Roadmap 2012.

The "reduction" area comprises the Public Finance portfolio in addition to the internal portfolio restructuring unit, PRU. Exposure in the Public Finance sector has been reduced by €40bn, or 31%, to €89bn since the end of 2009, and a portfolio reduction in the amount of €20bn was possible in 2010 and 2011 respectively. We are still targeting an overall reduction in exposure in this area, where we aim to reduce risk exposure to below €70bn by the end of 2014.

Since the end of 2009, exposure in the PRU has declined by more than 60% to €12bn. It is a remarkable achievement that all positions apart from the Structured Credit portfolio were entirely wound down in the second half of 2011. During the fourth quarter of 2011 the existing strategy of PRU was aligned with the new criterion capital optimisation.

The Real Estate and Shipping portfolios were combined under the label "optimisation". In Real Estate the focus was on the Bank's core markets. Steps were taken to reduce sub-portfolios outside these core markets. Compared with the end of 2009, the exposure in this area has fallen by €25bn to €71bn.

In Ship Finance, activities were directed mainly at lowering risk in the existing portfolio. The exposure, which was mainly denominated in US dollar, was reduced in this area by €4bn to €18bn despite a significantly stronger US dollar against the euro.

The exposure reduction in the core bank is mainly due to the sale of subsidiaries in the Private Customers segment as well as risk reduction in the Corporates & Markets segment. In contrast the exposure of Mittelstandsbank was increased by €5bn since the end of 2009.

EaD | €bn	**31.12.2011**	**31.12.2010**	**31.12.2009**
Core bank	**299**	**324**	**336**
Optimisation	**93**	**111**	**124**
Real Estate	71	87	96
Shipping	21	25	28
thereof Ship Finance	*18*	*21*	*22*
Downsize	**101**	**127**	**161**
Public Finance	89	109	129
PRU	12	18	32
Group	**492**	**562**	**621**

Table 15

Private Customers

The Private Customers segment covers the activities of the Private Customers division, which includes branch business in Germany for private and business customers as well as the Wealth Management, and the Direct Banking division.

We meet the financing needs of our customers with a broad and modern product range. The focus of the portfolio is on classical owner-occupied home financing and the financing of real estate capital investments (residential mortgage loans and investment properties with an EaD of €42bn). Another major activity is to ensure the supply of credit services for our business customers (individual loans €12bn). In addition, we meet our customers' day-to-day lending requirements with consumer loans (consumer and instalment loans/credit cards €9bn).

Credit lines and value-creating limit utilisations remained largely stable throughout the year. Risk management, which was optimised in 2011 in particular with the implementation of systematic management measures in lower rating classes, and the expansion of early risk identification, led to a slight reduction in risk density from 37 to 34 basis points.

Mittelstandsbank

This segment comprises all the Group's activities with mid-size corporate customers (where they are not assigned to Central & Eastern Europe or Corporates & Markets), the public sector and institutional customers. The segment is also responsible for the Group's relationships with domestic and foreign banks, financial institutions and central banks.

2011 was dominated by the euro and sovereign debt crisis and its initial effects on the real economy. Added to this there were events such as the natural disaster in Japan. The initial effects of the crisis on Germany's core industries became noticeable during 2011. At the moment, only a slight slowdown has been detected in the major sectors such as mechanical engineering and the automotive industry (the level of incoming orders is still good), although the order backlog will gradually shrink.

In general, the current economic situation is reflected in the Corporates Domestic sub-portfolio in the form of a sideways movement within the portfolio. The positive rating migration for individual customers which was ongoing until mid-year has now come to a standstill. Risk density in this area was 28 basis points at December 31, 2011, which is low for the mid-sized company financing area.

EaD in Corporates International changed to €14bn and EL to €40m. Risk density remained at 28 basis points as at December 31, 2011. Overall EaD in the Mittelstandsbank increased by €4bn to €115bn at year-end 2011.

For details of developments in the Financial Institutions portfolio see page 172 f.

› **Financial Institutions portfolio**
Page 172 f.

Central & Eastern Europe

This segment includes the activities of the Group's operating units and investments in Central and Eastern Europe and has a total exposure of €26bn.

The economic situation of the Central and Eastern European economies is characterised by continued uncertainty as a result of the sovereign debt crisis. However, thanks to rigorous risk management, risk density in this segment declined from 84 to 73 basis points in 2011.

In 2011 Poland continued to achieve noticeable economic growth, although this slowed down in the second half. The BRE Group forms the largest part of the portfolio within the CEE segment with an exposure of around €23bn. Intensive efforts to further optimise operational management of risk and the positive economic environment of 2011 contributed to further improving the segment's good risk quality.

The risk management measures adopted by Bank Forum led to a significant improvement in the risk profile in 2011. In 2011, our focus in this challenging market remained on limiting risk and restructuring the Bank.

Commerzbank Eurasija, our branches in the Czech Republic and Slovakia as well as Commerzbank Zrt. were transferred to the responsibility of the Mittelstandsbank segment as at January 1, 2012. The portfolio quality in these units improved further due to a rigorous focus on strict risk management, therefore risk density could be reduced by 9 to 71 basis points in 2011.

Corporates & Markets

This segment covers client-driven capital market activities and commercial business with multinationals and selected large corporate customers of Commerzbank Group. The regional focus of the segment is on Germany and Western Europe, which continue to account for more than two-thirds of exposure. North America accounted for around €11bn as at December 31, 2011.

The Leveraged Acquisition Finance (LAF) portfolio was reduced from €3.4bn to €3.2bn in 2011. Repayments of existing loans, in particular as a result of reselling the business or refinancing with high yield bond issues, were partially offset by new lending on a selective basis.

The good economic performance in the first half of 2011 in our core operating markets brought a further improvement in portfolio quality. The economic slowdown as a result of the deterioration in the sovereign debt crisis during the second half of 2011 has not yet adversely impacted the portfolio. Europe remains the geographic focus of the LAF portfolio (94%) with a strong concentration in Germany (45%). On the whole, the portfolio companies are not particularly dependent on developments in weaker countries in the eurozone. The portfolio is widely diversified by sector and region. We will continue to place emphasis on maintaining this diversified portfolio structure and the granularity of the loan book.

Asset Based Finance

Asset Based Finance (ABF) comprises the sub-portfolios Commercial Real Estate (CRE) including Asset Management, Eurohypo Retail, Ship Finance and Public Finance, which are described in detail below.

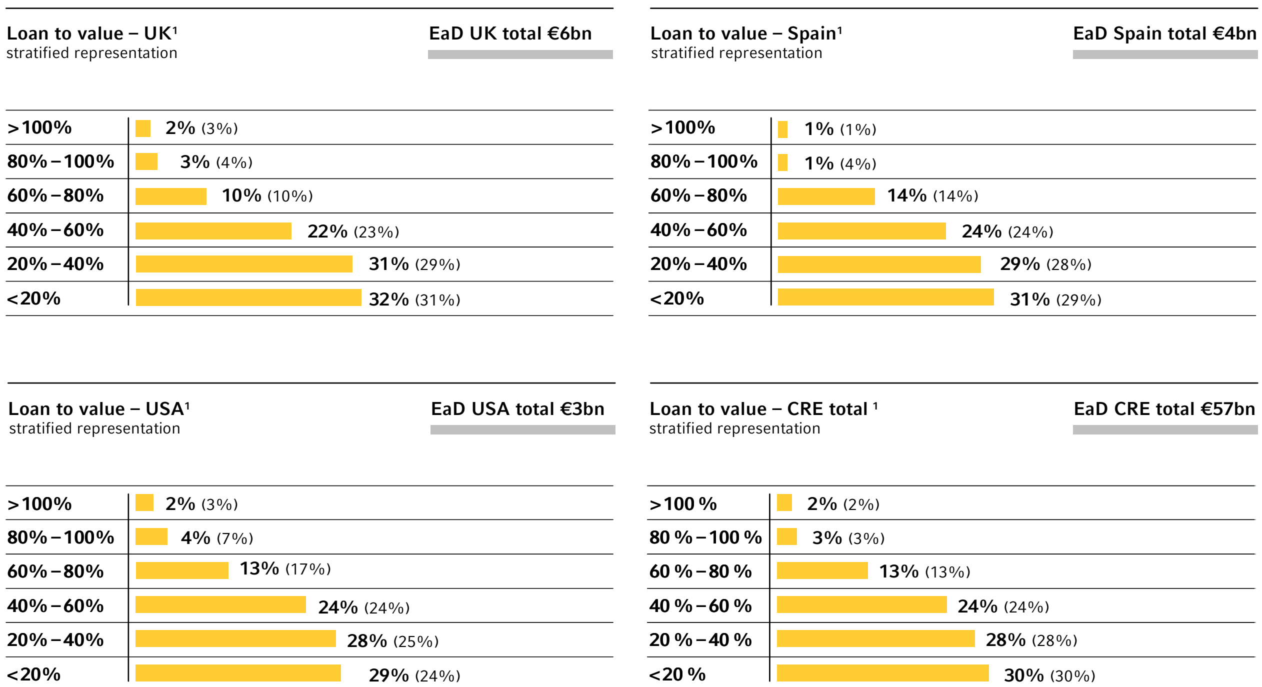
Commercial Real Estate

The strategic reduction of existing business, mainly at Eurohypo AG, is ongoing. Total exposure (EaD) decreased by €13bn to €57bn during the year. The portfolio composition by type of use remains unchanged; the main components of exposure are the sub-portfolios office (€21bn), commerce (€18bn) and residential real estate (€6bn). The CRE exposure also contains the asset management (Commerz Real) portfolios, which are composed of warehouse assets for funds as well as the typical leasing receivables of the movable property sector.

The decrease in exposure in 2011 is in particular the result of loan repayments, exchange rate fluctuations and market-related transfers to the default portfolio.

The impact of the deepening European sovereign debt crisis, together with the looming recession in the eurozone and the tensions in the financial markets, has produced a highly constricted atmosphere which is generating considerable uncertainty and dampening momentum in the European CRE markets. The positive trend visible to date in the German market will weaken, and the downturn will continue in the southern European markets, which have been particularly affected by the sovereign debt crisis. While we assume a stabilisation in the UK, we already see first signs of recovery in the US from a risk point of view. In 2011 there was considerable release potential regarding loan loss provisioning.

Loans secured by mortgages continue to have reasonable loan to value ratios.



[1] Loan to value ratios based on market values; exclusive margin lines and corporate loans; additional collateral not taken into account.
All figures relate to business secured by mortgages.
Values in parentheses: December 2010.

Figure 5

Eurohypo Retail

Eurohypo AG is now only responsible for the existing loan book (legacy portfolio). There are no strategic plans for new business activity in this area. We continue to focus directly on portfolio reduction while minimising the impact on earnings. Exposure was again cut by just under €3bn in 2011 and amounted to €14bn as at December 31, 2011; the bulk of this related to owner-occupied houses (€8bn) and apartments (€3bn). Given the lower loan to value ratios due to the residual terms of maturity, we continue to view the risk in this portfolio as relatively low.

Ship Finance

The exposure of Ship Finance (including Deutsche Schiffsbank), which is largely denominated in US dollars, decreased from €21bn on December 31, 2010 to €18bn. Deutsche Schiffsbank has been a 100 percent subsidiary of Commerzbank since November 2011, and will be merged into Commerzbank AG in 2012.

The exposure is divided into three standard types of ship, whose shares are largely unchanged, i.e. containers (€6bn), tankers (€4bn) and bulkers (€4bn). The remaining portfolio consists of various special tonnages which are well diversified across the various ship segments.

The sovereign debt crisis, the uncertain economic situation in the USA and in various European countries, as well as efforts to prevent inflation in China, had a negative impact on shipping markets in 2011.

The strategy of systematic risk reduction in existing portfolios resulted in a greater degree of stabilisation during the period under review, particularly by restructurings executed in agreement with our clients.

Public Finance

Commerzbank's Asset Based Finance segment holds a large part of the Bank's government lending exposures. The Public Finance portfolio comprises receivables and securities held in our subsidiaries Eurohypo AG and EEPK.

Borrowers in the Public Finance business (€55bn 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 the ABF segment is accounted for by banks (€34bn EaD), where the focus is also on Germany and Western Europe (approximately 93%). Most of the bank portfolio comprises securities/loans which to a large extent are covered by grandfathering, guarantee/maintenance obligations or other public guarantees, or were issued in the form of covered bonds.

The Public Finance portfolio, which was decreased by €20bn to €109bn in 2010, largely by using maturities and also through active portfolio reduction, was further reduced in 2011 and amounted to €89bn at December 31, 2011. Overall we are targeting a reduction in public finance exposures to below €70bn for the end of 2014.

Commerzbank's sovereign exposure to Greece, Ireland, Italy, Spain and Portugal was reduced from €16.8bn to €12.3bn over the course of the year.

› **Table 19**
Page 174

The future development of Public Finance is difficult to predict at the moment, since it is strongly dependent on how the sovereign debt crisis develops and the related political decisions.

Portfolio Restructuring Unit (PRU)

› Structured credit portfolio
Page 175 ff.

The PRU only manages assets that have been classified as non-strategic by Commerzbank and are therefore being wound down. Bundling allows these positions to be managed uniformly and efficiently. They consist mainly of structured credit positions (essentially asset-backed securities – ABSs) with a nominal value of €23.5bn as at December 31, 2011. This predominantly (around 80% of the risk value[1] of €13.7bn) relates to investment grade securities.

The remaining positions in the PRU (correlation trading portfolio) were fully wound down in the second quarter of 2011.

Cross-segment portfolio analysis

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

Financial Institutions portfolio

In 2011, the focus of the Financial Institutions sub-portfolio continued to be both on proactive risk reduction across the whole portfolio, especially the existing bonds in Public Finance, and on facilitating new business with clients of an adequate rating level, through trade finance activities performed on behalf of our customers at Mittelstandsbank. Consideration of country risks played a major part in this.

In the second quarter of 2011 there was a change in the definition of our Financial Institutions portfolio. Exposures to selected institutions, such as the Federal Reserve Bank, the European Central Bank and selected European issuing banks, which on account of their specific function lie outside our risk management focus, were classified as "exceptional debtors", and were therefore excluded from the specific analysis of the Financial Institutions portfolio. This exclusion resulted in a reduction of EaD in the amount of €13bn as at the balance sheet date June 30, 2011. These exposures are still included in full in the presentation of our Group portfolio in the section "Commerzbank Group by segment".

We will maintain our risk strategy for the Financial Institution sub-portfolio in 2012. While generally pursuing our reduction strategy across the whole portfolio we would still like to continue supporting trade finance activities of our corporate customers at Mittelstandsbank and to expand the activities with clients showing an appropriate rating level. The development of risk in the portfolio will also be influenced by the progress of the European and sovereign debt crisis.

[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

	31.12.2011			31.12.2010		
FI portfolio by region	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Germany	17	10	6	29	4	2
Western Europe	28	81	29	36	25	7
Central and Eastern Europe	8	52	62	7	31	42
North America	3	1	6	8	1	1
Other	16	41	26	15	34	23
Total	**72**	**185**	**26**	**95**	**96**	**10**

Table 16

Non-Bank Financial Institutions portfolio

The NBFI portfolio continues to operate within the risk strategy framework, where the focus during the whole period under review was on attractive new business with clients of good credit standing and on continued portfolio optimisation. The EaD of the sub-portfolio (including ABS and LAF transactions relating to NBFIs as well as NBFI assets in the PRU) fell slightly from €38bn to €32bn. Despite predominantly positive results in our clients' operating businesses, we regard the uncertainty arising from the intensifying debt crisis in Europe as a significant adverse factor for the sector.

	31.12.2011			31.12.2010		
NBFI portfolio by region	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Germany	10	22	22	8	18	23
Western Europe	13	22	18	18	39	21
Central and Eastern Europe	1	6	43	1	2	28
North America	5	42	92	5	24	52
Other	3	3	11	7	10	15
Total	**32**	**95**	**30**	**38**	**93**	**24**

Table 17

Country classification

The regional breakdown of the exposure corresponds to the Bank's strategic direction and reflects the main areas of its global business activities. Around half of the Bank's exposure relates to Germany, another third to other countries in Europe and 8% to North America. The rest is broadly diversified and is split between a large number of countries where we serve German exporters in particular or where Commerzbank has a local presence.

Portfolio by region as at 31.12.2011	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	250	649	26
Western Europe	115	443	38
Central and Eastern Europe	42	269	65
North America	40	111	28
Other	46	208	46
Total	**492**	**1,680**	**34**

Table 18

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

EaD[1] as at 31.12.2011 €bn	Sovereign	Banks	CRE	Corporates/ Other	Total 2011	Total 2010
Greece[2]	0.8	0.1	0.2	0.1	1.1	3.8
Ireland	0.0	0.9	0.1	0.9	2.0	3.0
Italy	7.9	1.1	2.4	2.7	14.0	16.4
Portugal	0.8	0.5	1.7	0.3	3.4	3.7
Spain	2.8	4.6	4.1	3.2	14.6	17.6

[1] Excluding exposure from Ship Finance.
[2] Including non-impaired parts of Greek bonds in LaR and AfS.

Table 19

In 2011 a write-down of €2.2bn on the bonds issued and guaranteed by Greece was recognised in the income statement. Details are shown in the notes to the consolidated financial statements.

Rating classification

› **Note 84 – Default risk**
Page 296 f.

The Group's overall portfolio is split proportionately into the following internal rating classifications based on PD ratings:

Rating breakdown as at 31.12.2011 | %	1.0–1.8	2.0–2.8	3.0–3.8	4.0–4.8	5.0–5.8
Private Customers	27	46	19	5	3
Mittelstandsbank	13	59	22	4	2
Central & Eastern Europe	21	41	31	5	3
Corporates & Markets	44	39	13	2	1
Asset Based Finance	30	41	20	6	3
Group[1]	**30**	**44**	**19**	**4**	**2**

[1] Including PRU as well as Others and Consolidation.

Table 20

Sector classification corporates

The table below shows the breakdown of the Bank's corporates exposure by sector, irrespective of business segment:

	31.12.2011			31.12.2010		
Sub-portfolio corporates by sector	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Basic materials/ Energy/Metals	25	96	38	25	106	42
Consumption	21	82	40	21	110	53
Chemicals/Plastics	11	33	29	11	60	56
Automotive	11	26	25	11	55	48
Transport/Tourism	10	38	38	11	58	53
Technology/ Electrical industry	10	23	23	11	44	41
Services/Media	9	50	53	10	58	56
Mechanical engineering	8	25	32	9	66	75
Construction	4	17	41	5	49	103
Other	17	58	34	21	84	41
Total	**126**	**447**	**36**	**134**	**690**	**51**

Table 21

Structured credit portfolio

Structured credit exposure PRU

In 2011, the nominal volume of structured credit positions was reduced by €5.5bn to €23.5bn, and the risk value[1] by €3.4bn to €13.7bn. During the fourth quarter of 2011 the existing strategy of PRU was aligned with the new criterion capital optimisation. Markdown ratios[2] remain nearly unchanged year-on-year.

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

The table below shows the composition and development of the structured credit exposure in PRU.

Structured credit portfolio PRU	31.12.2011 Nominal values €bn	31.12.2011 Risk values €bn	31.12.2011 Markdown ratio %	31.12.2010 Nominal values €bn	31.12.2010 Risk values €bn	31.12.2010 Markdown ratio %
RMBS	3.2	1.9	40	5.1	3.0	41
CMBS	0.6	0.3	43	0.7	0.5	35
CDO	9.8	5.9	40	11.1	6.7	40
Other ABS	2.1	1.7	19	3.3	2.8	14
PFI/Infrastructure financing	4.3	3.8	13	4.3	3.8	11
CIRC	0.0	0.0	-	0.7	0.0	-
Other structured credit positions	3.6	0.1	-	3.6	0.2	-
Total	**23.5**	**13.7**	**42**	**29.0**	**17.1**	**41**

Table 22

The bulk of the portfolio consists of **Collateralised Debt Obligations (CDO)**. These largely securitise US subprime RMBSs (CDOs of ABSs) in addition to corporate loans in the USA and Europe (CLOs). The exposure in **Private Finance Initiatives (PFI)/Infrastructure financing** consists of the private financing and the operation of public sector facilities and services, such as hospitals and water utilities. The credit risk of the portfolio is more than 80% hedged, mainly with monoline insurers. **Residential Mortgage-backed Securities (RMBSs)** are instruments that securitise private, largely European, real estate loans. The **Credit Investment-related Conduits (CIRCs)** portfolio was completely wound down in 2011.

We expect write-ups over the residual life of these assets, with possible future write-downs on assets such as US RMBSs and US CDOs of ABSs, which have already been written down substantially, likely to be offset by a positive performance from other assets. The long period that has now passed since the structures were launched enables a more and more reliable basis for the assessment of the future performance of the portfolio. The overall economic development in countries of importance to us also progressed as we expected when we assessed the risks.

Structured credit exposure non-PRU

Below are details of structured credit positions from our strategic customer business which will continue to be allocated to the core bank in future and therefore were not transferred to the PRU.

Structured credit portfolio non-PRU €bn	31.12.2011 Nominal values	31.12.2011 Risk values	31.12.2010 Nominal values	31.12.2010 Risk values
Conduit exposure	3.3	3.3	4.3	4.3
Other asset-backed exposures	6.1	5.8	6.5	6.3
Total	**9.4**	**9.1**	**10.8**	**10.6**

Table 23

In the first quarter of 2011, the two conduits sponsored by Commerzbank, Kaiserplatz and Silver Tower, were consolidated and all transactions from Kaiserplatz were transferred to Silver Tower. The majority of the reported positions consist of liquidity facilities/back-up lines granted to Silver Tower, which Commerzbank's corporate customers can use for interim funding of their own customer receivables. The conduits in turn are financed through the issue of asset-backed commercial paper (ABCP). Other asset-backed exposures were mainly government guaranteed ABS paper issued by Eurohypo AG in the Public Finance segment and by Commerzbank Europe (Ireland).

Originator positions

Commerzbank and Eurohypo AG have in recent years securitised loan receivables due from the Bank's customers with a current volume of €8.9bn, primarily for capital management purposes. As at the reporting date on December 31, 2011, risk positions of €5.1bn were retained, with by far the largest portion of these positions (€4.7bn) consisting of senior tranches which are nearly all rated AAA or AA.

		Commerzbank volume[1]				
Securitisation pool €bn	**Maturity**	**Senior**	**Mezzanine**	**First loss piece**	**Total volume[1] 31.12.2011**	**Total volume[1] 31.12.2010**
Corporates	2013–2027	4.1	0.2	<0.1	4.5	8.0
MezzCap	2036	<0.1	<0.1	<0.1	0.2	0.2
RMBS	2048	<0.1	<0.1	<0.1	0.2	0.2
CMBS	2012–2084	0.6	<0.1	<0.1	4.0	5.0
Total		**4.7**	**0.3**	**0.1**	**8.9**	**13.4**

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

Table 24

Intensive care

Loan loss provisions

Loan loss provisions in 2011 amounted to €1.4bn. The charge was therefore significantly reduced by €1.1bn compared with the previous year. This amount includes a one-off reversal of around €0.2bn which resulted from the revision and update of the parameters used to determine the portfolio loan loss provision for loans not in default. Loan loss provisions for 2011, even when adjusted for this one-off item, were more than one-third below the value of the previous year thanks to the trend reversal achieved in Asset Based Finance. The table illustrates the development at segment level:

Loan loss provisions	**2011**					**2010**				
€m	**Total**	**Q4**	**Q3**	**Q2**	**Q1**	**Total**	**Q4**	**Q3**	**Q2**	**Q1**
Private Customers	**57**	–53	34	35	41	**246**	46	64	70	66
Mittelstandsbank	**188**	154	51	–25	8	**279**	93	–69	94	161
Central & Eastern Europe	**89**	21	32	6	30	**361**	48	127	92	94
Corporates & Markets	**146**	56	59	31	0	**–27**	–14	6	0	–19
Asset Based Finance	**907**	179	254	233	241	**1,584**	412	493	354	325
Portfolio Restructuring Unit	**5**	26	–17	–3	–1	**62**	10	2	28	22
Others and Consolidation	**–2**	–2	0	1	–1	**–6**	0	–2	1	–5
Total	**1,390**	**381**	**413**	**278**	**318**	**2,499**	**595**	**621**	**639**	**644**

Table 25

Provisions in Private Customers business were down by nearly €200m compared to the previous year. This decline is partly due to the parameter update in the fourth quarter of 2011, but operating provisions also exhibited a positive development and undershot the previous year's figure by over €100m.

As expected, provisions in the Mittelstandsbank segment increased significantly in the fourth quarter compared to previous quarters, due to new defaults. However, their level in 2011 remained approximately €90m below that in 2010, due to a good first half-year which saw releases of provisions.

In 2011, provisions in Central & Eastern Europe were around €270m lower than the previous year. In particular, Bank Forum significantly reduced provisions by more than €130m compared to the previous year. The other units also reported a good risk performance in operational terms in 2011. BRE benefited additionally from one-off income from a portfolio sale in the second quarter, and from updates to parameters for retail business in the fourth quarter, which meant that the risk provisions were almost €100m lower than the previous year's value.

In Corporates & Markets loan loss provisions totalled €146m in 2011, while releases of provisions were recognised in the previous year. Loan loss provisions for the segment were driven by a few individual cases.

Asset Based Finance saw the strongest decline in provisions compared with 2010 with a total of almost €700m. The bulk of this decline was in CRE Banking, in which operating provisions fell by over €600m. Loan loss provisions for the foreign portfolio in particular were down substantially compared with the previous year. In the fourth quarter, Asset Based Finance also recognised a one-off exceptional release due to the parameter update.

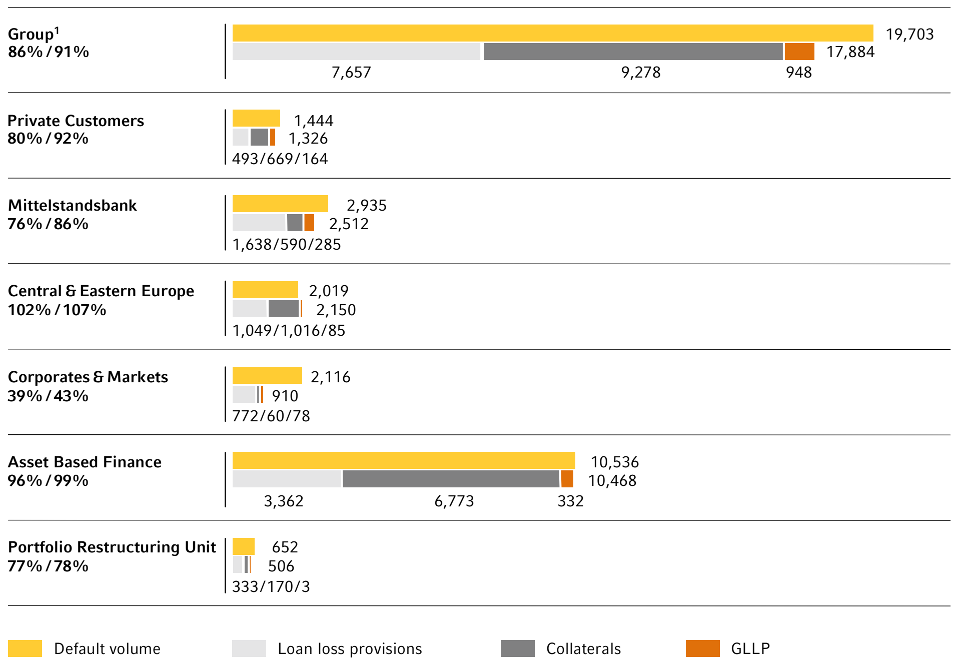
In 2011, provisions of €5m were necessary in the Portfolio Restructuring Unit, which was over €50m less than in 2010. Similar to Corporates & Markets, developments in this segment were also largely affected by a few individual cases.

In 2011, loan loss provisions for the Group, after adjusting for the one-off positive exceptional effect due to the revision and update of parameters, were generally well below the level of the previous year. This was largely due to the good performance of the first three quarters, although the slowing economy had its first, albeit slight, impact on provisions in the fourth quarter. This trend will continue in 2012, and, in the second half of 2012 in particular, we expect an increase in loan loss provisions for portfolios which are particularly sensitive to changes in the economy. However, at the moment an amount of €1.7bn in total seems to be realistic. The risks related to the macroeconomic framework are nevertheless still high. Depending on the macroeconomic development and in particular the impact of the ongoing sovereign debt crisis on the real economy, significantly higher provisioning may be necessary.

Default portfolio

The default portfolio was down significantly on the previous year by €2bn, and was €19.7bn at year-end. The portfolio includes receivables in the LaR category, but not impaired securities. The portfolio structure is shown in detail below:

Default portfolio and coverage ratios by segment
€m – excluding/including GLLP



[1] Including Others and Consolidation.

Figure 6

The default portfolio decreased in all segments during 2011. The volume in the Mittelstandsbank was approximately a quarter lower and, with over €900m, accounted for the largest part of the decline. In the Private Customers segment the reduction was also significant at over 20% or more than €400m. Central & Eastern Europe and Corporates & Markets each saw a drop in volume of over 10%. We currently expect a further decline in the default volume in 2012 given the expectation of only a moderate deterioration in economic conditions.

The default portfolio is backed by collateral of around €9.3bn. In the Private Customers segment, the collateral consists predominantly of mortgages on owner- and third party-occupied properties. In the Mittelstandsbank, collateral is spread over various types of security. Mortgages on commercial properties and default guarantees account for the largest amounts. Large parts of the portfolio are secured by guarantees and assignments of collateral. The portfolio in the Central & Eastern Europe segment is mainly secured by mortgages, in both the retail and commercial sectors. In addition, a major part of the collateral in the corporate customer business consists of letters of credit, guarantees and pledges. The collateral in the Corporates & Markets portfolio principally comprises assignments of collateral as well as pledges of account balances and securities portfolios. In Asset Based Finance, collateral mainly relates to commercial mortgages (including ship mortgages) and also to mortgages of owner- and third party-occupied properties. The collateral for the PRU portfolio consists almost exclusively of assignments.

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, an IT-based management of the overdraft starts on the first day the account is overdrawn. The following table shows overdrafts outside the default portfolio based on the exposure at default (€m) as at end of December 2011:

Segment	> 0 ≤ 30 days	> 30 ≤ 60 days	> 60 ≤ 90 days	> 90 days	Total
Private Customers	648	88	68	0	803
Mittelstandsbank	1,256	57	40	13	1,367
Central & Eastern Europe[1]	5	1	0	0	583
Corporates & Markets	81	3	0	0	85
Asset Based Finance	363	98	15	31	508
Group[1,2]	**2,366**	**251**	**124**	**46**	**3,364**

[1] BRE and Bank Forum are included only in total figures.
[2] Including Others and Consolidation and PRU.

Table 26

In 2011, total foreclosed assets decreased year-on-year by €98m to €170m (additions €49m, disposals €115m, asset revaluation loss €30m, currency conversion €–2m). Of the year-end portfolio of properties the major part with around €155m related to our mortgage subsidiary Eurohypo AG. The properties are serviced and managed in companies in which Eurohypo AG owns a majority stake through subsidiaries. This is normally EH Estate Management GmbH. The aim is to increase the value and performance of the commercially-focused real estate portfolio through EH Estate's property expertise so that the properties can be placed on the market again in the short to medium term.

Market risk

Market risk is the risk of financial losses due to changes in market prices (interest rates, commodities, credit spreads, exchange rates and equity prices) or in parameters that affect prices such as volatilities and correlations. The losses may impact profit or loss directly, e.g. in the case of trading book positions, or may be reflected in the revaluation reserve or in hidden liabilities/reserves in the case of banking book positions. We also monitor market liquidity risk, which covers cases where it is not possible for the Bank to liquidate or hedge risky positions in a timely manner and to the desired extent on acceptable terms as a result of insufficient liquidity in the market.

Strategy and organisation

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

The Board of Managing Directors of Commerzbank is responsible for ensuring the effective management of market price risk throughout the Commerzbank Group. Specific levels of authority and responsibility in relation to market risk management were assigned to the respective market risk committees. Within the Bank various market risk committees are established, in which segment representatives discuss current risk positioning issues and management measures with the Risk Function and with Finance. The Segment Market Risk Committee meets weekly and focuses on Corporates & Markets, Public Finance, PRU and Treasury. The Group Market Risk Committee, which meets monthly, in addition deals with the market risk position in Commerzbank Group and the remaining business divisions.

The risk management process (risk identification, risk measurement, management, limitation and reporting) is the responsibility of Market Risk Management in functional terms. The centralised market risk management function is supplemented by decentralised market risk management units at segment level, in both regional units and subsidiaries. As the central and local risk management is closely interlocked with the business units, the risk management process already starts in the trading units. The trading units are in particular responsible for the active management of the market risk position (e.g. pricing, increasing or decreasing exposure and hedging).

Market risk management

Commerzbank uses a wide range of quantitative and qualitative tools to manage and monitor market price risks. The main guidelines are set in the market risk strategy approved by the Board of Managing Directors. Quantitative targets for sensitivities, value at risk, stress tests and scenario analyses as well as for economic capital limit the market risk. Guidelines for portfolio structure, new products, maturity limits or minimum ratings are designed to ensure the quality of market risk positions. All the different factors are weighted individually for each segment in the market risk grid (high, medium and low relevance) as part of the market risk strategy. Hereby the varying relevance of the parameters for the management of the segments with regard to the business strategy is allowed for.

The quantitative and qualitative factors limiting market price risk are determined by the market risk committees. The utilisation of these limits, together with the relevant net income figures, is reported daily to the Board of Managing Directors and the responsible heads of the business segments. Based on qualitative analyses and quantitative ratios the market risk function identifies potential future risks, anticipates, in collaboration with Finance, 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 aforementioned market risk committees and is subsequently submitted to the Board of Managing Directors for approval.

The management of intra-risk concentration is already a component of market risk management due to the existing limit system for market risks amongst other things. Risk concentrations are contained directly with specific limits or are indirectly avoided (for example, using stress test limits). In addition, the combination of various conventional risk measures (for example, VaR, sensitivities) ensures the appropriate risk management of concentrations. In addition Risk drivers are analysed on a regular basis in order to identify concentrations. The risk management of existing concentrations is thus reviewed and, where necessary, supplemented by targeted measures (for example, limits, processes). Situation-driven analyses of existing concentrations are another tool used in the timely and adequate management of concentrations.

The year 2011 was mainly affected by the European debt crisis. The increasing indebtedness of European states and the struggle to find effective measures to resolve the crisis, contributed significantly to the strong market volatility experienced during the year. Another factor was the discrepancy in economic development across Europe. The strong growth in Germany contrasted with the difficult economic development in the European peripheral nations. Furthermore, fears of recession and political developments such as those in Hungary fuelled uncertainties in the markets. The revolutions in North Africa and the natural disaster in Japan also contributed to strong market volatility.

In the bonds markets this high level of uncertainty led to a flight to quality investments and thus to significantly lower interest rates for these asset classes, in particular for German Bunds and US treasuries. By contrast, the yields on bonds from many southern European countries continued to increase significantly.

In 2011, increased volatilities were also evident in the equity markets and were accompanied by significant price declines in almost all the relevant stock markets.

In the foreign exchange markets, problems relating to the European debt crisis led to a loss of confidence in the euro, which caused it to depreciate against the major currencies.

In 2011, commodity markets were characterised by record highs in gold and precious metals and also by severe market fluctuations.

Market risk in the trading book

Commerzbank has been using a uniform market price risk model for its internal management since the end of October 2010. This model is based on historical simulation (HistSim model) and applies to all entities of the Group. This ensures that risk measurement is consistent across the whole Group and meets the future requirements of Basel III. In particular, this includes the calculation of "stressed VaR", which evaluates the risk arising from the current positioning in the trading book with market movements in a crisis period. In addition, the "incremental risk charge" and "equity event VaR" ratios quantify the risk of a deterioration in creditworthiness and event risks in trading book positions.

A comprehensive revision of the structure of the scenarios used for risk measurement through stress testing took place in 2011 with the aim of improving the mapping of crisis periods.

Value at risk in the trading book declined significantly at the end of 2011 compared with the previous year. This is largely due to an additional reduction in non-strategic risk positions and methodological improvements in the risk measurement of special interest rate derivatives. Furthermore due to regulatory matters securities (mainly asset-backed securities) have been transferred to the regulatory banking book as a short-term sale is not aimed for under current market conditions.

The market risk profile in the trading book is diversified across all asset classes. The value at risk decreased by €36.8m to €59.1m at year end 2011. The dominant asset classes are interest risk and credit spread risk.

The value at risk in the credit spread asset class reduced by €26.3m to €17.6m year-on-year. The main reasons for this were the transfer of risk positions to the banking book, and measures to reduce risk positions, in particular in the Portfolio Restructuring Unit.

The value at risk for interest rate risk fell by €5.7m to €31.2m year-on-year. The main reason for this was the optimised risk measurement for special interest rate derivatives. The significant decrease in interest rate risk due to improvements in the model was weakened by the increased risk from government bonds, which is included in interest rate risk. This particularly reflects interest spread risks relating to southern European government bonds which have been especially affected by the crisis.

VaR contribution by risk type in the trading book[1] | €m	31.12.2011	31.12.2010
Credit spreads	17.6	43.9
Interest rates	31.2	36.9
Equities	3.5	6.1
FX	4.0	4.7
Commodities	2.8	4.2
Total	**59.1**	**95.9**

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

Table 27

In December 2011, BaFin also approved the use of the internal market risk model for regulatory purposes. In the first three quarters of 2011 the regulatory capital requirement was still calculated using the regulator-certified market risk models of Commerzbank (old) and Dresdner Bank. The regulatory capital calculation for the fourth quarter of 2011 was thus based on the internal market risk model recently certified by BaFin. The approval of the internal model by BaFin also includes the certification of improved methodology for special interest rate derivatives.

The reliability of the market risk model is constantly monitored by backtesting. Apart from meeting supervisory requirements, the aim is to assess forecasting quality. Analysing the results of backtesting provides important guidance for checking parameters and further improving the model. All negative outliers at Group level are classified under a traffic light system laid down by the supervisory authorities and are reported immediately to the authorities with details of the size and cause of the failure. As per end of 2011 Commerzbank's model lies within the green area of the traffic light system.

Market risk in the banking book

The key driver of market risk in the banking book is the credit spread risk in the Public Finance portfolio including the positions held by the subsidiaries Eurohypo AG and Erste Europäische Pfandbrief und Kommunalkreditbank (EEPK). The Treasury portfolios with their credit spread risk, interest rate risk, and underlying risk also have a particular impact on the market risk in the banking book. Reclassifications of credit spread risk bearing positions from the PRU trading book have also had an effect on the risk position in the banking book. To a lesser extent the equity price risk in the equity investment portfolio is also a risk driver.

The adjoining diagram documents the development of credit spread sensitivities for all securities and derivative positions (excluding loans) in Commerzbank Group. The reduction in the Public Finance portfolio as part of the de-risking strategy, lower market values due to increased credit spreads and a change in Treasury positioning led to a decline with an overall position of €66m at year-end. Over 80% of the credit spread relates to securities positions classified as loans and receivables (LaR). Changes in credit spreads have no impact on the revaluation reserve or the income statement for these portfolios.

Credit spread sensitivities

Downshift 1 bp | €m

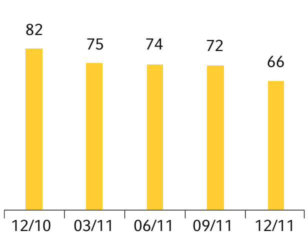


Figure 7

Market liquidity risk

Market liquidity risk is the risk of the Bank not being able to liquidate or hedge risky positions in a timely manner, to the desired extent and on acceptable terms as a result of insufficient liquidity in the market.

Market liquidity risk is measured by creating a liquidation profile for each portfolio in order to classify the portfolio in terms of its convertibility into cash using a market liquidity factor. The market risk based on a one-year-view is weighted with the market liquidity factor to calculate the market liquidity risk.

At the end of 2011 Commerzbank earmarked €0.7bn in economic capital to cover market liquidity risk in the trading and banking book. Securities, which are more liable to market liquidity risk, include in particular asset-backed securities and specific positions in the equity investment portfolio.

Liquidity risk

Liquidity risk is defined in the narrower sense as the risk that Commerzbank will be unable to meet its payment obligations on a day-to-day basis. In a broader sense, liquidity risk is the risk that future payments cannot be funded as and when they fall due, in full, in the correct currency and at standard market conditions.

Management and monitoring

Group Treasury at Commerzbank is responsible for managing liquidity risks. Additional information on this subject can be found in the section "Liquidity and Funding of Commerzbank Group" in the Group Management Report. Liquidity risks occurring over the course of the year are monitored by the independent risk function using an internal bank liquidity risk model. Key decisions on liquidity risk management and monitoring are made by the Group Asset Liability Committee (ALCO). At the operating level, additional sub-committees are responsible for dealing with liquidity risk issues at a local level and with methodological issues regarding the quantification and limitation of liquidity risks that are of lesser significance for the Group.

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Quantification and stress testing

The internal bank liquidity risk model is the basis for liquidity management and reporting to the Board of Managing Directors. In relation to a reference date the risk measurement approach calculates the available net liquidity (ANL) for the next twelve months based on various scenarios. Commerzbank's available net liquidity is calculated for various stress scenarios using the following three components: deterministic, i.e. contractually agreed cash flows (forward cash exposure, FCE), statistically expected economic cash flows for the relevant scenario (dynamic trade strategy, DTS), and the realisable assets in the relevant scenario (balance sheet liquidity, BSL).

The stress scenario used by management which underlies the modelling allows for the impact of both a bank-specific stress event and a broader market crisis when calculating liquidity and setting limits. This stress scenario is derived from the risk tolerance which was determined in accordance with the overall risk strategy. This also includes the definition of scenarios that are no longer covered by risk tolerance.

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

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

The stress scenarios relevant for management in the ANL model are run daily and reported to management. The underlying assumptions and the set limits are checked regularly and adjusted to reflect changed market conditions as necessary. In addition to the ongoing adjustments to the model, the Bank was prompted by validation results in 2011 to take action in response to the ongoing sovereign debt crisis in the eurozone. Requirements were tightened with regard to assets realisable in stress scenarios, deposits from some institutional investor groups were classified as less stable, and the internal early warning thresholds were tightened. In accordance with current guidelines, these adjustments were documented in a formal process and approved, depending on their potential impact, by the relevant committees.

The limit concept in place ensures that an emerging liquidity bottleneck can be identified at the earliest possible stage and that steps can be taken to cope with it early enough. The internal limit framework beneath the Group limit was fundamentally revised in order to transfer management mechanisms efficiently to the Group units and to simplify the management of the Group limit. Moreover, individual currency limits were defined more narrowly as a result of the continued market crisis. All key Group units are included in the Commerzbank liquidity risk model.

The stress scenarios described form the basis of detailed contingency plans, in the context of which the Group ALCO can approve various measures to secure liquidity. This contingency planning is based on an integrated process which consists of the liquidity risk contingency plan and the supplementary Treasury action plan. This concept enables a clear allocation of responsibility for the processes to be followed in emergency situations as well as the adequate definition of any action that may need to be taken.

The graph of ANL and its subcomponents FCE, DTS and BSL on the next page shows that, under the stress scenario relevant for the management of risks calculated as at December 31, 2011, a sufficient liquidity surplus existed throughout the period analysed.

In the year 2011, the calculated liquidity surpluses were always above the limits set by the Board of Managing Directors, despite a market environment marked by the European debt crisis. The same applies to the fulfilment of the external regulatory requirements of the German Liquidity Regulation. Commerzbank’s funding situation remained unchanged in 2011. In this respect we continued to benefit from our core business activities in retail and corporate banking and a widely diversified funding base in terms of products, regions and investors in the money and capital markets. In order to cope with short-term liquidity bottlenecks, the Bank has a liquidity buffer of assets eligible for discounting at the central bank. As at December 31, 2011, the volume of freely available assets eligible for discounting at the central bank after haircut that were included in ANL modelling as part of the balance sheet liquidity was €65.8bn.

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

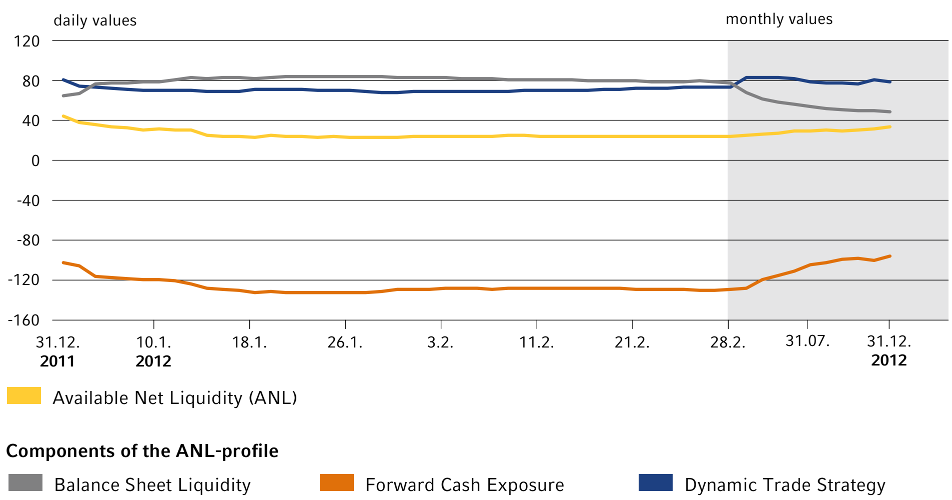

Figure 8

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

Further development of liquidity risk management and Basel III

With a view to the further development of liquidity risk monitoring and the current reporting system, we have made it a priority to support various regulatory initiatives to harmonise international liquidity risk standards. Commerzbank takes into account the effect of the liquidity risk ratios defined in the Basel III requirements and actively participates in a constructive dialogue with the supervisory authorities. In addition, the bank is increasing the analysis options available for liquidity risk reporting by continuously developing the infrastructure used for this purpose.

The Bank initiated a strategic project in the third quarter of 2011 to coordinate and further develop central issues arising from Basel III, the cross-charging of liquidity costs and the management of liquidity risk using the internal liquidity risk model.

Operational risk

Operational risk (OpRisk) at Commerzbank is based on the German Solvency Regulation and is defined as the risk of loss resulting from the inadequacy or failure of internal processes and systems, people or from external events. This definition includes legal risks; it does not cover reputational risks or strategic risks.

OpRisk management

The management and limitation of operational risks differs systematically from limiting credit and market risk, since the relevant management units are not made up of individual clients or positions but internal processes. For this type of risk we focus on anticipatory management by the segments and cross-sectional units based on an overarching risk strategy for operational risks and their specific aspects.

Areas for action and quantitative guidelines for the risk strategy are defined at Group level and segment level. Management issues are regularly examined in meetings of the Group and segment OpRisk committees.

The identification of intra-risk concentrations is carried out via the evaluation of the Group's OpRisk profile. This primarily involves analysis of incurred loss events (realised losses and provisions), the parameters derived from the capital model (EL, RWA and economically required capital) and forward-looking scenarios in particular by type of event category and incurring unit, the results of which are reported to the OpRisk committees of the Group.

Management of the Commerzbank Group's legal risks on a worldwide basis is handled by Group Legal. One of the core functions of Group Legal is to recognise potential losses from legal risks at an early stage, to propose solutions for minimising, limiting or avoiding such risks and to establish the necessary provisions.

OpRisk developments

We continued to pursue our objective of improving the Group OpRisk profile in the year under review. The main priority here was to optimise our methods and processes, in particular the ongoing development of the early warning system.

This was also reflected in the decrease in the charge for operational risks. The total charge to Commerzbank in 2011 for OpRisk events (losses plus changes in provisions for operational risks recognised in equity and ongoing litigation) was €250m (previous year: €274m).

OpRisk events by segment | €m	**2011**	**2010**
Private Customers	85	132
Mittelstandsbank	15	−8
Central & Eastern Europe	10	7
Corporates & Markets	13	14
Asset Based Finance	14	34
Portfolio Restructuring Unit	0	11
Others and Consolidation	113	84
Group	**250**	**274**

Table 28

The risk weighted assets (RWA) for operational risks using the advanced measurement approach (AMA) amounted to €26.3bn as at the end of 2011 (December 31, 2010: €21.8bn). Of this, roughly 59% related to Private Customers and Corporates & Markets.

Until the newly developed and integrated model has been certified by the regulatory authorities, the capital requirement for both regulatory and internal reporting purposes will still be calculated separately for Commerzbank (old) and former Dresdner Bank and reported as a total. We take the differences between the two separate models into account by applying an appropriate surcharge.

Other risks

Business risk

Business risk is deemed to be a potential loss that results from discrepancies between actual income (negative deviation) and expense (positive deviation) and the budgeted figures. Business risk modelling is based on empirical deviations between planned and actual income/expense. This risk is mainly influenced by business strategy and internal budget planning as well as by changes in the operating conditions affecting business volumes, technical processes and the competitive situation of the Bank and the institutions it competes with for customers. Business risk is managed by means of clear segment-specific targets for returns as well as cost/income ratios in conjunction with ongoing flexible cost management in the event of non-performance.

Unquantifiable risks

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

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 and continuing education programmes to ensure that the level of employee qualifications keeps pace with the current state of developments and that 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. Quantitative and qualitative measures of staff turnover are monitored regularly.
- Supply risk: Our quantitative and qualitative staffing is based on internal operating requirements, business activities, strategy and the Commerzbank risk situation.

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

Business strategy risk

Business strategy risk is the medium to long-term risk of negative influences on the achievement of Commerzbank's strategic goals, for example, as a result of changes in market conditions, or inadequate implementation of Group strategy.

Group strategy is developed further within the framework of a structured strategy process which forms the basis of the Bank's annual planning process. This involves setting corporate strategic directions and guidelines as well as determining quantitative targets as an aspiration level for the Group and segments. As part of the regulatory requirements under MaRisk a sustainable business strategy is set, based on the results of the strategy process, which describes the major business activities and the steps to reach the envisaged goals. A risk strategy consistent with this is also set.

In addition, we also constantly monitor external factors such as market and competitive conditions, capital market requirements and changed regulatory aspects, with relevant changes resulting in adjustments to Group strategy as well as business strategy. The strategy process consists of the planning, implementation, assessment and adjustment of these strategies. The essential content of the business and risk strategy is subsequently communicated throughout the company. To ensure proper implementation of Group strategy to achieve the business targets, strategic controls are carried out through regular monitoring of quantitative and qualitative targets in the Group and segments.

Responsibility for strategic corporate management lies with the Board of Managing Directors, which is supported by Group Development & Strategy for strategic issues. Corporate strategy is discussed in detail with the supervisory board in a strategy conference. Specific business policy decisions (acquisition and sale of equity holdings representing >1% of equity capital) also require the authorisation of the Risk Committee of the Supervisory Board. All major investments are subject to careful review by the Investment and Resources Allocation Committee.

Reputational risk

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

The operational divisions, branches and subsidiaries bear direct responsibility, within the scope of their business operations, for reputational risk arising from their particular activity. Reputational risk may also stem from other types of risk and even amplify such risks. A special department in Group Communications is responsible for the management of reputational risk in an overall Bank context. Its tasks include the timely monitoring, recognition and response to internal and external reputational risks (early warning function). This is ensured, for example, via intensive media monitoring and close networking with the Press Department and Investor Relations.

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

Compliance risk

The confidence of our customers, shareholders and business partners in Commerzbank's proper and legitimate actions underpins our business activities. This confidence is based in particular on compliance with applicable regulations and conformity with customary market standards and codes of conduct (compliance). To reinforce confidence in the Group's integrity, all risks arising in this regard are effectively managed. The ever-growing complexity of national and international laws, regulations and market standards is taken into account through constant improvements to our management of compliance risk and through adjustments to reflect current developments and challenges.

Outlook

- The Bank's risk management activities in the first half of 2012 will concentrate on further strengthening its capital base. This includes plans to reduce the Group's risk assets by around €15bn. We plan to achieve this with an accelerated reduction in peripheral activities, for example, as well as continued rigorous RWA management. In this way we expect further reduction of the Core Tier I capital requirement by another €1.3bn approximately.
- In 2011, loan loss provisions for the Group were generally well below the level of the previous year. This was largely due to the good performance in the first three quarters, although the slowing economy had its first, comparatively slight, impact on loan loss provisions in the fourth quarter. This trend will continue in 2012, and, in the second half of 2012 in particular, we therefore expect an increase in provisioning in portfolios which are particularly sensitive to changes in the economy. However, at the moment an amount of €1.7bn seems to be realistic. Nevertheless, the risks related to the macroeconomic framework are still high. Depending on the macroeconomic development and in particular the impact of the ongoing sovereign debt crisis on the real economy, significantly higher provisioning may be necessary.
- Following a significant reduction in the **Public Finance** portfolio in past years, we will continue our clear reduction strategy in this area in 2012. We are targeting an overall reduction to below €70bn for the end of 2014.
- In 2012, the focus in **Commercial Real Estate** is still on the strategic reduction of existing portfolios. In order to achieve this objective and against the backdrop of increasing capital requirements, a temporary suspension of new Eurohypo AG business was approved and implemented in November 2011.
- In **Ship Finance,** the current fiscal policy challenges in Europe indicate continuing uncertainty as to market developments, particularly in container shipping. We expect the charter market in this area to remain weak in the first half of 2012. We may see slightly better market conditions in the second half of the year depending on the economic situation.
- In **Central & Eastern Europe** we expect a general economic downturn and subdued growth in 2012. Despite the gloomier economic outlook, we anticipate continued profitable loan growth for our subsidiary, BRE Bank, primarily in corporate customer business and consumer lending. Bank Forum will continue to focus on managing down the portfolio of non-performing loans while maximising value.

- The regulatory environment for the **Corporates & Markets** segment will also involve new challenges during the next two years. Therefore, we adhere to our conservative risk approach in the trading and banking books.
- The current financial situation of the companies in the **Mittelstandsbank** has improved significantly in many respects compared to the financial crisis of 2008/2009. Even so, the situation of companies will become more difficult and growth will stagnate in 2012 as the sovereign debt crisis unfolds. Furthermore, there is the trend towards rising commodity prices, which will have a negative effect on companies in consumer and in the food industry, for instance. We expect increases in risk density and EL in the portfolio, however massive portfolio deterioration is not very likely due to the quality and stability of the corporate portfolio.
- The main emphasis of our activities in **Private Customers** in 2012 is on ongoing risk-side support in the generation of new sales potential, particularly in real estate financing and loans to business customers.

Disclaimer

Commerzbank uses state-of-the-art risk measurement methods and models that are based on banking sector practice. The results obtained with the risk models are suitable for the purposes of the management of the Bank. The measurement approaches are regularly reviewed by Risk Control and Internal Audit, external auditors and the German supervisory authorities. Despite the careful development of the models and regular controls, models cannot capture all the influencing factors that may arise in reality, nor the complex behaviour and interactions of these factors. These limits to risk modelling apply particularly in extreme situations. Supplementary stress tests and scenario analyses can only show examples of the risks to which a portfolio may be exposed in extreme market situations; stress testing all imaginable scenarios however is unfeasible. The analyses cannot give a definitive indication of the maximum loss in the case of an extreme event.

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 2011.

Financial Statements of the Commerzbank Group as at December 31, 2011

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Statement of comprehensive income

Income statement

€m	Notes	1.1.–31.12.2011	1.1.–31.12.2010	Change in %
Interest income	(31)	17,343	18,306	–5.3
Interest expense	(31)	10,619	11,252	–5.6
Net interest income	(31)	6,724	7,054	–4.7
Loan loss provisions	(32)	–1,390	–2,499	–44.4
Net interest income after provisions		5,334	4,555	17.1
Commission income	(33)	4,055	4,237	–4.3
Commission expense	(33)	560	590	–5.1
Net commission income	(33)	3,495	3,647	–4.2
Net trading income	(34)	2,109	2,052	2.8
Net income from hedge accounting	(35)	–123	–94	30.9
Net trading income and net income from hedge accounting	(34, 35)	1,986	1,958	1.4
Net investment income	(36)	–3,611	108	.
Current net income from companies accounted for using the equity method	(37)	42	35	20.0
Other net income	(38)	1,253	–131	.
Operating expenses	(39)	7,992	8,786	–9.0
Impairments of goodwill and brand names		–	–	.
Restructuring expenses		–	33	–100.0
Pre-tax profit or loss		**507**	**1,353**	**–62.5**
Taxes on income	(40)	–240	–136	76.5
Consolidated profit or loss		**747**	**1,489**	**–49.8**
Consolidated profit or loss attributable to non-controlling interests		109	59	84.7
Consolidated profit or loss attributable to Commerzbank shareholders		638	1,430	–55.4

Earnings per share | €		1.1.–31.12.2011	1.1.–31.12.2010	Change in %
Earnings per share	(42)	0.18	1.21	–85.1

The earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit or loss attributable to Commerzbank shareholders. As in the previous year, no conversion or option rights were outstanding during the financial year. The figure for diluted earnings per share was therefore identical to the undiluted figure.

Condensed statement of comprehensive income

€m	Notes	1.1.–31.12.2011	1.1.–31.12.2010	Change in %
Consolidated profit or loss		747	1,489	–49.8
Change in revaluation reserve	(73)			
Reclassified to income statement		696	–352	.
Change in value not recognised in income statement		–1,477	394	.
Change in cash flow hedge reserve	(73)			
Reclassified to income statement		213	283	–24.7
Change in value not recognised in income statement		–18	–53	–66.0
Change in currency translation reserve	(73)			
Reclassified to income statement		14	41	–65.9
Change in value not recognised in income statement		–166	209	.
Change in companies accounted for using the equity method		–1	2	.
Other comprehensive income		–739	524	.
Total comprehensive income		**8**	**2,013**	**–99.6**
Comprehensive income attributable to non-controlling interests		47	127	–63.0
Comprehensive income attributable to Commerzbank shareholders		–39	1,886	.

Other comprehensive income | €m	1.1.–31.12.2011			1.1.–31.12.2010		
	Before taxes	**Taxes**	**After taxes**	**Before taxes**	**Taxes**	**After taxes**
Change in revaluation reserve	–1,007	226	–781	89	–47	42
Change in cash flow hedge reserve	289	–94	195	346	–116	230
Change in currency translation reserve	–152	–	–152	250	–	250
Change in companies accounted for using the equity method	–1	–	–1	2	–	2
Other comprehensive income	**–871**	**132**	**–739**	**687**	**–163**	**524**

Balance sheet

Assets | €m	Notes	31.12.2011	31.12.2010	Change in %	1.1.2010[1]
Cash reserve	(7, 45)	6,075	8,053	−24.6	10,329
Claims on banks	(8, 9, 10, 46, 48, 49, 79)	87,790	110,616	−20.6	106,689
of which pledged as collateral	(78)	77	94	−18.1	–
Claims on customers	(8, 9, 10, 47, 48, 49, 79)	296,586	327,755	−9.5	352,194
of which pledged as collateral	(78)	–	–	.	–
Value adjustment for portfolio fair value hedges	(11, 50)	147	113	30.1	−16
Positive fair values of derivative hedging instruments	(12, 51)	5,132	4,961	3.4	6,352
Trading assets	(13, 52, 79)	155,700	167,825	−7.2	218,708
of which pledged as collateral	(78)	16,025	19,397	−17.4	41,838
Financial investments	(14, 53, 79)	94,523	115,708	−18.3	130,914
of which pledged as collateral	(78)	3,062	22,374	−86.3	13,293
Holdings in companies accounted for using the equity method	(4, 54)	694	737	−5.8	378
Intangible assets	(15, 55)	3,038	3,101	−2.0	3,209
Fixed assets	(16, 56)	1,399	1,590	−12.0	1,779
Investment properties	(18, 58)	808	1,192	−32.2	1,279
Non-current assets and disposal groups held for sale	(19, 59)	1,759	1,082	62.6	2,868
Current tax assets	(26, 57)	716	650	10.2	1,267
Deferred tax assets	(26, 57)	4,154	3,567	16.5	4,370
Other assets	(17, 60)	3,242	7,349	−55.9	3,783
Total		**661,763**	**754,299**	**−12.3**	**844,103**

[1] January 1, 2010 is equivalent to December 31, 2009 after the change in the way treasury shares are reported (see Note 2).

Liabilities and equity | €m	Notes	**31.12.2011**	**31.12.2010**	Change in %	**1.1.2010**[1]
Liabilities to banks	(10, 20, 61, 79)	98,481	137,626	–28.4	140,634
Liabilities to customers	(10, 20, 62, 79)	255,344	262,827	–2.8	264,618
Securitised liabilities	(20, 63, 79)	105,673	131,356	–19.6	161,779
Value adjustment portfolio fair value hedges	(11, 64)	938	121	.	–16
Negative fair values of derivative hedging instruments	(21, 65)	11,427	9,369	22.0	11,345
Trading liabilities	(22, 66, 79)	137,847	152,393	–9.5	202,595
Provisions	(23, 24, 67)	3,761	4,778	–21.3	5,115
Current tax liabilities	(26, 68)	680	1,072	–36.6	1,346
Deferred tax liabilities	(26, 68)	189	222	–14.9	1,240
Liabilities from disposal groups held for sale	(19, 69)	592	650	–8.9	2,839
Other liabilities	(70)	6,568	8,136	–19.3	6,103
Subordinated capital	(27, 71, 79)	13,285	12,910	2.9	15,850
Hybrid capital	(27, 72, 79)	2,175	4,181	–48.0	4,079
Equity	(30, 73, 74, 75)	24,803	28,658	–13.5	26,576
Subscribed capital	(73)	5,113	3,047	67.8	3,071
Capital reserve	(73)	11,158	1,507	.	1,471
Retained earnings	(73)	8,822	9,140	–3.5	7,741
Silent participations	(73)	2,687	17,178	–84.4	17,178
Other reserves	(5, 6, 14, 73)	–3,676	–2,999	22.6	–3,455
Total before non-controlling interests		24,104	27,873	–13.5	26,006
Non-controlling interests	(73)	699	785	–11.0	570
Total		**661,763**	**754,299**	**–12.3**	**844,103**

[1] January 1, 2010 is equivalent to December 31, 2009 after the change in the way treasury shares are reported (see Note 2).

Statement of changes in equity

€m	Subscribed capital	Capital reserve	Retained earnings	Silent participations	Other reserves: Revaluation reserve	Other reserves: Cash flow hedge reserve	Other reserves: Currency translation reserve	Total before non-controlling interests	Non-controlling interests	Equity
Equity as at 31.12.2009	**3,071**	**1,334**	**7,878**	**17,178**	**–1,755**	**–1,223**	**–477**	**26,006**	**570**	**26,576**
Change due to retrospective adjustments		137	–137					–		–
Equity as at 1.1.2010	**3,071**	**1,471**	**7,741**	**17,178**	**–1,755**	**–1,223**	**–477**	**26,006**	**570**	**26,576**
Total comprehensive income	–	–	1,430	–	24	218	214	1,886	127	2,013
Consolidated profit or loss			1,430					1,430	59	1,489
Change in revaluation reserve					24			24	18	42
Change in cash flow hedge reserve						218		218	12	230
Change in currency translation reserve							212	212	38	250
Change in companies accounted for using the equity method							2	2		2
Dividend paid on silent participations								–		–
Dividend paid on shares								–	–12	–12
Capital increases								–	173	173
Changes in ownership interests			5					5		5
Change due to retrospective adjustments		68	–68					–		–
Other changes[1]	–24	–32	32					–24	–73	–97
Equity as at 31.12.2010	**3,047**	**1,507**	**9,140**	**17,178**	**–1,731**	**–1,005**	**–263**	**27,873**	**785**	**28,658**
Total comprehensive income	–	–	638	–	–780	195	–92	–39	47	8
Consolidated profit or loss			638					638	109	747
Change in revaluation reserve					–780			–780	–1	–781
Change in cash flow hedge reserve						195		195		195
Change in currency translation reserve							–91	–91	–61	–152
Change in companies accounted for using the equity method							–1	–1		–1
Dividend paid on silent participations								–		–
Dividend paid on shares								–	–26	–26
Change in accounting par value	–2,142	2,142						–		–
Capital increases	4,184	7,470						11,654		11,654
Withdrawal from retained earnings			–873					–873		–873
Decrease in silent participations				–14,491				–14,491		–14,491
Changes in ownership interests			38					38	–57	–19
Other changes[1]	24	39	–121					–58	–50	–108
Equity as at 31.12.2011	**5,113**	**11,158**	**8,822**	**2,687**	**–2,511**	**–810**	**–355**	**24,104**	**699**	**24,803**

[1] Including change in treasury shares, change in derivatives on own equity instruments and changes in the group of consolidated companies.

As at December 31, 2011 €–110m of the cash flow hedge reserve and €8m of the currency translation reserve were attributable to assets held for sale and disposal groups.

The changes in ownership interests of €38m in the financial year 2011 resulted entirely from the purchase of additional shares in already consolidated companies. There was no effect from the disposal of shares in subsidiaries that continue to be consolidated.

In January 2011 we increased our share capital by 10% less 1 share (118,135,291 shares) for non-cash contributions; this increase was taken from authorised capital with shareholders' pre-emptive rights excluded. The new shares were subscribed in their entirety and paid for by non-cash contributions of hybrid equity instruments (trust-preferred securities) issued by companies of the Commerzbank Group. The nominal value of the hybrid instruments returned was €0.9bn and it generated non-recurring income of €0.3bn within Group pre-tax profit. Subscribed capital and the capital reserve each increased by €0.3bn.

The Financial Market Stabilisation Fund (SoFFin) subsequently converted a portion of its silent participations into shares in order to maintain its stake in Commerzbank at 25% plus 1 share. Thus silent participations with a nominal value of €0.2bn were converted into 39,378,430 shares from the conditional capital approved by the Annual General Meeting (AGM) in 2009.

The capital measures announced in an ad hoc release on April 6, 2011, and approved by the Commerzbank AGM on May 6, 2011, were carried out as follows:

- Between April 6 and 13, 2011 Conditional Mandatory Exchangeable Notes (CoMEN) were placed with investors by means of a book building procedure. Commerzbank shareholders with the exception of SoFFin received subscription rights for this placement. All 1,004,149,984 CoMEN were successfully placed at a price of €4.25, representing a total issue volume of €4.3bn, and were automatically exchanged for Commerzbank shares on May 12, 2011. In order to maintain its stake of 25% plus 1 share SoFFin converted silent participations in the amount of €1.4bn into 334,716,661 no-par-value shares.
- A capital increase with pre-emptive rights was carried out in June 2011 and 1,826,771,821 no-par-value shares were issued from authorised capital at a price of €2.18 per share. The shares arising from the conversion of the CoMEN in the first stage of the capital increase had pre-emptive rights for this share issue. The total issue volume of this capital increase amounted to €4.0bn. The new shares began trading on the stock exchange on June 7, 2011. To maintain its stake of 25% plus 1 share SoFFin converted a further €1.3bn of its silent participations into 608,923,940 no-par-value shares.

In addition to the repayment of €11.0bn of silent participations as a result of the capital measures, a further €3.27bn of silent participations were repaid to SoFFin in June 2011 out of free regulatory capital.

In connection with the capital measures a one-off payment of €1.03bn was agreed with SoFFin as compensation for the early repayment of the silent participations. This payment is reported in the statement of changes in equity (after deducting the associated tax effects of €157m) as a withdrawal from retained earnings. The costs incurred for the capital increases were €181m (after tax effects of €39m) which were deducted directly from the capital reserve.

At the AGM on May 6, 2011, it was resolved to redenominate the notional par value of a Commerzbank share from €2.60 to €1.00. As a result, the subscribed capital of Commerzbank Aktiengesellschaft pursuant to the Bank's articles of association stood at €5,113m as at December 31, 2011 and was divided into 5,113,429,053 no-par-value shares with an notional value per share of €1.00. After deducting the 863,010 treasury shares held by the Bank on December 31, 2011, the subscribed capital amounted to €5,113m.

The Bank made use of the authorisation approved by the Annual General Meeting of May 6, 2011 to purchase its own shares for the purpose of securities trading, pursuant to Art. 71(1) no. 7 of the German Companies Act (Aktiengesetz). Gains and losses from trading in the Bank's own shares were recognised directly in equity.

No dividend is being paid for 2011 as Commerzbank Aktiengesellschaft did not achieve a distributable profit in its parent company accounts under German GAAP (HGB).

Nor will a dividend be paid on the silent participations reported in equity as the agreement does not permit such a payment if it would lead to Commerzbank reporting a net loss or would increase such a loss.

Further details on equity are contained in Notes 73, 74 and 75.

Cash flow statement

€m	Notes	2011	2010
Consolidated profit or loss		**747**	**1,489**
Non-cash positions in consolidated profit or loss and reconciliation with cash flow from operating activities:			
Write-downs, depreciation, adjustments, write-ups on fixed and other assets, changes in provisions and net changes due to hedge accounting		4,006	4,101
Change in other non-cash positions		−12,194	2,952
Gain or loss on disposal of assets	(36)	343	−108
Net gain or loss on the sale of fixed assets	(38)	–	–
Other adjustments	(31)	−7,373	−7,466
Sub-total		**−14,471**	**968**
Change in assets and liabilities from operating activities after adjustment for non-cash positions:			
Claims on banks	(46)	22,924	−3,747
Claims on customers	(47)	32,373	24,611
Trading securities	(52)	12,393	−4,323
Other assets from operating activities	(53-56, 58-60)	1,906	−3,231
Liabilities to banks	(61)	−39,144	−3,008
Liabilities to customers	(62)	−7,483	−1,791
Securitised liabilities	(63)	−25,683	−30,423
Other liabilities from operating activities	(64-70)	−4,940	−470
Interest received	(31)	14,294	14,956
Dividends received	(31)	115	53
Interest paid	(31)	−7,036	−7,543
Income tax paid	(40)	−29	−218
Net cash from operating activities		**−14,781**	**−14,166**
Proceeds from the sale of:			
Financial investments and investments in companies accounted for using the equity method	(36, 37, 53, 54)	17,783	15,274
Fixed assets	(38, 56)	74	187
Payments for the acquisition of:			
Financial investments and investments in companies accounted for using the equity method	(36, 37, 53, 54)	−335	−504
Fixed assets	(38, 56)	−296	−492
Effects from changes in the group of consolidated companies			
Cash flow from acquisitions less cash reserves acquired	(45)	–	–
Cash flow from disposals less cash reserves disposed of	(45)	83	298
Net cash from investing activities		**17,309**	**14,763**
Proceeds from capital increases	(73)	−2,774	−56
Dividends paid	(73)	–	–
Net cash from changes in ownership interests in consolidated companies		−58	−36
Net cash from other financing activities (subordinated capital)	(71, 72)	−1,632	−2,838
Net cash from financing activities		**−4,464**	**−2,930**
Cash and cash equivalents at the end of the previous period		**8,053**	**10,329**
Net cash from operating activities		−14,781	−14,166
Net cash from investing activities		17,309	14,763
Net cash from financing activities		−4,464	−2,930
Effects from exchange rate changes		67	116
Effects from non-controlling interests		−109	−59
Cash and cash equivalents at the end of the period	**(45)**	**6,075**	**8,053**

The breakdown of cash and cash equivalents is as follows:

€m	31.12.2011	31.12.2010	Change in %
Cash on hand	1,572	1,388	13.3
Balances with central banks	3,998	6,386	−37.4
Debt issued by public-sector borrowers and bills of exchange rediscountable at central banks	505	279	81.0

Cash and cash equivalents as at December 31, 2011 did not include any amounts from companies consolidated for the first time (previous year: nil). Deconsolidations gave rise to an effect of €−2m in 2011.

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

Net cash from operating activities includes payments (inflows and outflows) relating to claims on banks and customers and also securities held for trading and other assets. Increases and decreases in liabilities to banks and customers, securitised liabilities and other liabilities also belong to operating activities. The interest and dividend payments resulting from operating activities are similarly reflected in net cash from operating activities.

Changes in net cash from operating activities also result from disposals of consolidated companies. Other assets and liabilities from operating activities include disposals of companies that were classified as held for sale at December 31, 2010 and were sold during the reporting year. The following table provides an overview of the assets and liabilities at the time of disposal.

Assets | €m	31.12.2011
Claims on banks	28
Claims on customers	1,189
Trading assets	124
Financial investments	144
Fixed assets	1
Other assets	531

Liabilities | €m	31.12.2011
Liabilities to banks	179
Liabilities to customers	11
Securitised liabilities	520
Trading liabilities	–
Other liabilities	428

Net cash from investing activities consists of payments for financial investments, intangible assets and fixed assets. The cash flows relating to the acquisition or disposal of subsidiaries are also shown here. Net cash from financing activities consists of the proceeds of capital increases as well as payments made or received on subordinated and hybrid capital. Dividends paid are also reported here.

Cash and cash equivalents consists of items that can be rapidly converted into liquid funds and are subject to a negligible risk of changes in value. It consists of the cash reserve, containing cash on hand, balances held at central banks, debt issued by public-sector borrowers and bills of exchange eligible for rediscounting at central banks (see Note 45). Claims on banks which are due on demand are not included.

The cash flow statement of Commerzbank Group is not very informative. For us the cash flow statement replaces neither liquidity planning nor financial planning, nor is it employed as a management tool.

Notes

Significant accounting principles

Our consolidated financial statements as at December 31, 2011 were prepared in accordance with Art. 315a (1) of the German Commercial Code (HGB) and Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 (the IAS regulation), together with other regulations for adopting certain international accounting standards on the basis of the International Financial Reporting Standards (IFRS) approved and published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). All standards and interpretations which are mandatory within the EU in 2011 have been applied.

As permitted under the regulations, we have not applied standards and interpretations which do not enter into force until the financial year 2012 or later (IFRS 9, 10, 11, 12 and 13, revised IAS 1, 12 and 19 and revised IFRS 1 and 7; amendments arising from the annual improvement process of the IASB). The adoption of IFRS 9, which has only been partially published by the IASB and not yet approved by the EU, could have significant effects on the Group's accounting and measurement practices. Due to the fact that significant portions of the standard have not yet been finalised and the standard has yet to be adopted by the EU, it is impossible to quantify the effects with any degree of accuracy. This also applies to IAS 19 and IFRS 10, 11 and 12. We do not, however, expect any significant effects on the consolidated financial statements from other standards and interpretations which do not need to be applied yet.

The standards and interpretations applied for the first time in the financial year 2011 (revised IAS 24 and revised IFRIC 14 and 19, plus amendments from the IASB's annual improvement process) did not have any significant impact on the consolidated financial statements.

In addition to the statement of comprehensive income and the balance sheet the consolidated financial statements also include the statement of changes in equity, the cash flow statement and the notes. Segment reporting and the reporting on risk management are to be found in the notes (Note 44 and Notes 83 to 90 respectively).

The Group Management Report, including a separate report on the opportunities and risks related to future developments (Group Risk Report) pursuant to Art. 315 of the German Commercial Code (HGB), appears on pages 69 to 196 of our annual report.

The reporting currency of the consolidated financial statements is the euro. Unless otherwise indicated, all amounts are shown in millions of euros. In the statement of comprehensive income, the balance sheet, the statement of changes in equity and the cash flow statement, amounts under €500,000.00 are shown as €0m; where an item is €0.00 this is denoted by a dash. In all other notes both amounts rounded down to €0m and zero items are indicated by a dash.

Accounting and measurement policies

(1) Basic principles

The consolidated financial statements are based on the going concern principle. Assets are generally measured at amortised cost, unless a different form of measurement is required by IFRS. This applies in particular to certain financial instruments classified in accordance with IAS 39, investment properties and non-current assets held for sale.

Income and expenses are accounted for on an accrual basis; they are recognised in the income statement for the period to which they are attributable in economic terms. Interest from all contractual agreements relating to financial assets or liabilities is reported in net interest income on an accrual basis or in net trading income if it relates to trading transactions and the funding of these transactions. Dividend income is only recognised where a corresponding legal entitlement exists. Commission income and expenses are recognised in net commission income on the one hand on the basis of the accounting treatment of the associated financial instruments and on the other hand on the basis of the nature of the activity.

Commission for services which are performed over a certain period are recognised over the period in which the service is performed. Fees which are associated with the completion of a particular service are recognised at the time of completion of the service. Performance-related fees are recognised when the performance criteria are met. Commission on trading transactions is reported in net trading income.

Borrowing costs that are directly attributable to the acquisition, construction or production of a significant tangible or intangible asset are capitalised in the balance sheet, provided that a period of at least 12 months is required to prepare the asset for its intended use.

Financial assets and liabilities relating to the same business partner are netted and shown in the balance sheet on a net basis if there is a legally enforceable right to net the amounts and the transactions are fulfilled on a net basis or the asset is realised simultaneously with the settlement of the liability. In addition to the netting of positive and negative fair values attributable to derivatives and any variation margins payable on them, this also applies to the netting of claims and liabilities in reverse repo and repo transactions.

Uniform accounting and measurement methods explained in the notes below are used throughout the Commerzbank Group in preparing the financial statements.

For fully consolidated companies and holdings in companies accounted for using the equity method in the Group financial statements we have generally used financial statements prepared as at December 31, 2011. In the case of companies accounted for using the equity method in some cases we use the most recent audited financial statements if the company's financial statements for the last financial year are not yet available at the date the Group financial statements are being prepared.

Where there is an intention to sell subsidiaries and companies accounted for using the equity method, and their sale is highly probable within one year, they are reported separately in the relevant balance sheet items and notes (see Notes 59 and 69) and in the statement of changes in equity in accordance with IFRS 5 until transfer of the shares is completed.

Note 79 contains a breakdown of all balance sheet items into short-term and long-term. Moreover, residual maturities are reported in the Commerzbank Group for all financial instruments with contractual maturity dates (see Notes 77 and 79).

The consolidated financial statements include values which are determined, as permitted, on the basis of estimates and judgements. The estimates and judgements used are based on past experience and other factors, such as planning and expectations or forecasts of future events that are considered likely as far as we know today.

The estimates and judgements themselves and the underlying estimation methods and judgement factors are reviewed regularly and compared with actual results. In our view the parameters we have used are reasonable and appropriate. Estimates of pension obligations, goodwill and the market value of investment properties among other items are subject to uncertainty.

Pension obligations are measured based on the projected-unit-credit method for defined benefit pension plans. In measuring such obligations, assumptions have to be made regarding long-term trends for salaries, pensions and average life expectancy in particular. Changes in the underlying assumptions from year to year and divergences from the actual effects each year are reported under actuarial gains and losses (see Note 67 Provisions on the impact of changes in parameters).

The impairment test for goodwill, which must be carried out at least once a year, uses the recognised discounted cash flow method. This is based on the future cash flows projected in management's latest planning figures. An analysis of the uncertainties surrounding the estimation of goodwill and fair value of financial instruments is set out in Notes 15 and 81.

For uncertainties relating to the market value of real estate held as an investment property we carry out analyses based on the parameters of the property yield and the land value (see Note 58).

Estimates of deferred taxes, loan loss provisions and the measurement of the fair value of financial instruments on the basis of valuation models are to a large extent also subject to uncertainty.

For loan loss provisions please refer to the Group Risk Report.

The assumptions and parameters underlying the estimates we have made are based on the exercise of appropriate judgement by management. This applies in particular to the appropriate selection and use of parameters, assumptions and modelling techniques when valuing financial instruments for which there are no market prices and no comparative parameters observable on the market. Where differing valuation models lead to a range of different potential valuations, management uses its judgement to determine the choice of the model to be used.

The following items in the financial statements are also subject to the judgement of management:

- The reclassification of certain financial assets from the category of available-for-sale financial instruments to the category loans and receivables (see Note 5).
- The impairment of loans and the recognition of provisions for off-balance-sheet lending exposures (in particular the choice of criteria and the assessment of whether collateral is impaired, see Note 9).
- Impairment testing of other financial assets such as non-current assets held for sale and holdings in companies accounted for using the equity method (in particular the choice of criteria used to determine whether an asset is impaired; see Note 19).
- Impairment testing of non-financial assets such as goodwill and other intangible assets (in particular the criteria used to determine the recoverable amount, see Note 15).
- Impairment testing of deferred tax assets in accordance with IAS 12.24 ff. (in particular determining the methodology used for tax planning and to assess the probability that the expected future tax effects will actually occur; see Note 25),
- The recognition of provisions for uncertain liabilities (see Note 23).

(2) Changes to accounting policies

In essence we have employed the same accounting policies as for the Group financial statements for the year ended December 31, 2010.

In accordance with IAS 32.33, holdings of treasury shares (i.e. Commerzbank shares) must be deducted directly from equity. Until now the accounting par value of any purchases or disposals of treasury shares was therefore recognised in subscribed capital, with the differential between the accounting par value and the market value of the shares being recognised in the capital reserve.

In order to distinguish more clearly the effects on equity of purchases and sales of treasury shares that stem primarily from trading activities, we have changed the way we report treasury shares in the financial year 2011.

When treasury shares are purchased the accounting par value is deducted from subscribed capital and the difference between the accounting par value and the cost of the shares is recognised in retained earnings. A resale of treasury shares effectively represents a capital increase and the accounting treatment is therefore a mirror image of that applying to the purchase of treasury shares. If a resale of treasury shares generates income in excess of the original cost of the shares, the difference is recognised in the capital reserve.

To further increase transparency we report brokerage commission, which was previously contained in other commission income and expenses, as a separate item since December 31, 2011. The reclassifications for the prior year amounted to €330m for commission income and €72m for commission expenses (see Note 33). In the interests of greater clarity we have also changed the way in which information is reported in the net trading income note. Since December 31, 2011 we now break down net trading income into net trading gain or loss, net interest income and the net gain or loss from applying the fair value option (see Note 34).

We have restated the prior-year figures in the balance sheet, the statement of changes in equity and the relevant notes accordingly. However, these reclassifications had no impact on consolidated profit or loss or earnings per share for the financial years 2010 and 2011.

(3) Consolidated companies

The Group financial statements include all material subsidiaries in which Commerzbank Aktiengesellschaft directly or indirectly holds more than 50% of the voting rights or exercises a controlling influence by other means. These also include significant special purpose entities and funds that are controlled as defined by SIC 12. Significant associates and jointly controlled entities are accounted for using the equity method.

Subsidiaries, associates and jointly controlled entities of minor significance for the Group's financial position have not been fully consolidated or not accounted for using the equity method; instead, they are reported under financial investments as holdings in non-consolidated subsidiaries or equity holdings. These companies account for less than 0.1% (previous year: 0.3%) of the Group's total assets. A full list of all ownership interests of the Commerzbank Group is contained in Note 106.

The following material companies were consolidated for the first time in 2011:

Name of company | €m	**Equity share and voting rights** %	**Acquisition cost**	**Assets**	**Liabilities**
CoSMO Finance II–1 Limited, Dublin	0.0	0.0	66.7	66.7
CR KaiserKarree Holding S.a.r.l., Luxembourg	100.0	0.0	18.3	19.5
DOCK 100 GmbH & Co. KG, Berlin	90.0	0.0	75.2	75.2
DSB Vermögensverwaltungsgesellschaft mbH, Frankfurt/Main	100.0	0.0	325.0	325.0
Hurley Investments No.3 Limited, London	100.0	0.0	1,300.4	410.3
Limited Liability Company "ABRIO", Kiev, Ukraine	100.0	7.6	7.8	0.0
Limited Liability Company "ACUS", Kiev, Ukraine	100.0	16.7	7.8	0.0
Limited Liability Company "CLIOS", Kiev, Ukraine	100.0	10.9	3.4	0.0
Limited Liability Company "MERUS", Kiev, Ukraine	100.0	3.4	1.4	0.0
Limited Liability Company "MODUS CAPITAL", Kiev, Ukraine	100.0	34.7	14.8	0.0
Limited Liability Company "RIDOS", Kiev, Ukraine	100.0	8.8	1.4	0.0
Limited Liability Company "SANTOS CAPITAL", Kiev, Ukraine	100.0	0.0	0.0	0.0
Limited Liability Company "VALIDUS" , Kiev, Ukraine	100.0	42.6	14.0	0.0
Mandas Receivables No.1 Limited, Jersey	100.0	0.1	0.1	0.0
Mantilla Investments Limited, London	100.0	865.3	1,579.5	279.4
Olympic Investment Fund, Luxembourg	100.0	325.0	325.0	0.0
Premium Management Immobilien-Anlagen, Frankfurt/Main	93.4	1,105.3	1,187.7	3.5
Sterling Energy Holdings Inc., Wilmington/Delaware	76.2	136.8	136.8	0.0
Sterling Energy LLC, Wilmington/Delaware	100.0	10.5	447.8	436.5
Tee One Inc., Cayman Islands	0.0	0.0	137.8	137.8
Viaduct Invest FCP - SIF, Luxembourg	100.0	68.0	475.6	408.1

All active ComStage ETF funds and SICAV funds were also included in the consolidated financial statements for 2011. This applied both to newly established funds and to those which were not previously included for materiality reasons. This led to the consolidation of a further 89 funds with equity shares of between 18.2% and 100%. The assets of these funds amounted to €2,956m and the liabilities to €15m.

The first-time consolidations did not give rise to any goodwill. They involved either companies that have exceeded our materiality thresholds for consolidation, additional purchases of existing holdings or entities newly formed in the course of structured financing transactions.

Subsequent measurement of the reserves and liabilities from the acquisition of Dresdner Bank uncovered in 2009 led to an expense of €321m before tax or €232m after tax being recognised in the income statement in the current financial year. The main effects derive from the imputation of interest to the subordinated and hybrid capital.

The following companies were sold or liquidated and are therefore no longer consolidated:

- Disposals
  - Commerz Real Autoleasing GmbH, Hamburg
  - Commerz Real Leasingservice GmbH & Co. KG, Hamburg
  - Dresdner Bank Brasil S.A. Banco Múltiplo, São Paulo
  - Intermarket Bank AG, Vienna
  - Magyar Factor Zrt., Budapest
  - Mantilla Investments Limited, London
  - MS "CPO Barcelona" Offen Reederei GmbH & Co. KG, Hamburg
  - MS "CPO Cadiz" Offen Reederei GmbH & Co. KG, Hamburg
  - MS "CPO Vigo" Offen Reederei GmbH & Co. KG, Hamburg
  - New Asian Land Funds Holdings Limited, Hamilton/Bermuda
  - The New Asian Property Fund Ltd., Bermuda
  - Vendome Lease S.A., Paris

The proceeds from the sale of these companies amounted to roughly €0.2bn. This amount was paid entirely in cash. Of the €64m gain on the disposal, €50m was recognised in net investment income and €14m in other net income.

- Liquidations (including companies which have ceased operating activities and entities that have permanently fallen below our materiality threshold for consolidation or were no longer subject to a consolidation requirement)
  - ALEPPA Funding I LLC, Dover, Delaware
  - ALEPPA Funding II LLC, Dover, Delaware
  - ALMURUS Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf
  - BACUL Beteiligungsgesellschaft mbH, Eschborn
  - Classic Finance BV, Amsterdam
  - CoCo Finance 2006-1 plc, Dublin
  - Commerz Real Partner Hannover GmbH, Düsseldorf
  - Commerz Real Partner Nord GmbH, Düsseldorf
  - Commerz Real Partner Süd GmbH, Düsseldorf
  - Commerzbank Capital Ventures Management Limited, London
  - Commerzbank Leasing December (6) Limited, London[2]
  - Commerzbank Leasing December (25) Limited, London[2]
  - Dresdner Capital LLC III, Wilmington/Delaware
  - Dresdner Kleinwort Capital Investment Trust Limited, London
  - Dresdner Kleinwort Services LLC, New York
  - Dresdner Kleinwort Servicios y Asesorias Ltda., Santiago de Chile/Chile
  - Dresdner Kleinwort Stripes LLC, Wilmington/Delaware
  - EH NY IV, LLC, Dover, USA
  - EHNY Ashland, LLC, Dover, USA
  - EHY Sub Asset LLC, Wilmington/Delaware
  - Galbraith Investments Limited, London[2]
  - GS Fund Europe Balanced Premia, Luxembourg
  - GS Fund Europe Long Short, Luxembourg
  - GS Fund UK Balanced Premia, Luxembourg
  - GS Fund UK Long Short, Luxembourg
  - GVG Gesellschaft zur Verwertung von Grundbesitz mbh, Eschborn
  - Idilias SPC (Silo II), George Town/Cayman Islands
  - Inversiones Dresdner Kleinwort Chile Ltda., Santiago de Chile/Chile
  - Kaiserplatz Funding LLC, Wilmington/Delaware[1]
  - Kaiserplatz Holdings Ltd., St. Helier/Jersey[1] (sub-group including subsidiaries)
  - Kleinwort Benson (Canada) Limited, Toronto
  - Mandas Receivables No.1 Limited, St. Helier/Jersey[2]
  - Mandas Receivables No.2 Limited, St. Helier/Jersey[2]
  - Mole Finance Inc., George Town/Cayman Islands
  - Parc Continental Ltd., London
  - Portland Capital Ltd., St. Helier/Jersey
  - SB-Bauträger GmbH, Eschborn
  - Shannon Capital plc., Dublin
  - Southwark Bridge Investments Ltd., London
  - Valorem LLC, New York
  - Wisley Inc., George Town/Cayman Island[2]

[1] No longer needs to be consolidated.
[2] Fell below materiality threshold.

The following companies were merged into a Commerzbank Group consolidated company during the current financial year:

- Bishop Finance Inc., Wilmington/Delaware
- Chess Finance LLC, New York
- Dresdner Kleinwort Leasing Inc., New York
- FI Pro-City Immobilien GmbH, Eschborn
- GBG Verwaltungs- und Verwertungsgesellschaft für Grundbesitz mbH, Eschborn
- SB-Bauträger GmbH & Co. Urbis Verwaltungs-KG, Frankfurt/Main

The following companies were added to the group of companies accounted for using the equity method in 2011:

- KGAL GmbH & Co. KG, Grünwald
- KGAL Verwaltungs GmbH, Grünwald
- DTE Energy Center LLC, Wilmington/Delaware

The following companies are no longer accounted for using the equity method:

- GIE Vulcaine Energie, Paris
- IGS Aerosols GmbH, Wehr/Baden
- Irving Place Co-Investment, L.P., New York
- Linde Leasing GmbH, Wiesbaden
- Urbanitas Grundbesitzgesellschaft mbH, Berlin

(4) Principles of consolidation

Subsidiaries are companies in which Commerzbank Aktiengesellschaft directly or indirectly holds the majority of the voting rights or where it has power to determine their financial and operating policies in another way and thus exercise control over them so as to obtain benefits from their activities. Consolidation takes effect from the date on which the Group acquires the majority of the voting rights or gains control over the company concerned.

For the consolidation of capital, we remeasure the assets and liabilities of subsidiaries completely every year, regardless of the percentage share of equity at the time of acquisition. The assets and liabilities remeasured at fair value are included in the consolidated balance sheet net of deferred taxes; identified hidden reserves and liabilities are accounted for in accordance with the applicable standards in subsequent reporting periods. Any difference over net assets on remeasurement is recognised as goodwill.

Associated companies are entities over which Commerzbank Aktiengesellschaft has a significant direct or indirect influence. A significant influence is assumed to exist where the share of voting rights is between 20% and 50%. Additional criteria for judging whether there is significant influence include substantial business transactions with the entity in question, membership of a management or supervisory board, or involvement in setting the entity's business policies.

Jointly controlled entities are companies over which we exercise joint control together with another company. Joint control may arise as a result of each company holding equal voting rights or based on contractual agreements.

Associated companies and jointly controlled entities are ordinarily accounted for using the equity method and are reported in the balance sheet under holdings in companies accounted for using the equity method.

The acquisition cost of these investments including any goodwill contained therein is determined at the time of their initial consolidation, applying by analogy the same rules as for subsidiaries. For material associated companies and jointly controlled entities appropriate adjustments are made to the carrying value in the accounts.

Holdings in subsidiaries not consolidated for reasons of immateriality and holdings in associated companies and jointly controlled entities which, because of their immateriality, are not accounted for using the equity method are shown under financial investments at their fair value or, if this cannot be reliably established, at cost.

Subsidiaries are deconsolidated as of the date on which the Bank loses its control over them. Equity accounting for holdings in associated companies ends on the date that the share of voting rights falls below 20% or other possibilities of exercising significant influence over the associated company cease to apply. Equity accounting for joint ventures ends on the date the joint management of the venture comes to an end.

The obligation to consolidate special purpose entities under certain circumstances derives from SIC 12. This stipulates that consolidation is required if the special purpose entity is controlled by the parent company. This may be the case if, in substance,

- the activities of the special purpose entity are conducted on behalf of the entity according to its specific business needs so that the entity obtains benefits from the operations of the special purpose entity;
- the entity has the decision-making powers to obtain the majority of the benefits of the activities of the special purpose entity or, by setting up an autopilot mechanism, the entity had delegated these decision-making powers;
- the entity has rights to obtain the majority of the benefits of the special purpose entity and therefore may be exposed to risks incident to the activities of the special purpose entity;
- the entity retains the majority of the residual or ownership risks related to the special purpose entity or its assets in order to obtain benefits from its activities.

In the Commerzbank Group the obligation to consolidate special purpose entities is examined by means of a process that includes transactions where we form a special purpose entity with or without the involvement of third parties, and transactions in which we enter into contractual relations with an already existing special purpose entity. The decision to consolidate is regularly reviewed by us. All consolidated special purpose entities and special purpose entities that have not been consolidated for materiality reasons are listed in Note 106.

There are no restrictions on the ability of special purpose entities to transfer financial resources such as cash dividends on equity instruments or payments of interest and principal on debt instruments to Commerzbank. This applies on the one hand to special purpose entities where Commerzbank holds voting shares by virtue of company law which enable it to control all operating decisions including the transfer of financial resources. On the other hand there are also no restrictions with regard to special purpose entities where Commerzbank does not hold shares by virtue of company law but has a right to financial transfers on the basis of debt contracts with the special purpose entities.

All receivables and liabilities as well as income and expenses based on intra-group business relationships are eliminated when liabilities and income and expenses are consolidated. Intra-group profits or losses are eliminated unless they are of minor importance.

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

In accordance with IAS 39 all financial investments and liabilities – which also include derivative financial instruments – must be recognised in the balance sheet. A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. On initial recognition financial instruments are measured at fair value; as a rule, this is the transaction price at the time they are acquired.

Depending on their respective category, financial instruments are recognised in the balance sheet subsequently either at (amortised) cost or fair value. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. Fair value is determined by the price established for the financial instrument in an active market (mark to market principle; fair value hierarchy level I). If no market prices are available, valuation is based on quoted prices for similar instruments in active markets. In cases where no quoted prices are available for identical or similar financial instruments, fair value is established with the aid of valuation models which use market parameters to the maximum extent possible (mark to model; fair value hierarchy level II). If insufficient recent observable market data is available to establish fair value, parameters which are not observable on the market will be used in the valuation models. These parameters may include data derived by approximation from historical data or similar methods (fair value hierarchy level III). Please refer to Note 81 for a detailed explanation of the fair value hierarchies.

The following section provides an overview of how the rules of IAS 39, in their latest version, have been applied within the Group:

a) Recognition and derecognition of financial instruments

A financial asset or a financial liability is generally recognised in the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. For regular way purchases or sales of financial assets in the cash market the trading and settlement dates normally differ. These regular way cash market purchases and sales may be recognised using either trade date or settlement date accounting. The Group uses trade date accounting for all regular way purchases and sales of financial assets both on recognition and derecognition.

The derecognition rules of IAS 39 are based both on the concept of risks and rewards and on the concept of control. However, when deciding whether an asset qualifies for derecognition, the evaluation of the transfer of the risks and rewards of ownership takes precedence over the evaluation of the transfer of control.

If the risks and rewards are transferred only partially and control over the asset is retained, the continuing involvement approach is used. The financial asset continues to be recognised to the extent of the Group's continuing involvement and special accounting policies apply. The extent of the continuing involvement is the extent to which the Group is exposed to changes in the value of the transferred asset. A financial liability (or part of a financial liability) is derecognised when it is extinguished, i.e. when the obligations arising from the contract are discharged or cancelled or expire. The repurchase of own debt instruments is also a transfer of financial liabilities that qualifies for derecognition. Any differences between the carrying value of the liability (including discounts and premiums) and the purchase price are recognised in profit or loss; if the asset is sold again at a later date a new financial liability is recognised at cost equal to the price at which the asset was sold. Differences between this cost and the repayment amount are allocated over the term of the debt instrument using the effective interest rate method.

b) Classification of financial assets and liabilities and their measurement

Below we set out an overview of the categories defined in IAS 39. These are: loans and receivables, held-to-maturity financial assets, financial assets or liabilities at fair value through profit or loss, available-for-sale financial assets and other financial liabilities.

- Loans and receivables:
  Non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market are assigned to this category. This holds true regardless of whether they were originated by the Bank or acquired in the secondary market. An active market exists if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. Measurement of these assets is at amortised cost. If there is impairment, this is recognised in profit or loss when determining the amortised cost. Premiums and discounts are recognised in net interest income over the life of the asset.

  In the case of reclassified securities contained in the loans and receivables category the fair value at the date of reclassification is taken as the new carrying amount. The revaluation reserve net of deferred taxes existing at this point remains in the other reserves within equity and is amortised over the remaining term of the reclassified securities.

  For financial assets classified as loans and receivables impairments are recognised in the same way as for lending business (see Note 9). Impairment of these financial instruments is included in net investment income and deducted directly from the financial investments. If the indicators for impairment of particular securities cease to apply or no longer suggest an impairment, the impairment of the securities must be reversed through profit or loss, but to no more than the level of amortised cost. Similarly, an improved risk environment can lead to the reversal of an impairment that was previously recognised at the portfolio level.

- Held-to-maturity financial assets
  Non-derivative financial assets with fixed or determinable payments and fixed maturity may be included in this category if the entity has the positive intention and ability to hold them to maturity. Measurement of these assets is at amortised cost. If there is impairment, this is recognised in profit or loss when determining the amortised cost. Premiums and discounts are recognised in net interest income over the life of the asset. In the 2011 financial year Commerzbank Group again made no use of the held-to-maturity financial assets category.

- Financial assets or financial liabilities at fair value through profit or loss; this category comprises two sub-categories:

  – Financial assets or liabilities held for trading:
    This sub-category includes financial assets and financial liabilities held for trading purposes (trading assets and trading liabilities).

    Derivative financial instruments used for hedging purposes are only reported under trading assets or trading liabilities if they do not meet the conditions for the application of hedge accounting (see below in this note). Otherwise, they are shown as fair values from derivative hedging instruments.

    Trading assets and trading liabilities are measured at their fair value on each balance sheet date.

    If the fair value cannot be established on an active market, items are measured by means of comparable prices, indicative prices of pricing service providers or other banks (lead managers) or internal valuation models (net present value or option pricing models). Interest-rate and interest-rate currency derivatives are measured in accordance with standard market practice taking account of the respective fixing frequency for variable payments. In the case of derivative positions costs may be incurred in closing positions in the event of counterparty default if a positive market value remains after offsetting and collateral agreements have been taken into account.

These potential replacement costs must be factored in when determining the fair value of trading positions. Commerzbank establishes Counterparty Default Adjustments (CDAs) for these positions, which reflect the expected loss from any potential counterparty default.

Gains or losses on measurement or disposal are recorded under net trading income in the income statement. In addition to realised and unrealised gains and losses, net trading income also includes the interest and dividend income and funding costs related to trading positions.

- Financial instruments designated at fair value through profit or loss:
  Under the fair value option it is permissible to voluntarily measure any financial instrument at fair value and to recognise the net result of this valuation in the income statement. The decision as to whether or not to use the fair value option must be made upon acquisition of the financial instrument and is irrevocable. The fair value option may be applied to a financial instrument provided that:
  - an accounting mismatch will be prevented or significantly reduced; or
  - a portfolio of financial instruments is managed, and its performance measured, on a fair value basis; or
  - the financial instrument has one or more embedded derivatives that must be separated.

  Financial instruments for which the fair value option is employed are shown in the appropriate balance sheet item for their respective category. Gains and losses on remeasurement are recognised in profit or loss under net trading income, while interest income and expenses are reported in net interest income. Further details on how and to what extent the fair value option is used in the Commerzbank Group can be found in Note 82.

- Available-for-sale financial assets:
  This category comprises all non-derivative financial assets not assignable to one of the above categories or which have been designated as available-for-sale. Primarily, these are interest-bearing securities, equities and equity holdings. They are measured at fair value. If the fair value cannot be established on an active market, items are measured by means of comparable prices, indicative prices of pricing service providers or other banks (lead managers) or internal valuation models (net present value or option pricing models). If in exceptional cases the fair value of equity instruments cannot be reliably determined, measurement is at amortised cost less any impairments required. Gains and losses on remeasurement are shown net of deferred taxes in equity in a separate item within other reserves (revaluation reserve). Premiums and discounts on debt instruments are recognised in profit or loss under net interest income over the life of the instrument. Interest income, dividends and current profits and losses from equity holdings classified in this category are also reported under net interest income. If the financial asset is sold, the cumulative measurement gain or loss previously recognised in the revaluation reserve is reversed and taken to profit or loss.

  In accordance with IAS 39.59 financial instruments in this category must be monitored for any objective indications of a loss (such as breach of contract, loss event, increased likelihood of bankruptcy proceedings or insolvency) incurred after the date of initial recognition that would lead to a reduction in the cash flow arising from them. An impairment exists when the net present value of the expected cash flows is lower than the carrying value of the financial instrument concerned. In the event of an impairment, the net change on remeasurement is no longer recognised in the revaluation reserve in equity but must be taken through the income statement under net investment income as an impairment charge.

In the Commerzbank Group, equity instruments in the available-for-sale portfolio are written down if their fair value is either significantly lower than their historic cost (≥20%) or has been below historic cost for a considerable period (at least nine months). Besides these quantitative trigger events, the qualitative trigger events cited in IAS 39.59 are also taken into account in the monitoring process. Impairment reversals may not be recognised through profit or loss for equity instruments designated as available-for-sale; instead, they are recognised directly in the revaluation reserve in equity. Impairment reversals are never permitted on unlisted equity instruments for which it is not possible to determine a reliable fair value on a regular basis and that are therefore carried at historic cost less any necessary impairment.

Debt instruments are reviewed individually for impairment if any qualitative trigger events have occurred (IAS 39.59). To operationalise qualitative trigger events, additional indicators for an impairment have been developed in the Commerzbank Group. For example, an impairment charge for debt instruments in this category must generally be recognised if the debtor's rating is CCC or lower (see Note 84; S&P rating) and the fair value is lower than amortised cost.

If the reasons for an impairment of debt instruments cease to apply, the impairment is reversed through profit or loss, but to no more than the level of amortised cost. Any amount exceeding amortised cost is recognised in the revaluation reserve.

- Other financial liabilities
  All financial liabilities that are not classified as held for trading and to which the fair value option was not applied are allocated to the category other financial liabilities. This category includes liabilities to banks and customers as well as securitised liabilities. Measurement of these assets is at amortised cost. Premiums and discounts are recognised in net interest income over the life of the liability.

c) Net gains or losses

Net gains or losses include fair value measurements recognised in profit or loss, impairments, impairment reversals, gains realised on disposal, and subsequent recoveries on written-down financial instruments classified in the respective IAS 39 categories. The components are detailed for each IAS 39 category in the notes on net interest income, loan loss provisions, net trading income and net investment income.

d) Financial guarantee contracts

IAS 39 defines a financial guarantee contract as a contract that requires the issuer to make specified payments that reimburse the holder for a loss incurred because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. This can include, for example, bank guarantees (see Note 92). If Commerzbank is the guarantee holder, the financial guarantee is not recorded in the accounts and only recognised when determining an impairment of a guaranteed asset. As the issuer, the Commerzbank Group recognises the liability arising from a financial guarantee at inception. Initial measurement is at fair value at the time of recognition. In general terms, the fair value of a financial guarantee contract at inception is zero because for fair market contracts the value of the premium agreed normally corresponds to the value of the guarantee obligation (known as the net method). Subsequent measurement is at the higher of amortised cost or the provision that is required to be recognised in accordance with IAS 37 and IAS 39 if payment of the guarantee becomes probable.

If a financial guarantee is a component of a financing commitment where there is an intention to trade, the financial guarantee also has to be classified as held for trading. Such financial guarantees are then treated in accordance with the rules for held for trading instruments rather than those set out above (see Note 5b).

e) Embedded derivatives

IAS 39 also regulates the treatment of derivatives embedded in originated financial instruments (embedded derivatives). These include, for example, reverse convertible bonds (bonds that may be repaid in the form of equities) or bonds with index-linked interest payments. According to IAS 39, under certain conditions the embedded derivative must be shown separately from the host contract as a stand-alone derivative.

Such a separation must be made if the following three conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative under IAS 39; and
- the hybrid (combined) contract is not measured at fair value through profit or loss.

In this case, the separately shown embedded derivative is regarded as part of the trading portfolio and recognised at fair value. Changes on remeasurement are recognised in profit or loss under net trading income. The host contract is accounted for and measured applying the rules of the category to which the financial instrument is assigned.

If the above three conditions are not met, the embedded derivative is not shown separately and the hybrid financial instrument or structured product is measured as a whole in accordance with the general provisions of the category to which the financial instrument is assigned.

f) Hedge accounting

IAS 39 contains extensive hedge accounting regulations which apply if it can be shown that the hedging instruments – especially derivatives – are employed to hedge risks in the underlying non-trading transactions.

Two main types of hedge accounting are used:

- Fair value hedge accounting:
  IAS 39 prescribes the use of hedge accounting for derivatives which serve to hedge the fair value of assets or liabilities against one or more defined risks. It is above all the Group's issuing and lending business and its securities holdings for liquidity management, where these consist of fixed-income securities, that are subject to interest rate risk. Interest rate swaps are primarily used to hedge these risks.
  In line with the regulations for fair value hedge accounting, the derivative financial instruments used for hedging purposes are recognised at fair value as fair values of derivative hedging instruments. Any changes in the fair value of the hedged asset or hedged liability resulting from an opposite move in the hedged risk are also recognised in profit or loss under net income from hedge accounting. Any portion of the changes in fair value that are not attributable to the hedged risk are accounted for in accordance with the rules of the valuation category to which the hedged asset or liability belongs. For interest rate risks fair value hedge accounting can take the form of either a micro fair value hedge or a portfolio fair value hedge.
  - In micro fair value hedge accounting an underlying transaction is linked with one or more hedging transactions in a hedging relationship. The carrying amounts of the hedged transactions are adjusted through profit or loss in the event of changes in fair value attributable to the hedged risk.
  - In a portfolio fair value hedge interest rate risks are hedged at the portfolio level. It is not individual transactions or groups of transactions with a similar risk structure that are hedged, but instead a portfolio of underlying transactions is created grouped by maturity bands in accordance with the expected repayment and interest adjustment dates. Portfolios may contain only assets, only liabilities, or a mixture of both. In this type of hedge accounting, changes in the fair value of the underlying transactions are reported in the balance sheet as a separate asset or liability item. The hedged amount of the underlying transactions is computed in the consolidated financial statements excluding demand or savings deposits (we have thus elected not to use the EU carve-out regulations).

- Cash Flow Hedge Accounting:
  IAS 39 prescribes the use of cash flow hedge accounting for derivatives which serve to hedge the risk of a change in future cash flows. Derivatives used in cash flow hedge accounting are measured at fair value. The effective portion of gains and losses are recognised net of deferred taxes in the cash flow hedge reserve under equity. The ineffective portion, on the other hand, is reported in profit or loss in net income from hedge accounting. The general accounting rules set out above for the underlying transactions of the hedged cash flows remain unchanged by this.

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

The hedge must be documented at inception. Documentation must include in particular the identification of the hedging instrument, the related hedged item or transaction, the nature of the risk being hedged and how effectiveness of the hedge is assessed. In addition to documentation, IAS 39 requires the effectiveness of a hedge to be demonstrated during the entire term of the hedge in order for hedge accounting rules to be applied. Effectiveness in this context means the relationship between the change in fair value or cash flow of the hedged item and the change in fair value or cash flow of the hedging instrument. If these changes offset each other almost fully, a high degree of effectiveness exists. Proof of effectiveness requires, firstly, that a high degree of effectiveness can be expected from a hedge in the future (prospective effectiveness); secondly, when a hedge exists, it must be regularly demonstrated that it was highly effective during the period under review (retrospective effectiveness). Both the retrospective and prospective effectiveness must be within a range of between 0.8 and 1.25.

Commerzbank uses regression analysis to assess effectiveness in micro fair value hedge accounting. The changes in fair value of the hedged transaction and the hedging instrument are determined by means of historical simulations for the prospective effectiveness test, while the actual changes in fair value are used for the retrospective effectiveness test. Regression analysis is also used for the prospective effectiveness test in portfolio fair value hedge accounting, while the dollar-offset method is used for the retrospective effectiveness test.

(6) Currency translation

Monetary assets and liabilities denominated in foreign currencies and pending spot foreign exchange transactions are translated at the spot mid rate, and foreign exchange forward contracts at the forward rate, on the balance sheet date. Realised income and expenses are normally translated using the spot rate applying on the date of realisation. Average prices may also be used to translate income and expenses, provided these prices are representative, i.e. the price has not undergone major fluctuations. Hedged expenses and income are translated using the hedge rate. Expenses and income resulting from the translation of balance sheet items are recognised in profit or loss under net trading income.

Non-monetary items such as equity holdings are generally translated at historic exchange rates, if they are measured at amortised cost. The hedging instruments are measured at fair value. Gains and losses on the translation of non-monetary items are recognised either in equity or profit or loss depending on the way the net gain or loss is recognised.

Income and expenses in the financial statements of consolidated subsidiaries and companies accounted for using the equity method are translated at the exchange rate prevailing on the transaction date. For simplification purposes a price can be used for translation which represents an approximation of the exchange rate on the transaction date, for example the average price of a period. All differences arising on translation are recognised as a separate component of equity in the currency translation reserve. Translation gains and losses from the consolidation of the capital accounts are also recognised in equity under the currency translation reserve. On the date such assets are sold, the translation gains or losses are recognised in profit or loss under net investment income.

(7) Cash reserve

The cash reserve comprises cash on hand, balances held at central banks, debt issued by public-sector borrowers and bills of exchange eligible for rediscounting at central banks. With the exception of debt issued by public-sector borrowers, which is shown at its fair value, all the items are stated at their nominal value.

(8) Claims

The Commerzbank Group's claims on banks and customers which are not held for trading and are not quoted on an active market are reported at amortised cost. Premiums and discounts are recognised in net interest income over the term of the claim. Claims on banks and customers for which the fair value option is applied are accounted for at fair value. The carrying amounts of claims to which micro fair value hedge accounting is applied are adjusted for changes in fair value attributable to the hedged risk. In portfolio fair value hedge accounting changes in fair value are reported in the balance sheet item value adjustments for portfolio fair value hedges.

(9) Loan loss provisions

We make provision for the particular risks of on- and off-balance sheet lending in the loans and receivables category in the form of specific loan loss provisions (SLLPs), portfolio loan loss provisions (PLLPs) and general loan loss provisions (GLLPs).

When determining provisioning levels the fundamental criteria include whether the claims are in default or not and whether the claims are significant (over €1m) or insignificant (up to €1m). All claims which are in default under the Basel II regulations are identified as in default or non-performing. The following events can be indicative of a customer default:

- Imminent insolvency (over 90 days past due).
- The Bank is assisting in financial rescue/restructuring measures at the customer with or without restructuring contributions.
- The Bank has demanded immediate repayment of its claims.
- The customer is in insolvency proceedings.

For significant claims which are in default we recognise specific loan loss provisions in accordance with uniform standards across the Group. The net present value of the expected future cash flows is used to calculate both specific valuation allowances as well as specific loan loss provisions. In addition to the expected payments the cash flows include the expected proceeds from realising collateral and other recoverable cash flows. The loan loss provision or valuation allowance is therefore equal to the difference between the carrying value of the loan and the net present value of all the expected cash flows. The increase in the net present value over time using the original effective interest rate (unwinding) is recognised as interest income.

A portfolio loan loss provision (PLLP impaired) is recognised for insignificant defaulted claims using internal parameters.

For non-defaulted claims we account for credit risk in the form of general loan loss provisions (GLLPs). The level of the general loan loss provisions, both for on- and off-balance sheet lending, is determined using parameters derived from Basel II methodology.

We deduct the total loan loss provision, insofar as it relates to on-balance sheet claims, directly from the respective asset item. However, the provision for losses in off-balance sheet business (e.g. contingent liabilities, lending commitments) is shown under provisions for lending business.

Unrecoverable accounts for which no specific loan loss provisions have been formed are written off immediately. Amounts recovered on claims written off are recognised in the income statement under loan loss provisions. Impaired claims are (partially) written down, utilising any specific provisions, if such claims prove to be partially or entirely unrecoverable. We also directly write off portions of impaired claims that exceed existing loan loss provisions if they are unrecoverable.

(10) Repurchase agreements and securities lending

Repurchase (repo) transactions combine the spot purchase or sale of securities with their forward sale or repurchase, the counterparty being identical in both cases. The securities sold under repurchase agreements (spot sale) continue to be recognised and measured in the consolidated balance sheet as part of the securities portfolio in accordance with the category to which they are assigned. The securities are not derecognised as we retain all risks and opportunities connected with the ownership of the security sold under the repurchase agreement. The same risks and opportunities therefore apply to financial assets which have been transferred but not derecognised as apply to the non-transferred financial assets described in Note 5.

The inflow of liquidity from the repo transaction is shown in the balance sheet as a liability to either banks or customers, depending on the counterparty. Agreed interest payments are recognised as interest expense in net interest income according to maturity.

The outflows of liquidity arising from reverse repos are accounted for as claims on customers or banks. They are measured either at fair value using the fair value option or at amortised cost. The securities bought under repurchase agreements which underlie the financial transaction (spot purchase) are not carried in the balance sheet and are thus not measured. Agreed interest payments in reverse repos are recognised as interest income within net interest income according to maturity.

We conduct securities lending transactions with other banks and customers in order to meet delivery commitments or to enable us to effect securities repurchase agreements. We report these transactions in a similar manner to securities repurchase transactions. Securities lent remain in our securities portfolio (trading assets or financial investments) and are measured according to the rules of IAS 39. Borrowed securities do not appear in the balance sheet, nor are they measured. In securities lending transactions, the counterparty credit risk can be avoided by obtaining collateral, which may be provided in the form of cash, for example. Collateral furnished for a securities lending transaction is known as cash collateral out and collateral received as cash collateral in. In addition, cash collateral outs are deposited as collateral in connection with derivative transactions. We show cash collateral which we have furnished for securities lending transactions as a claim and collateral received as a liability. Interest and expenses from securities lending transactions are recognised in net interest income according to maturity.

(11) Value adjustments for portfolio fair value hedges

This item contains interest-rate-related positive and negative changes in the fair value of hedged transactions for which portfolio fair value hedge accounting is used.

(12) Positive fair values of derivative hedging instruments

This item contains derivative financial instruments used for hedging purposes which qualify for hedge accounting and have a positive fair value. The hedging instruments are measured at fair value.

(13) Trading assets

Under trading assets we report financial instruments measured at fair value. These include fixed income and equity securities, promissory note loans and units in investment funds. Also shown at fair value are all derivative financial instruments which are not used as hedging instruments in hedge accounting and have a positive fair value. Lending commitments with a positive fair value allocated to the trading book are also shown in this item.

(14) Financial investments

Financial investments are financial instruments not assigned to any other balance sheet item. Financial investments comprise all bonds, notes and other interest-rate-related securities, shares and other equity-related securities, units in investment funds, equity holdings and holdings in non-consolidated subsidiaries unless they must be treated as assets held for sale as defined by IFRS 5. Holdings in companies not accounted for using the equity method and in jointly controlled entities are reported as financial investments under equity holdings.

Financial instruments from the loans and receivables category contained in financial investments are measured at amortised cost.

Portfolio items classified as available-for-sale financial assets are recognised and measured at their fair value.

Premiums and discounts are recognised in net interest income over the lifetime of the asset. Net interest income also includes interest income from bonds, dividends on shares including shares in unconsolidated affiliated companies and current gains or losses from equity holdings.

If, however, an effective fair value hedge with a derivative financial instrument exists for financial instruments reported in this item, then that portion of the change in fair value attributable to the hedged risk is shown under net income from hedge accounting. Changes in the fair values of financial investments to which the fair value option has been applied are recognised in the net gain or loss from applying the fair value option, which is part of net trading income.

(15) Intangible assets

Intangible assets mainly consist of software, acquired brand names, customer relationships and goodwill. They are recognised at amortised cost. Due to their finite useful economic lives software and customer relationships are written off on a straight line basis over their prospective useful lives. In the case of brands and brand names our assumption is that they can generate cash flows indefinitely. As a result brand names and goodwill with indefinite useful economic lives are tested for impairment at least once a year.

Impairment test methodology

All goodwill and brand names are allocated to the cash-generating units at the time of acquisition. Commerzbank has defined the segments as cash generating units in accordance with IFRS 8. Further details on the segments are provided in Note 44. The expected future economic benefits of these assets are tested at the level of the individual underlying cash generating units at least once annually at each balance sheet date. In the process, the carrying amount of the capital employed in a cash generating unit (including the attributed goodwill) is compared with the recoverable amount of these assets. The recoverable amount is the higher of value in use and fair value less costs to sell. The value in use is based on the expected profitability of the unit and the cost of capital as set out in the medium-term planning for the individual segments approved by the board. If the value in use falls below the carrying amount, the fair value less costs to sell is also calculated. The higher of the two figures is reported.

Assumptions underlying the impairment testing

The discounted cash flow calculations are based on the multi-year planning for the segments. In addition to profitability projections this involves forecasts for risk weighted assets and capital employed. The main value drivers are receivables volumes, net interest income after provisioning and net commission income. Risk assets are a further sensitive planning parameter. The projections are based on forecasts from the economic research department for the macroeconomic outlook as well as other significant parameters such as movements in interest rates, exchange rates, equity and bond markets. Planning is based both on management’s past experience and an assessment of risks and opportunities based on the forecasts.

Multi-year planning normally has a four-year horizon. For impairment testing the profitability projections from the last planning year were extrapolated out to 2019 in order to reflect the impact of Basel III including the transitional arrangements on capital employed.

In calculating the discounted cash flow we use average risk-adjusted interest rates of between 10.1% (previous year: 11.1%) and 13.2% (previous year: 12.2%). A long-term growth rate of 2% is assumed for all segments (previous year: 2%).

If there are objective indications that the economic benefits originally identified will no longer be realised, an impairment must initially be recognised on the cash-generating unit’s goodwill and reported in a separate item in the income statement. Any additional impairment required is divided pro-rata between the remaining assets in the unit.

We amortise acquired customer relationships over a period of seven to fifteen years.

Software is amortised on a straight-line basis over its expected useful economic life of two to ten years and charged to operating expenses. Software includes both in-house developed software and acquired software. Where the reason for an impairment recognised in previous financial years ceases to apply, the impairment of intangible assets is reversed to no more than amortised cost. Impairment reversals are not permitted for goodwill.

(16) Fixed assets

The land and buildings, and also office furniture and equipment, shown under this item are recognised at cost, less regular depreciation. Impairments are made in an amount by which the carrying value exceeds the higher of fair value less costs to sell and the value in use of the asset.

Where the reason for recognising an impairment in previous financial years ceases to apply, the impairment is reversed to no more than amortised cost.

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

	Expected useful life in years
Buildings	25–50
Office furniture and equipment	2–25

In line with the materiality principle, purchases of low-value fixed assets were recognised immediately as operating expenses. Profits realised on the disposal of fixed assets appear under other income, with losses being shown under other expenses.

(17) Leasing

In accordance with IAS 17, a lease is classified as an operating lease if it does not substantially transfer to the lessee all the risks and rewards incidental to ownership. By contrast, leases where substantially all of the risks and rewards are transferred to the lessee are classified as finance leases. The present value of the lease payments is central to determining the risks and rewards of the lease. If the present value amounts to at least substantially all of the fair value of the leased asset, the lease is classified as a finance lease. The most commonly leased assets are properties and vehicles.

The Group as lessor

- Operating leases
  If the risks and rewards of ownership remain substantially with the lessor, the asset will continue to be reported on the balance sheet. Leased assets are reported in the consolidated balance sheet under other assets and are shown at cost, less depreciation over their useful economic lives and/or impairments. Unless a different distribution is appropriate in individual cases, we recognise the proceeds from leasing transactions on a straight-line basis over the lifetime of the lease and report them under other net income.

- Finance leases
  If virtually all the risks and rewards relating to the leased asset are transferred to the lessee, the Commerzbank Group recognises a claim on the lessee. The claim is shown at its net investment value at the inception of the lease. Lease payments received are divided into an interest portion and a repayment portion. The income is recognised as interest income through profit or loss for the respective period.

Real estate lease agreements have a fixed basic rental period and generally include an option for the lessee to buy. The payments to be made by the lessee are calculated based on the total investment costs less the residual value of the leased asset as determined at the start of the lease agreement. During the fixed basic rental period the lessee bears all the asset-related costs and the third-party costs of the leasing company. The risk of unexpected or partial loss of the leased asset is borne by the lessor.

Lease agreements for moveable assets (vehicles, IT equipment) are structured as partially amortising agreements with an option to purchase and can be terminated. Because the fixed rental period is shorter in relation to the normal length of use in the case of partially amortising agreements, only part of the total investment costs are amortised.

Leases which may be terminated have no fixed rental period. In the event of termination a previously agreed final payment becomes due, which covers the portion of the total investment costs not yet amortised. If notice of termination is not given, the lease rolls over. The risk of unexpected or partial loss of the leased asset is then borne again by the lessor.

The Group as lessee

Expenditure on operating leases is always recorded on a straight-line basis over the life of the lease agreement and reported under operating expenses.

Finance leases where the Commerzbank Group is a lessee are of minor significance.

(18) Investment properties

Investment properties are defined as land and buildings held for the purpose of earning rental income or because they are expected to increase in value. Commerzbank Group also reports properties acquired as a result of the realisation of collateral in this category.

Investment properties are valued at cost including directly attributable transaction costs on initial recognition in accordance with IAS 40. The fair value model is used for the subsequent valuation of investment property. Fair value is normally determined on the basis of annual valuations conducted by internal experts and on prices currently obtainable in the market. Properties used for commercial purposes are usually valued based on capitalised income; individual residential buildings are generally valued using the cost or sales comparison approach. Gains and losses arising from changes in fair value are shown under other net income in the income statement for the period.

Current income and expenses are recognised in net interest income.

(19) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups that can be sold in their current condition and if theire sale is highly probable must be classified as held for sale. These assets must be valued at fair value less costs to sell in cases where this is lower than book value. However, for interest-bearing and non-interest-bearing financial instruments and investment property the only accounting change is the reclassification to the relevant balance sheet items in accordance with IFRS 5. They continue to be measured in accordance with IAS 39 or IAS 40.

If impairments are established as a result of measurement in accordance with IFRS 5, these are recognised in profit or loss, usually under net investment income for disposal groups and other net income for non-current assets. Any subsequent write-up is limited to the total of impairments previously recognised.

After the assets have been sold, the gains or losses on disposal are recognised in other net income for non-current assets and usually in net investment income for disposal groups.

(20) Liabilities

If they are not held for trading purposes, financial liabilities are carried at amortised cost. The derivatives embedded in liabilities are separated from their host debt instrument where this is required, measured at fair value and recognised under either trading assets or trading liabilities. In micro fair value hedge accounting, hedged liabilities are adjusted for the change in fair value attributable to the hedged risk. In portfolio fair value hedge accounting the changes in fair value are reported under liabilities as value adjustments for portfolio fair value hedges. Liabilities for which the fair value option is used are recognised at their fair value.

(21) Negative fair values of derivative hedging instruments

This item shows derivative financial instruments that are used for hedging purposes and qualify for hedge accounting if they have a negative fair value. The hedging instruments are measured at fair value.

(22) Trading liabilities

Derivative financial instruments which are not used as hedging instruments in hedge accounting, lending commitments in the trading book which have a negative fair value are reported under trading liabilities. We also report own issues in the trading book and delivery obligations from short sales of securities in this item. Trading liabilities are measured at fair value through profit or loss.

(23) Provisions

A provision must be shown if on the balance sheet date, as the result of an event in the past, a current legal or factual obligation has arisen, an outflow of resources to meet this obligation is likely and it is possible to make a reliable estimate of the amount of this obligation. Accordingly we make provisions for liabilities of an uncertain amount to third parties and anticipated losses arising from pending transactions in the amount of the claims expected.

The different types of provisions are allocated via various items in the income statement. Provisions for lending business are charged to loan loss provisions, provisions for restructuring to restructuring expenses and provisions for legal risks to other net income. Other provisions are generally charged to operating expenses.

Restructuring provisions are recognised if the Commerzbank Group has a detailed formal restructuring plan and has already begun implementing this plan or has announced the main details of the restructuring. The detailed plan must contain information on the departments involved, the approximate number of staff whose jobs are affected by the restructuring, the costs involved and the period during which the restructuring will be carried out. The detailed plan must be communicated in such a way that those affected can expect it to be realised. The restructuring expenses item in the income statement contains further direct restructuring expenses which are not included in the restructuring provision.

Discounting

The amount recognised as a provision represents the best possible estimate of the expense required to meet the current obligation as at the reporting date. The estimate takes account of risks and uncertainties. Provisions are recognised at their net present value if they are long-term.

(24) Provisions for pensions and similar commitments

The company pension arrangements for current and former employees of Commerzbank Aktiengesellschaft and a number of domestic subsidiaries, together with their surviving dependants, are based on a number of different benefit schemes (both defined benefit and defined contribution plans).

In the defined contribution plans employees acquire a pension entitlement based on a contribution-related commitment from an external pension provider. To finance this the Group, together with its current employees, pays a fixed amount to external pension providers such as Versicherungsverein des Bankgewerbes a. G. (BVV), Berlin and Versorgungskasse des Bankgewerbes e.V., Berlin.

The level of current and future pension benefits is determined by contributions paid and the return earned on the assets. For these indirect systems the accounting standards laid down in IAS 19 for a defined contribution plan are applied, which means that the contributions paid to the external pension providers are recognised under personnel expenses. No provisions are created.

The Group also operates defined benefit plans based on a direct pension commitment on the part of Commerzbank, where the level of the pension payment is pre-defined and dependent on factors such as age, salary level and length of service. IAS 19 accounting principles for defined benefit pension plans are applied to these pension schemes, which means that provisions are created.

For employees entitled to pension benefits who joined Commerzbank Aktiengesellschaft or certain other consolidated companies before December 31, 2004, the pension entitlements are based on the regulations of the Commerzbank modular plan for pension benefits, known as CBA. The amount of the benefits under CBA consists of an initial module for the period up to December 31, 2004, plus a benefit module – possibly augmented by a dynamic module – for each contributory year from 2005 onwards. Staff joining the Bank after January 1, 2005 have pension rights under the Commerzbank capital plan for company pension benefits, known as CKA. The amount of the benefits paid under CKA consists of a contribution-based guaranteed payment for each contributory year from 2005 plus a performance-related component. Performance is measured throughout the period that contributions are paid until a pension is due.

Since January 1, 2010 the direct pension arrangements for staff formerly employed by Dresdner Bank Aktiengesellschaft have also been based on the pension modules of the CBA.

In order to meet the direct pension liabilities in Germany, cover assets were transferred to a legally independent trustee, Commerzbank Pension Trust e. V. (CPT). The assets held by CPT and the cover assets for pension obligations in our foreign units qualify as plan assets within the definition of IAS 19.7. Under IAS 19.54 these assets may be netted with the present value of the defined benefit obligations, which results in a corresponding reduction in pension provisions within the Group.

In addition to the above mentioned pension plans, there is an internally-financed healthcare plan in the UK which entitles members in retirement to reimbursement of medical costs or a contribution to private medical insurance. The resulting obligations are accounted for according to the rules for defined benefit pension plans as specified by IAS 19.

Pension expense reported under personnel expenses for the direct pension commitments consist of two components: the service cost, representing the entitlements earned by members during the financial year; and the interest cost on the present value of the pension obligations, as the time when the pension obligations will have to be met has moved forward by one period. The expected net income from the assets in the scheme reduces pension expense, however. Moreover, the level of pension expense continues to be affected by the amortisation of actuarial gains or losses which have not yet been recognised in the income statement. If the direct pension commitments are changed and this leads to a change in the payment obligation, a past service cost (or income) is reported.

The size of the provision calculated in accordance with IAS 19.54 is therefore as follows:

Present value of the defined-benefit obligation (DBO) for direct commitments
less fair value of plan assets
less/plus unrecognised actuarial losses/gains
less/plus any past service cost or income which has not yet been recognised

= level of the pension provision

For defined-benefit plans the pension provisions and similar obligations (e.g. age-related short-time working, early retirement and anniversary provisions) are calculated annually by an independent actuary using the projected unit credit method. This calculation is based on biometric assumptions (for example, Heubeck-Richttafeln 2005G), the current market interest rate for prime long-term corporate bonds and on assumptions for staff turnover and career trends as well as future rates of salary and pension increases.

According to IAS 19.92 ff., any actuarial profits and losses that have not yet been amortised do not have to be recognised until the reporting period in which they exceed the corridor of 10% of the greater of DBO or the fair value of the plan assets at the beginning of the period.

Commerzbank has decided to recognise unrealised actuarial profits and losses faster than the standard amortisation schedules recommended in IAS 19. Above a significance threshold of 75% of the 10% corridor, 20% of the gains and losses within the corridor are amortised.

(25) Staff remuneration plans

1. Description of the main remuneration plans

a) Commerzbank Aktiengesellschaft Long-Term Performance Plans (LTPs)

Commerzbank operated long-term performance plans (LTPs) for managers and other selected employees until the financial year 2008. No new LTP has been set up since 2009 and there are no plans to launch any more plans for the foreseeable future.

Managers and staff at Commerzbank Aktiengesellschaft, various subsidiaries in Germany and at selected operational units outside Germany were eligible to participate in these plans. In order to participate in the LTPs, those eligible had to invest in Commerzbank shares.

Payment of the LTP is dependent upon Commerzbank Aktiengesellschaft paying a dividend in the financial year in which the payment takes place. Eligible participants receive a maximum of €100 per share paid out in cash. After three years the base prices of the issuing year are compared with the prices in the first quarter of the year in question. Payment is made if the Dow Jones Euro Stoxx is outperformed by at least 1 percentage point (for 50% of the shares acquired under the plan) and/or the Commerzbank share price has increased by at least 25% compared with the base price (for 50% of the shares acquired under the plan). If none of the exercise criteria have been met after three years have elapsed, the comparison is repeated at annual intervals. The data from the issuing year remain the basis for comparison. If none of the performance targets have been met after five years, the plan is terminated.

Under the LTP plans for 2007 to 2008, which are still ongoing, payments geared to the performance of the share price and the index are still theoretically possible until the end of 2012 and 2013 respectively. No payouts were made under LTPs in 2010 and 2011. We do not expect the exercise criteria to be met in the next two years to 2013 either.

The LTPs are accounted for as cash-settled share-based payment transactions.

b) Share Awards

In January 2010 share awards were introduced as part of a new remuneration model for non pay-scale staff of Commerzbank Aktiengesellschaft. Share awards are a deferred component of variable compensation where staff are allocated virtual Commerzbank shares. They form part of variable compensation for the previous year and entitle the holder to receive the gross cash value of the shares allocated on the award date after the vesting period has elapsed. The portion of an individual employee's variable compensation paid in the form of a share award is dependent on the bank's overall performance and is not determined until the spring of the year following the year for which the award is paid. The number of shares is determined on the date of allocation by dividing the variable compensation amount by the average XETRA closing price of the Commerzbank share for January and February of the year of the award and December of the previous year. The vesting period is normally three years from the date of the award.

The average XETRA closing price of Commerzbank shares in January and February of the year of payout and December of the previous year are also used to determine the amount paid out. The amount paid out is determined by multiplying this average price by the number of shares allocated on the award date.

If Commerzbank has paid dividends during the term of the award, a cash amount equal to the dividend is normally paid out in addition to the gross cash value of the shares.

The allocation of the share awards for the financial year 2010 and the determination of the level of the provision was carried out in 2011. As a result of the Banking Remuneration Regulation (Instituts-Vergütungsverordnung), which became law in Germany in October 2010, the Bank was required to revise its systems for variable remuneration from the financial year 2011. The Commerzbank Incentive Plan (CIP) was introduced as a result. The commitments for the model applying in the financial year 2010 will therefore expire over the next three years.

c) Commerzbank Incentive Plan (CIP)

The Commerzbank Incentive Plan (CIP) has been established as the successor to the share awards model that applied in the financial year 2010. In addition to a cash component it grants beneficiaries a certain number of Commerzbank shares.

The mechanism of the new remuneration model for variable remuneration comprises both a short-term incentive (STI) and a long-term incentive (LTI) in various formats. The STI component is designed as compensation for the previous financial year. The LTI component is designed as compensation for a vesting period of four years.

The proportion of the variable remuneration granted in the form of shares depends on the risk-taker group.

- Risk-taker I (executives, members of management).
- Risk-taker II (chairmen of important committees, functions with a significant impact on the bank's overall risk profile).
- Non risk-takers (other staff whose variable remuneration exceeds a certain threshold).

Risk-taker groups I and II differ in the weighting of the STI and LTI. In both cases around half of the short-term and long-term components is paid out in shares. In the non-risk-taker group half of the amount in excess of the threshold is paid in shares.

The different remuneration components are estimated and recognised in profit or loss in the financial year on the basis of plan calculations. The level of variable remuneration and therefore the proportion accounted for by shares is finalised in the annual target attainment meeting (performance appraisal I), which is held in the first three months of the following year. This amount represents the upper limit for variable remuneration for the entire 4-year vesting period; thereafter it can only be reduced in the annual target attainment meetings as a result of Group-specific quantitative and individual qualitative attainment metrics. The number of shares granted is determined by dividing the shares portion of the variable remuneration by the average XETRA closing price of the Commerzbank share in January and February plus December of the previous year.

In the STI the shares are subject to a 6-month lockup period. In the LTI the beneficiaries gain the right to acquire the shares after performance appraisal II at the end of the vesting period of four years (including the initial financial year), i.e. three years after determining the underlying number of shares. There is again a 6-month lockup period from the date on which the beneficiaries gain the right to acquire the shares.

If Commerzbank has paid dividends during the term of the CIP, an additional cash amount equal to the dividend is paid out when the CIP matures.

From the financial year 2011 onwards the CIP will be applied to the entire Commerzbank Group. For staff in locations where payment in equity instruments is not legally possible, or although possible is unattractive for staff as a result of administrative restrictions, the CIPs will be cash-settled.

d) BRE Bank SA

In March 2008, BRE Bank SA launched two share-based remuneration plans for the members of its Management Board. The first plan provides for the subscription of BRE Bank shares and the second for the subscription of Commerzbank shares. The members of the Management Board can participate in these plans from 2009 to 2018. Participation is, however, linked to various conditions, such as BRE Bank's return on equity and its net profit.

While the plan for the subscription of BRE Bank shares has the same conditions every year, the amount of Commerzbank shares subscribed is determined each year by their price during the 30 days prior to their respective subscription dates. Both plans are classified as share-based payments settled in the form of equity instruments.

e) Other consolidated companies

In addition, it is possible for selected employees at other consolidated companies (e.g. comdirect bank Aktiengesellschaft) to participate through share ownership models in the performance of the respective companies. Payment in such cases depends on the extent to which fixed performance targets are attained. These models include direct investment in shares of the respective companies. Frequently, these are offered at reduced prices and/or in combination with call or put options. In addition, warrants and share subscription rights are also issued. Bonuses are also granted which may either be used to subscribe for shares or are paid out in cash. The observance of vesting periods and agreements for later repurchase determine whether additional income is received.

2. Accounting treatment and measurement

The staff compensation plans described here are accounted for under the rules of IFRS 2 - Share-based Payment. IFRS 2 distinguishes between share-based payments settled in the form of equity instruments and those settled in cash. For both forms, however, the granting of share-based payments has to be recognised at fair value in the annual financial statements.

- Equity-settled share-based payment transactions

  The fair value of share-based payments settled in the form of equity instruments is recognised as personnel expense within equity in the capital reserve. The fair value of the STI component is determined on the date on which the rights are granted. The fair value of the LTI component is determined once only on the date of performance appraisal I (March n+1) as an average of the XETRA closing prices in the months January, February and December of the previous year and is recognised in profit or loss on a straight-line basis over the term of the vesting period. The amount recognised as an expense may only be adjusted if the Bank's estimate of the number of equity instruments to be finally issued changes.

  If rights cannot be exercised because the conditions for exercise (e.g. a performance target) are not met, no change is made to the amounts already recognised in equity.

- Cash-settled share-based payment transactions

  The portion of the fair value of share-based payments settled in cash that relates to services performed up to the date of measurement is recognised as personnel expense while at the same time being recorded as a provision. The fair value is recalculated on each balance sheet date up to and including the settlement date. Any change in the fair value of the obligation must be recognised through profit or loss. On the date of settlement, therefore, the provision must correspond as closely as possible to the amount payable to the eligible employees. In the case of share awards the portion of the provisions attributable to share awards is reassigned from other personnel provisions to the provision for share awards at the date of the award. The provision is calculated as the product of the number of rights allocated multiplied by the average XETRA closing price of Commerzbank shares in January and February of the year of the award and December of the previous year. The provisions fluctuate on each balance sheet date in parallel with the performance of the Commerzbank Aktiengesellschaft share price. Discounts are not applied for staff natural wastage as the share awards do not lapse on the departure or death of an employee. If Commerzbank pays dividends during the vesting period a cash payment equal to the dividend will be paid out for each share award at the payout date in addition to the payout value of the share awards.

- Valuation models

  The closing price of the Commerzbank share on December 30, 2011 was used to measure the provision for the share awards.

  The estimate of the level of variable remuneration under the CIP is based on the planning figures of the base year, in this case 2011.

  We engaged external actuaries to calculate the fair value of the LTP staff compensation plan within the Commerzbank Group. A Monte Carlo simulation of changes which boost future share prices is applied to measure the awards granted under LTPs. The model is based on the assumption that stock returns are statistically normally distributed around a mean corresponding to a risk-free investment in an interest-bearing security.

  An actuarial binominal model is generally used by external actuaries to determine the fair value of the options that exist under staff compensation plans in other consolidated companies. It takes into account the terms and conditions for granting such awards. The share price on each reporting date and the exercise price are calculated on the basis of the specific conditions and formulae linked to the after-tax profit of the companies in question and which are defined in the plans.

(26) Taxes on income

Current tax assets and liabilities are calculated on the basis of the expected payment to or rebate from each fiscal authority using the current tax rates applicable in the relevant country.

Deferred tax assets and liabilities are formed to reflect differences between the IFRS carrying amounts of assets or liabilities and the taxable value, provided that these temporary differences are likely to increase or reduce future taxes on income and there is no rule against disclosing them. In addition, deferred taxes are recognised for both tax loss carryforwards as well as for as yet unused tax credits. The valuation of deferred taxes is based on income tax rates already approved as at December 31, 2011 and applicable upon realisation of the temporary differences.

Deferred tax assets on tax-reducing temporary differences, unused tax losses and unused tax credits are only recognised if and to the extent that it is probable that the same taxable entity will generate tax gains or losses in the foreseeable future with respect to the same fiscal authority.

Deferred tax assets and liabilities are recognised and continued – depending on the reason for the deferral – either under taxes on income in the income statement or directly in equity.

Income tax expenses or income are reported under taxes on income in the consolidated income statement.

Deferred tax assets and liabilities have been netted if there is a right to net current taxes on income and the deferred tax assets and liabilities relate to taxes on income levied by the same fiscal authority on the same taxable entity.

Taxable temporary differences relating to shares in Commerzbank group companies for which no deferred income tax liabilities were recognised amount to €113m (previous year: €95m).

The current and deferred tax assets and current and deferred tax liabilities are set out in the balance sheet and detailed in Notes 57 and 68.

(27) Subordinated and hybrid capital

Under subordinated and hybrid capital we show issues of profit-sharing certificates, securitised and non-securitised subordinated liabilities as well as hybrid capital instruments. They are recognised at amortised cost. Premiums and discounts are recognised in net interest income over the lifetime of the instrument.

The carrying amounts of the subordinated and hybrid capital, to which micro fair value hedge accounting is applied, are adjusted for the changes in fair value attributable to the hedged risk. In portfolio fair value hedge accounting the changes in fair value are reported under liabilities as value adjustments for portfolio fair value hedges. Subordinated and hybrid capital to which the fair value option is applied is reported at fair value.

(28) Fiduciary transactions

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

(29) Contingent liabilities and irrevocable lending commitments

This item mainly shows contingent liabilities arising from guarantees and indemnity agreements as well as irrevocable lending commitments at their nominal value.

Situations where the reporting company acts as guarantor to the creditor of a third party for the fulfilment of a liability of that third party must be shown as guarantees. Indemnity agreements include contractual obligations that involve taking responsibility for a particular outcome or performance.

All obligations that could incur a credit risk must be shown here as irrevocable lending commitments. These include obligations to grant loans (e.g. lines that have been advised to customers), to buy securities or provide guarantees or acceptances. However, lending commitments attributable to the trading book are reported under trading assets or trading liabilities.

Provisions for risks in respect of contingent liabilities and lending commitments are included in provisions for loan losses.

Income from guarantees is reported in net commission income; the level of this income is determined by the application of agreed rates to the nominal amount of the guarantees.

(30) Treasury shares

Treasury shares held by Commerzbank Aktiengesellschaft on the balance sheet date are deducted directly from equity. Gains or losses on treasury shares are recognised in equity.

Impact of the European sovereign debt crisis

At the emergency euro zone summit on July 21, 2011, the banks and insurance companies agreed to make a contribution to supporting Greece. According to calculations by the IIF (Institute of International Finance), the agreed voluntary bond swap led to an impairment of 21% on instruments due to mature by 2020. At the EU crisis summit on October 26, 2011, the heads of state and government agreed on a 50% haircut for Greek bonds. Besides the partial waiver of debts, the summit also proposed a swap of old bonds for new ones. The negotiations concluded on February 21, 2012. As a result, the private creditors have now accepted write-downs of 53.5%, and the remaining debt claims from the bonds will be swapped for longer-dated new bonds with a lower interest rate. As the discount rate used to value the new bonds cannot yet be finally determined, we have decided to use the standard market discount rate for comparable bonds.

We have thus recognised a write-down of 73% on our Greek government bonds in the loans and receivables category (LaR) and have written the available-for-sale securities (AfS) down to fair value. After the write-down, we will report these bonds at an average of 26.4% of nominal value.

We have thus made adequate provision for current discernible default risks associated with the European debt crisis. However, due to the continuing uncertainty in the euro zone and the potential consequences this may have for the world economy and financial markets, there is a possibility of further impacts on the Commerzbank Group in future.

Notes to the income statement

(31) Net interest income

€m	2011	2010	Change in %
Interest income	17,343	18,306	−5.3
Interest income from lending and money market transactions and from the securities portfolio (available-for-sale)	1,232	1,225	0.6
Interest income from lending and money market transactions and from the securities portfolio (loans and receivables)	15,456	15,949	−3.1
Interest income from lending and money market transactions and from the securities portfolio (from applying the fair value option)	119	130	−8.5
Prepayment penalty fees	87	132	−34.1
Gains on the sale of loans and receivables and repurchase of liabilities[1]	166	26	.
Dividends from securities	115	53	.
Current net income from equity holdings and non-consolidated subsidiaries	41	77	−46.8
Current income from properties held for sale and from investment properties	127	106	19.8
Other interest income	–	608	−100.0
Interest expense	10,619	11,252	−5.6
Interest expense on subordinated and hybrid capital	940	1,030	−8.7
Interest expense on securitised liabilities	3,584	4,494	−20.2
Interest expense on other liabilities	5,256	5,055	4.0
Interest expense from applying the fair value option[2]	36	94	−61.7
Losses on the sale of loans and receivables and repurchase of liabilities[1]	73	102	−28.4
Current expenses from non-current assets held for sale and from investment properties	78	85	−8.2
Other interest expense	652	392	66.3
Total	**6,724**	**7,054**	**−4.7**

[1] Of which: gains of €112m and losses of €10m on the repurchase of liabilities in 2011 (previous year: €23m gains and €33m losses).
[2] Of which: €1m for subordinated and hybrid capital (previous year: €1m).

There was an unwinding effect of €195m (previous year: €223m) for commitments which have been terminated and impaired commercial real estate loans.

Net interest income included €−342m from derivative financial instruments not included in the trading book (previous year: €608m).

The breakdown of interest income and interest expense from investment properties was as follows:

€m	2011	2010	Change in %
Rental income	61	94	−35.1
Other income	–	–	.
Total income	**61**	**94**	**−35.1**
Building and occupancy expense for rented properties	27	27	0.0
Other expenses	33	55	−40.0
Total expenses	**60**	**82**	**−26.8**

(32) Loan loss provisions

The breakdown of loan loss provisions in the consolidated income statement was as follows:

€m	2011	2010	Change in %
Allocation to loan loss provisions	−3,467	−4,440	−21.9
Reversals of loan loss provisions	2,489	2,207	12.8
Direct write-downs	−594	−459	29.4
Write-ups and amounts recovered on claims written-down	182	193	−5.7
Total	**−1,390**	**−2,499**	**−44.4**

The breakdown of the net allocation to provisions was as follows:

€m	2011	2010	Change in %
Specific risks	−1,349	−2,685	−49.8
Claims on banks	24	19	26.3
Claims on customers	−1,376	−2,656	−48.2
Off-balance sheet items	3	−48	.
Portfolio risks	371	452	−17.9
Claims on banks	−20	7	.
Claims on customers	320	399	−19.8
Off-balance sheet items	71	46	54.3
Direct write-downs, write-ups and amounts recovered on claims written-down	−412	−266	54.9
Total	**−1,390**	**−2,499**	**−44.4**

(33) Net commission income

€m	2011	2010	Change in %
Commission income	**4,055**	**4,237**	**– 4.3**
Securities transactions	1,221	1,403	– 13.0
Asset management	161	175	– 8.0
Payment transactions and foreign business	1,303	1,290	1.0
Real estate lending business	193	226	– 14.6
Guarantees	230	238	– 3.4
Net income from syndicated business	272	241	12.9
Brokerage[1]	325	330	– 1.5
Fiduciary transactions	8	8	0.0
Other income	342	326	4.9
Commission expense	**560**	**590**	**– 5.1**
Securities transactions	181	182	– 0.5
Asset management	22	17	29.4
Payment transactions and foreign business	131	158	– 17.1
Real estate lending business	36	40	– 10.0
Guarantees	86	80	7.5
Net income from syndicated business	4	2	100.0
Brokerage[1]	67	72	– 6.9
Fiduciary transactions	3	4	– 25.0
Other expenses	30	35	– 14.3
Net commission income			
Securities transactions	1,040	1,221	– 14.8
Asset management	139	158	– 12.0
Payment transactions and foreign business	1,172	1,132	3.5
Real estate lending business	157	186	– 15.6
Guarantees	144	158	– 8.9
Net income from syndicated business	268	239	12.1
Brokerage[1]	258	258	0.0
Fiduciary transactions	5	4	25.0
Other	312	291	7.2
Total	**3,495**	**3,647**	**– 4.2**

[1] Reclassified from other commission; prior-year figures restated.

Commission income included €882m (previous year: €792m) and commission expense included €133m (previous year: €100m) from transactions with financial instruments that are not recognised at fair value through profit or loss.

(34) Net trading income

We have split net trading income into three components:

- Net trading gain or loss (this includes trading in securities, promissory note loans, precious metals and derivative instruments plus the net gain or loss on the remeasurement of derivative financial instruments that do not qualify for hedge accounting)
- Net interest income
- Net gain or loss from applying the fair value option

The net gain or loss from applying the fair value option includes the changes in fair value of the underlying derivatives.

€m	2011	2010	Change in %
Net trading gain or loss[1]	703	1,504	−53.3
Net interest income	1,114	417	.
Net gain or loss from applying the fair value option	292	131	.
Total	**2,109**	**2,052**	**2.8**

[1] Including net gain or loss on the remeasurement of derivative financial instruments.

Net interest income from trading was made up of €3,694m in interest income (previous year: €3,437m) and €2,580m in interest expense (previous year: €3,020m) for funding trading transactions. Net interest income from derivative financial instruments is contained in interest income and came to €102m (previous year: €−281m) in the year under review.

(35) Net income from hedge accounting

Net income from hedge accounting includes gains and losses on the remeasurement of effective hedges in fair value hedge accounting as well as the ineffective portion of cash flow hedges. The breakdown was as follows:

€m	2011	2010	Change in %
Fair value hedges			
Changes in fair value attributable to hedging instruments	−3,215	−1,363	.
Micro fair value hedges	−3,721	−1,278	.
Portfolio fair value hedges	506	−85	.
Changes in fair value attributable to hedged items	3,092	1,269	.
Micro fair value hedges	3,967	1,317	.
Portfolio fair value hedges	−875	−48	.
Cash flow hedges			
Net gain or loss of effectively hedged cash flow hedges (ineffective part only)	–	–	.
Total	**−123**	**−94**	**30.9**

(36) Net investment income

Net investment income contains gains or losses on the disposal and remeasurement of securities in the loans and receivables and available-for-sale categories, equity holdings, holdings in companies accounted for using the equity method and subsidiaries.

€m	2011	2010	Change in %
Net gain or loss from interest-bearing business	**–3,520**	**67**	**.**
In the available-for-sale category	–343	191	.
Gains on disposals (including reclassification from revaluation reserve)[1]	555	245	.
Losses on disposals (including reclassification from revaluation reserve)[1]	–576	–377	52.8
Net remeasurement gain or loss[1]	–322	323	.
In the loans and receivables category	–3,177	–124	.
Gains on disposals	3	6	–50.0
Losses on disposals	–283	–126	.
Net remeasurement gain or loss[2]	–2,897	–4	.
Net income from equity instruments	**–91**	**41**	**.**
In the available-for-sale category	88	180	–51.1
Gains on disposals (including reclassification from revaluation reserve)[1]	99	184	–46.2
Losses on disposals (including reclassification from revaluation reserve)[1]	–11	–4	.
In the available-for-sale category, measured at acquisition cost	53	11	.
Net remeasurement gain or loss[1]	–77	–39	97.4
Net gain or loss on disposals and remeasurement of companies accounted for using the equity method	–155	–111	39.6
Total	**–3,611**	**108**	**.**

[1] This includes a net €88m (previous year: €361m) of reclassifications from the revaluation reserve created in the financial year 2011.
[2] includes portfolio valuation allowances of € 40m (previous year: €1m) for reclassified securities.

(37) Current net income from companies accounted for using the equity method

Current net income from companies accounted for using the equity method was €42m (previous year: €35m). Including the net gain or loss on disposals and remeasurement of companies accounted for using the equity method of €–155m (previous year: €–111m), which is included in net investment income, total net income from companies accounted for using the equity method was €–113m (previous year: €–76m).

(38) Other net income

Other net income primarily comprises allocations to and reversals of provisions, income and expenses from operating leases as well as interim expenses and income attributable to hire-purchase agreements. Expenses and income arising from building and architects' fees relate to the construction management of our sub-group Commerz Real. Other taxes are also included in this item.

€m	2011	2010	Change in %
Other material items of expense	**436**	**549**	**–20.6**
Allocations to provisions	300	275	9.1
Operating lease expenses	91	181	–49.7
Expenses arising from building and architects' services	11	15	–26.7
Hire-purchase expenses and sublease expense	34	78	–56.4
Other material items of income	**547**	**546**	**0.2**
Reversals of provisions	375	272	37.9
Operating lease income	116	187	–38.0
Income from building and architects' services	12	24	–50.0
Hire-purchase proceeds and sublease income	34	35	–2.9
Income from disposal of fixed assets	10	28	–64.3
Balance of sundry other expenses/income[1]	1,142	–128	.
Other net income	**1,253**	**–131**	**.**

[1] Of which: €–9m (previous year: €–72m) attributable to exchange rate movements.

In the financial year 2011 a one-off income totalling €1.0bn was recognised in other net income. Of this amount, €0.3bn derived from the capital increase for non-cash contributions in January 2011 (see page 207) and €0.7bn from the capital-strengthening measures in December 2011 (see Note 72).

(39) Operating expenses

The Group's operating expenses of €7,992m (previous year: €8,786m) consisted of personnel expenses of €4,178m (previous year: €4,418m), other expenses of €3,340m (previous year: €3,768m) and depreciation and amortisation of office furniture and equipment, property and other intangible assets of €474m (previous year: €600m). The breakdown of operating expenses was as follows:

Personnel expenses | €m	2011	2010	Change in %
Wages and salaries	3,797	4,101	–7.4
Expenses for pensions and similar employee benefits	381	317	20.2
Total	**4,178**	**4,418**	**–5.4**

Personnel expenses included €483m expenses for social security contributions (previous year: €507m).

Operating expenses | €m	**2011**	**2010**	Change in %
Expenses for office space	817	831	−1.7
IT expense	926	1,217	−23.9
Workplace and information expense	321	357	−10.1
Compulsory contributions	164	148	10.8
Advisory, audit and other expenses required to comply with company law	364	437	−16.7
Travel, representation and advertising expense	343	341	0.6
Personnel-related operating expense	154	158	−2.5
Other operating expenses	251	279	−10.0
Total	**3,340**	**3,768**	**−11.4**

Auditors' fees incurred in Germany amounted to €35.3m excluding VAT for the financial year 2011, of which €1,966,000 was attributable to services provided during the financial year 2010.

Auditors' fees | €1,000	**2011**	**2010**	Change in %
Audit of financial statements	17,876	19,344	−7.6
Provision of other certificates or assessments	8,763	5,358	63.5
Tax consulting services	2,090	905	.
Other services	6,528	10,649	−38.7
Total	**35,257**	**36,256**	**−2.8**

Depreciation and amortisation of office furniture and equipment, property and other intangible assets was as follows:

€m	**2011**	**2010**	Change in %
Office furniture and equipment	192	203	−5.4
Property	43	81	−46.9
Other intangible assets	239	316	−24.4
Total	**474**	**600**	**−21.0**

The amortisation of intangible assets included impairment charges of €30m (previous year: €42m). There was an impairment charge on property of €5m (previous year: €41m).

(40) Taxes on income

The breakdown of income tax expense was as follows:

€m	2011	2010	Change in %
Current taxes on income	29	220	−86.8
Tax expense or income for the current year	197	224	−12.1
Tax expense or income for the previous year	−168	−4	.
Deferred taxes on income	−269	−356	−24.4
Tax expense or income due to change in temporary differences and loss carryforwards	56	−23	.
Tax rate differences	5	−89	.
Tax expense due to write-offs of deferred taxes previously recognised on loss carryfowards	170	–	.
Tax income from previously unrecognised tax carryforwards	−500	−244	.
Total	**−240**	**−136**	**76.5**

The combined income tax rate applicable to Commerzbank Aktiengesellschaft and its German subsidiaries was 31.2%.

The following reconciliation shows the connection between net pre-tax profit according to IFRS and tax expense in the reporting year.

The Group income tax rate selected as a basis for the reconciliation is made up of the corporate income tax rate of 15.0% applied in Germany, plus the solidarity surcharge of 5.5%, and an average rate of 15.3% for trade tax. This produces a German income tax rate of 31.2%.

Income tax effects result from discrepancies between the tax rates applying to foreign units. Tax rates outside Germany ranged between 0% (Dubai) and 46% (New York).

As at December 31, 2011 the Group tax rate was −47.3% (previous year: −10.1%). Tax income for the full year resulted mainly from the retroactive capitalisation of deferred tax assets on tax loss carryforwards in the London and New York branches (€−368m). In addition, the use of loss carryforwards (€−254m) for which no deferred tax assets had been recognised in previous years and current taxes relating to other periods (€−267m) also had a positive effect on the Group tax rate. On the other hand deferred tax assets for new tax losses at some companies could not be recognised or a valuation allowance for previously recognised deferred tax assets (€683m) had to be established.

€m	2011	2010
Pre-tax profit or loss under IFRS	**507**	**1,353**
Group's income tax rate (%)	31.2	30.9
Calculated income-tax expense in financial year	**158**	**417**
Effects of differing tax rates and tax rate changes on tax accruals recognised in income	5	–89
Impact of the recognition of deferred taxes on loss carryforwards	–500	–244
Effects of non-deductible operating expenses and tax-exempt income	–24	–104
Unrecognised deferred tax assets	683	123
Utilisation of tax carryforwards for which no deferred tax assets had been calculated	–254	–211
Effects of additions and deductions for trade tax	12	13
Current taxes relating to other periods	–267	–
Other effects	–53	–41
Taxes on income	**–240**	**–136**

The table below shows the value of current and deferred taxes resulting from items that were directly credited or debited to equity:

Taxes on income not recognised in the income statement | €m	31.12.2011	31.12.2010	Change in %
Current taxes on income	–	–	.
Deferred taxes on income	1,559	1,238	25.9
Measurement differences arising from cash flow hedges	298	389	–23.4
Revaluation reserve	1,044	827	26.2
Loss carryforwards	217	22	.
Other	–	–	.
Total	**1,559**	**1,238**	**25.9**

(41) Net income

Net income consists of remeasurements to fair value, impairments/impairment reversals, realised gains on disposal and subsequent recoveries on written-down financial instruments (see Note 5c). The net interest income table shows the interest components from the net interest income and net trading income notes by IAS 39 category.

€m	2011	2010	Change in %
Net profit or loss from			
Trading assets and liabilities	580	1,410	–58.9
Applying the fair value option	292	131	.
Available-for-sale financial assets and holdings in companies accounted for using the equity method	–434	232	.
Loans and receivables	–4,567	–2,623	74.1
Other financial liabilities	–	–	.

€m	2011	2010	Change in %
Net interest income from			
Trading assets and liabilities	1,012	698	45.0
Applying the fair value option	83	36	.
Available-for-sale financial assets	1,232	1,225	0.6
Loans and receivables	15,456	15,949	–3.1
Other financial liabilities	–9,780	–10,579	–7.6

(42) Earnings per share

	2011	2010	Change in %
Operating profit (€m)	507	1,386	–63.4
Consolidated profit or loss attributable to Commerzbank shareholders (€m)	638	1,430	.
Average number of ordinary shares issued	3,459,978,549	1,178,599,388	.
Operating profit per share (€)	0.15	1.18	–87.3
Earnings per share (€)	0.18	1.21	.

Earnings per share as per IAS 33 are based on the consolidated surplus attributable to Commerzbank shareholders and are calculated by dividing the adjusted consolidated surplus by the weighted average number of shares outstanding during the financial year. As in 2010, no conversion and option rights were outstanding in the reporting year. The figure for diluted earnings per share was therefore identical to the undiluted figure. The breakdown of operating profit is set out in the segment report (Note 44).

(43) Cost/income ratio

%	2011	2010	Change in % points
Cost/income ratio in operating business	80.8	69.3	11.5

The cost/income ratio is the ratio of operating expenses to income before provisions.

(44) Segment reporting

Segment reporting reflects the results of the operating business segments within the Commerzbank Group. The segment information below is based on IFRS 8 Operating Segments, which adopts the so-called management approach. In accordance with this standard, segment information must be prepared on the basis of the internal reporting information that is evaluated by the chief operating decision maker to assess the performance of the operating segments and make decisions regarding the allocation of resources to the operating segments. Within the Commerzbank Group, the function of chief operating decision maker is exercised by the Board of Managing Directors.

Our segment reporting covers six operating segments and the Others and Consolidation segment. This reflects the Commerzbank Group's organisational structure and forms the basis for internal management reporting. The business segments are divided up on the basis of distinctions between products, services and/or customer target groups. As part of the ongoing refinement of the segments' business models the business responsibilities of the segments have been slightly adjusted. In 2011, assets were allocated based on this refined customer segmentation and the prior-year figures were restated accordingly.

- The Private Customers segment set up a new departmental organisation in 2011 and now consists of the divisions Private Customers, Direct Banking and Credit. The Private Customers division comprises the classic branch banking business, which offers standardised banking and financial services tailored to the typical needs of customers, and Wealth

Management, which performs asset management and advisory services for high net worth customers in Germany and abroad. The division also includes Commerz Direct Service GmbH, which provides call centre services for private, commercial and wealth management customers. Direct Banking comprises the activities of comdirect bank Aktiengesellschaft and ebase GmbH, which together form the comdirect Group, a direct bank which primarily provides internet-based services, while the credit division is responsible for Commerzbank Aktiengesellschaft's loan processing centres in Germany.

- The Mittelstandsbank segment is divided into the three Group divisions Mittelstand Germany, Corporate Banking & International and Financial Institutions. The Mittelstand Germany division serves small and mid-sized customers, the public sector and institutional clients. Our comprehensive service offering includes payments, flexible financing solutions, interest rate and currency management products, professional investment advisory services and innovative investment banking solutions. In the Corporate Banking & International division we concentrate on serving corporate customers with revenues of over €500m. Smaller groups with a strong capital market affinity or significant operations outside Germany are also serviced by this division. The Corporate Banking & International division also contains the competence centre for companies from the renewable energy sector. With our foreign branch offices we act as a strategic partner for both the international activities of our German corporate customers and for international companies with business activities in our home market of Germany. The Financial Institutions division is responsible for relationships with banks and financial institutions in Germany and abroad, as well as with central banks. The strategic focus is on Commerzbank becoming customers' preferred source of trade finance-related services. Financial Institutions uses a network of over 7,000 correspondent banks, together with business relationships in emerging markets, to support the financing and settlement of the worldwide foreign trade activities of all of the Commerzbank Group's customers, and thus supports other divisions of the Bank in their international strategies.
- The Central & Eastern Europe segment comprises the operations of our Polish subsidiary BRE Bank, Bank Forum in Ukraine, Commerzbank Eurasija in Russia, Commerzbank Zrt. in Hungary, our branches in the Czech Republic and Slovakia, and our investments in seven microfinance banks and Russia's Promsvyazbank. These are grouped together under a management holding company. The holding company acts as a centre of competence and an interface to and from the foreign units. It sets and monitors the Group's objectives in Central & Eastern Europe on both the market and the risk side, ensures targets for operational excellence are met and develops growth initiatives in the region. The strategic focus on universal banking and direct banking in the Central & Eastern Europe segment was further strengthened in 2011. Against this backdrop, the corporate customer businesses of Commerzbank Eurasija in Russia, the branches in the Czech Republic and Slovakia and Commerzbank Zrt. in Hungary are being transferred to the Mittelstandsbank with effect from January 1, 2012.
- Corporates & Markets consists of three major businesses. Equity Markets & Commodities comprises trading and sales of equity and commodity-related financial products. Fixed Income & Currencies handles trading and sales of interest rate, credit and currency instruments. Corporate Finance provides arrangement and advisory services for equity, debt and hybrid instruments, securitisation solutions and Mergers & Acquisitions. The central credit portfolio management function of the Corporates & Markets segment is also based in this department. Corporates & Markets also houses Client Relationship Management, which is responsible for servicing German multinational industrial companies, international insurers, private equity investors and public sector customers.
- The Asset Based Finance segment combines the results from Commercial Real Estate (CRE) Germany, CRE International, Public Finance, Real Estate Asset Management as well as Ship Finance. CRE Germany, CRE International and Public Finance belong almost completely to the Commerzbank subsidiary Eurohypo Aktiengesellschaft along with Eurohypo's retail portfolio. Real Estate Asset Management primarily includes the activities of our subsidiary Commerz Real Aktiengesellschaft, and finally Ship Finance combines the ship financing activities of the Commerzbank Group, which are predominantly located in our subsidiary Deutsche Schiffsbank Aktiengesellschaft.

- The Portfolio Restructuring Unit (PRU) is responsible for managing down assets related to proprietary trading and investment activities which no longer fit into Commerzbank's client-centric strategy and were discontinued in 2009. The segment's goal is to reduce the portfolio in a way that optimises the bank's capital position. The positions managed by this segment initially included asset-backed securities (ABSs) which do not have a state guarantee, other structured credit products, proprietary trading positions in corporate or financial bonds and exotic credit derivatives. These positions were primarily transferred from the Corporates & Markets and former Commercial Real Estate segments to the Portfolio Restructuring Unit.
- The Others and Consolidation segment contains the income and expenses which are not attributable to the operational business segments. The Others category within this segment includes equity holdings which are not assigned to the operating segments as well as Group Treasury. The costs of the service units which – except for integration and restructuring costs – are charged in full to the segments are also shown here. Consolidation includes expense and income items that represent the reconciliation of internal management reporting figures shown in segment reporting with the consolidated financial statements in accordance with IFRS. The costs of the Group management units which are charged in full to the segments, except for integration and restructuring costs, are also reported under this heading.

The performance of each segment is measured in terms of operating profit or loss and pre-tax profit or loss, as well as return on equity and the cost/income ratio. Operating profit or loss is defined as the sum of net interest income after loan loss provisions, net commission income, net trading income and net income from hedge accounting, net investment income, current net income from companies accounted for using the equity method and other net income less operating expenses. As we report pre-tax profits, non-controlling interests are included in the figures for both profit or loss and average capital employed. All the revenue for which a segment is responsible is thus reflected in the pre-tax profit.

The return on equity is calculated as the ratio of profit (both operating and pre-tax) to average capital employed. It shows the return on the capital employed in a given segment. The operating cost/income ratio reflects the cost efficiency of the various segments and shows the relationship of operating expenses to income before provisions.

Income and expenses are reported in the segments by originating unit and at market prices, with the market interest rate method being used for interest rate operations. The actual funding costs for the segment-specific equity holdings allocated to each segment are shown in net interest income. The Group's return on capital employed is allocated to the net interest income of the various segments in proportion to the average capital employed in the segment. The interest rate used is the long-term risk-free rate on the capital market. The average capital employed was calculated using the Basel II methodology, based on the computed average risk-weighted assets and the capital charges for market risk positions (risk-weighted asset equivalents). At Group level, investors' capital is shown, which is used to calculate the return on equity. The regulatory capital requirement for risk-weighted assets assumed for segment reporting purposes is 7%.

The segment reporting of the Commerzbank Group shows the segments' pre-tax profit or loss. To adjust for the impact on earnings of specific tax-related transactions in the Corporates & Markets segment, the net interest income of Corporates & Markets includes a pre-tax equivalent of the after-tax income from these transactions. When segment reporting is reconciled with the figures from external accounting this pre-tax equivalent is eliminated in Others and Consolidation.

The carrying amounts of companies accounted for using the equity method were €694m (previous year: €737m) and are divided over the segments as follows: Private Customers €278m (previous year: €224m), Mittelstandsbank €96m (previous year: €95m), Corporates & Markets €85m (previous year: €33m), Asset Based Finance €154m (previous year: €320m) and Others and Consolidation €81m (previous year: €65m).

The operating expenses reported under operating profit or loss contain personnel expenses, other operating expenses as well as depreciation and write-downs on fixed assets and other intangible assets. Restructuring expenses are reported below the operating profit line in pre-tax profit or loss. Operating expenses are attributed to the individual segments on the basis of cost causation. The indirect expenses arising in connection with internal services are charged to the user of the service and credited to the segment performing the service. The provision of intra-group services is charged at market prices or at full cost.

The tables below contain information on the segments for the financial years 2011 and 2010.

2011 €m	Private Custo-mers	Mittel-stands-bank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restruc-turing Unit	Others and Con-solidation	Group
Net interest income	2,027	2,174	648	832	1,021	49	−27	6,724
Loan loss provisions	−57	−188	−89	−146	−907	−5	2	−1,390
Net interest income after provisions	1,970	1,986	559	686	114	44	−25	5,334
Net commission income	1,754	1,086	217	300	260	–	−122	3,495
Net trading income and net income from hedge accounting	–	−42	251	1,069	123	−108	693	1,986
Net investment income	−2	−51	7	30	−3,799	4	200	−3,611
Current net income from companies accounted for using the equity method	19	11	–	15	−8	–	5	42
Other net income	22	−2	34	−12	−29	−7	1,247	1,253
Income before loan loss provisions	*3,820*	*3,176*	*1,157*	*2,234*	*−2,432*	*−62*	*1,996*	*9,889*
Income after loan loss provisions	*3,763*	*2,988*	*1,068*	*2,088*	*−3,339*	*−67*	*1,998*	*8,499*
Operating expenses	3,388	1,461	585	1,505	572	63	418	7,992
Operating profit or loss	**375**	**1,527**	**483**	**583**	**−3,911**	**−130**	**1,580**	**507**
Impairments of goodwill and brand names	–	–	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	–	–	–	–
Pre-tax profit or loss	**375**	**1,527**	**483**	**583**	**−3,911**	**−130**	**1,580**	**507**
Assets	**57,979**	**85,099**	**26,406**	**203,985**	**207,349**	**15,274**	**65,671**	**661,763**
Average capital employed	**3,375**	**5,378**	**1,723**	**3,026**	**5,398**	**1,002**	**10,332**	**30,234**
Operating return on equity (%)	**11.1**	**28.4**	**28.0**	**19.3**	**−72.5**			**1.7**
Operating cost/income ratio (%)	**88.7**	**46.0**	**50.6**	**67.4**	**.**			**80.8**
Return on equity of pre-tax profit or loss (%)	**11.1**	**28.4**	**28.0**	**19.3**	**−72.5**			**1.7**
Staff (average headcount)	18,957	5,498	9,608	1,989	1,717	32	18,116	55,917

2010 €m	Private Custo-mers	Mittel-stands-bank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restruc-turing Unit	Others and Con-solidation	Group
Net interest income	1,982	2,081	674	767	1,162	82	306	7,054
Loan loss provisions	–246	–279	–361	27	–1,584	–62	6	–2,499
Net interest income after provisions	1,736	1,802	313	794	–422	20	312	4,555
Net commission income	1,941	983	208	254	327	–	–66	3,647
Net trading income and net income from hedge accounting	1	24	73	1,160	–78	787	–9	1,958
Net investment income	31	188	–4	220	–352	–29	54	108
Current net income from companies accounted for using the equity method	10	30	–	11	–20	–	4	35
Other net income	–120	13	28	–20	–114	3	79	–131
Income before loan loss provisions	*3,845*	*3,319*	*979*	*2,392*	*925*	*843*	*368*	*12,671*
Income after loan loss provisions	*3,599*	*3,040*	*618*	*2,419*	*–659*	*781*	*374*	*10,172*
Operating expenses	3,552	1,442	565	1,633	609	106	879	8,786
Operating profit or loss	**47**	**1,598**	**53**	**786**	**–1,268**	**675**	**–505**	**1,386**
Impairments of goodwill and brand names	–	–	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	33	–	–	33
Pre-tax profit or loss	**47**	**1,598**	**53**	**786**	**–1,301**	**675**	**–505**	**1,353**
Assets	**60,565**	**83,877**	**27,436**	**243,336**	**236,264**	**16,548**	**86,273**	**754,299**
Average capital employed	**3,494**	**5,545**	**1,628**	**3,854**	**6,276**	**1,212**	**8,972**	**30,981**
Operating return on equity (%)	**1.3**	**28.8**	**3.3**	**20.4**	**–20.2**			**4.5**
Operating cost/income ratio (%)	**92.4**	**43.4**	**57.7**	**68.3**	**65.8**			**69.3**
Return on equity of pre-tax profit or loss (%)	**1.3**	**28.8**	**3.3**	**20.4**	**–20.7**			**4.4**
Staff (average headcount)	20,007	5,367	9,733	1,991	1,875	52	18,651	57,676

Details for Others and Consolidation:

€m	2011			2010		
	Others	Consoli-dation	Others and Consolidation	Others	Consoli-dation	Others and Consolidation
Net interest income	–44	17	–27	331	–25	306
Loan loss provisions	2	–	2	6	–	6
Net interest income after provisions	–42	17	–25	337	–25	312
Net commission income	–119	–3	–122	–65	–1	–66
Net trading income and net income from hedge accounting	642	51	693	10	–19	–9
Net investment income	201	–1	200	55	–1	54
Current net income from companies accounted for using the equity method	5	–	5	4	–	4
Other net income	1,242	5	1,247	101	–22	79
Income before loan loss provisions	*1,927*	*69*	*1,996*	*436*	*–68*	*368*
Income after loan loss provisions	*1,929*	*69*	*1,998*	*442*	*–68*	*374*
Operating expenses	431	–13	418	892	–13	879
Operating profit or loss	**1,498**	**82**	**1,580**	**–450**	**–55**	**–505**
Impairments of goodwill and brand names	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	–	–
Pre-tax profit or loss	**1,498**	**82**	**1,580**	**–450**	**–55**	**–505**
Assets	**65,671**	–	**65,671**	**86,273**	–	**86,273**

Under Consolidation we report consolidation and reconciliation items between the results of the segments and the Others category on the one hand and the consolidated financial statements on the other. This includes the following items among others:

- Remeasurement effects from the application of hedge accounting to intra-bank transactions as per IAS 39 are shown in Consolidation.
- The pre-tax equivalent from tax-related transactions allocated to net interest income in the Corporates & Markets segment is eliminated again under Consolidation.
- Net remeasurement gains or losses on own bonds and shares incurred in the segments are eliminated under Consolidation.
- Other consolidation effects from intra-group transactions are also reported here.
- Integration and restructuring expenses of the Group management units are reported under Consolidation.

Segmentation on the basis of the location of the branch or group company produced the following breakdown:

2011 financial year €m	Germany	Europe excluding Germany	America	Asia	Others	Total
Net interest income	4,377	2,055	197	95	–	6,724
Loan loss provisions	–618	–955	182	1	–	–1,390
Net interest income after provisions	3,759	1,100	379	96	–	5,334
Net commission income	2,999	401	54	41	–	3,495
Net trading income and net income from hedge accounting	1,374	545	48	19	–	1,986
Net investment income	–3,179	–438	7	–1	–	–3,611
Current net income from companies accounted for using the equity method	33	9	–	–	–	42
Other net income	1,211	35	–3	10	–	1,253
Income before loan loss provisions	*6,815*	*2,607*	*303*	*164*	–	*9,889*
Income after loan loss provisions	*6,197*	*1,652*	*485*	*165*	–	*8,499*
Operating expenses	6,236	1,482	165	109	–	7,992
Operating profit or loss	**–39**	**170**	**320**	**56**	**–**	**507**
Credit-risk-weighted assets	**122,556**	**55,850**	**7,385**	**3,978**	**–**	**189,769**

In 2010 we achieved the following results in the various geographical markets:

2010 financial year €m	Germany	Europe excluding Germany	America	Asia	Others	Total
Net interest income	4,497	2,170	263	123	1	7,054
Loan loss provisions	–873	–1,302	–302	–22	–	–2,499
Net interest income after provisions	3,624	868	–39	101	1	4,555
Net commission income	3,189	360	70	28	–	3,647
Net trading income and net income from hedge accounting	381	1,496	72	9	–	1,958
Net investment income	57	1	44	6	–	108
Current net income from companies accounted for using the equity method	40	–5	–	–	–	35
Other net income	–130	–11	8	2	–	–131
Income before loan loss provisions	*8,034*	*4,011*	*457*	*168*	*1*	*12,671*
Income after loan loss provisions	*7,161*	*2,709*	*155*	*146*	*1*	*10,172*
Operating expenses	7,011	1,465	201	109	–	8,786
Operating profit or loss	**150**	**1,244**	**–46**	**37**	**1**	**1,386**
Credit-risk-weighted assets	**150,837**	**66,138**	**10,742**	**4,672**	**49**	**232,438**

Around 43% of income before loan loss provisions in Europe was accounted by our units in the UK (previous year: 55%), 34% by our units in Poland (previous year: 18%) and 7% by our units in Luxembourg (previous year: 12%). Credit risk-weighted assets are shown for the geographical segments rather than non-current assets. As a result of the acquisition of Dresdner Bank, a breakdown of Commerzbank Aktiengesellschaft's total income by products and services will only be possible once information based on uniform definitions is available for both the current financial year and the prior year.

Notes to the balance sheet

(45) Cash reserve

We include the following items in the cash reserve:

€m	31.12.2011	31.12.2010	Change in %
Cash on hand	1,572	1,388	13.3
Balances with central banks	3,998	6,386	−37.4
Debt issued by public-sector borrowers and bills of exchange rediscountable at central banks	505	279	81.0
Total	**6,075**	**8,053**	**−24.6**

The balances with central banks include claims on the Bundesbank totalling €1,179m (previous year: €1,111m). The average minimum reserve requirement for the period December 2011 to January 2012 amounted to €2,205m (previous year: €4,593m).

Minimum reserve requirements are measured on the basis of average credit balances, so there were no restrictions on access to balances held at Deutsche Bundesbank.

(46) Claims on banks

	Total			Due on demand		Other claims	
€m	31.12.2011	31.12.2010	Change in %	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Banks in Germany	26,721	33,403	−20.0	10,961	16,628	15,760	16,775
Banks outside Germany	61,311	77,553	−20.9	24,906	28,723	36,405	48,830
Total	**88,032**	**110,956**	**−20.7**	**35,867**	**45,351**	**52,165**	**65,605**
of which relate to the category							
Loans and receivables	64,253	62,883	2.2				
Available-for-sale financial assets	–	–	.				
At fair value through profit or loss (fair value option)	23,779	48,073	−50.5				

Claims on banks after deduction of loan loss provisions amounted to €87,790m (previous year: €110,616m). The table below shows a breakdown of claims on banks by main transaction types:

€m	31.12.2011	31.12.2010	Change in %
Reverse repos and cash collaterals	51,606	68,687	−24.9
Claims from money market transactions	2,789	6,765	−58.8
Promissory note loans	8,491	9,893	−14.2
Other claims	25,146	25,611	−1.8
Total	**88,032**	**110,956**	**−20.7**

The promissory note loans and other claims on banks include €8,205m of public-sector loans (previous year: €9,572m).

(47) Claims on customers

€m	31.12.2011	31.12.2010	Change in %
Claims on customers in Germany	192,645	207,690	–7.2
Claims on customers outside Germany	111,854	129,182	–13.4
Total	**304,499**	**336,872**	**–9.6**
of which relate to the category			
Loans and receivables	280,636	308,456	–9.0
Available-for-sale financial assets	–	–	.
At fair value through profit or loss (fair value option)	23,863	28,416	–16.0

Claims on customers after deduction of loan loss provisions amounted to €296,586m (previous year: €327,755m). The table below shows a breakdown of claims on customers by main transaction types:

€m	31.12.2011	31.12.2010	Change in %
Reverse repos and cash collaterals	26,042	29,963	–13.1
Claims from money market transactions	8,022	8,996	–10.8
Promissory note loans	21,601	26,599	–18.8
Mortgages and other claims secured by property charges	117,952	134,321	–12.2
Other claims	130,882	136,993	–4.5
Total	**304,499**	**336,872**	**–9.6**

The promissory note loans and other claims on customers include €27,690m of public-sector loans (previous year: €34,041m).

(48) Total lending

€m	31.12.2011	31.12.2010	Change in %
Loans to banks	26,082	23,404	11.4
Loans to customers	277,831	306,912	–9.5
Total	**303,913**	**330,316**	**–8.0**

We distinguish loans from claims on banks and customers such that only claims for which a special loan agreement has been concluded with the borrower are shown as loans. Interbank money market transactions and reverse repo transactions, for example, are thus not shown as loans. Acceptance credits are also included in loans to customers.

(49) Loan loss provisions

Provisions for loan losses are made in accordance with rules that apply Group-wide and cover all discernible credit risks. For loan losses which have already occurred but are not yet known, we have calculated portfolio valuation allowances in line with procedures derived from the Basel II methodology. The breakdown of loan loss provisions is as follows:

€m	As at 1.1.2011	Allocations	Reversals	Utilisation	Change in the group of consolidated companies	Exchange rate changes/ reclassifications	As at 31.12.2011
Provisions for on-balance sheet loan losses	9,457	3,055	2,003	2,129	−54	−171	8,155
Claims on banks	340	47	51	53	–	−41	242
Claims on customers	9,117	3,008	1,952	2,076	−54	−130	7,913
Provisions for off-balance sheet loan losses	615	412	486	7	–	−26	508
Total	**10,072**	**3,467**	**2,489**	**2,136**	**−54**	**−197**	**8,663**

With direct write-downs, write-ups and recoveries on claims written down taken into account, the allocations and reversals recognised in profit or loss resulted in provisions of €1,390m (previous year: €2,499m).

	Valuation allowances for specific risks		Valuation allowances for portfolio risks		Valuation allowances total		
€m	2011	2010	2011	2010	2011	2010	Change in %
As at 1.1.	**8,361**	**8,345**	**1,096**	**1,464**	**9,457**	**9,809**	**−3.6**
Allocations	2,893	3,894	162	243	3,055	4,137	−26.2
Deductions	3,669	3,888	463	649	4,132	4,537	−8.9
of which utilised	2,129	2,631	–	–	2,129	2,631	−19.1
of which reversals	1,540	1,257	463	649	2,003	1,906	5.1
Changes in the group of consolidated companies	−53	–	−1	–	−54	–	.
Exchange rate changes/reclassifications	−166	10	−5	38	−171	48	.
As at 31.12.	**7,366**	**8,361**	**789**	**1,096**	**8,155**	**9,457**	**−13.8**

	Provisions for specific risks		Provisions for portfolio risks		Provisions for lending business		
€m	2011	2010	2011	2010	2011	2010	Change in %
As at 1.1.	**384**	**364**	**231**	**278**	**615**	**642**	**−4.2**
Allocations	357	207	55	96	412	303	36.0
Deductions	368	166	125	142	493	308	60.1
of which utilised	7	7	–	–	7	7	0.0
of which reversals	361	159	125	142	486	301	61.5
Changes in the group of consolidated companies	–	–	–	–	–	–	.
Exchange rate changes/reclassifications	−24	−21	−2	−1	−26	−22	18.2
As at 31.12.	**349**	**384**	**159**	**231**	**508**	**615**	**−17.4**

The provisions for default risks by customer group were as follows as at December 31, 2011:

€m	Specific valuation allowances and provisions for lending business	Loan losses[1] in 2011	Net allocation[2] to valuation allowances and provisions in lending business
Customers in Germany	**3,613**	**1,652**	**667**
Corporate customers	2,733	889	523
Manufacturing	844	239	109
Construction	48	75	– 6
Trading	245	101	74
Services and others	1,596	474	346
Private Customers	880	763	144
Customers outside Germany	**4,033**	**1,011**	**832**
Corporate and retail customers	4,019	1,011	831
Public sector	14	–	1
Provisions for customer credit risk	**7,646**	**2,663**	**1,499**
Banks in Germany	– 37	–	– 126
Banks outside Germany	106	60	– 24
Provisions for bank credit risk	**69**	**60**	**– 150**
Total	**7,715**	**2,723**	**1,349**

[1] Direct write-downs, utilised valuation allowances and utilised loan loss provisions.
[2] Allocations less reversals.

Credit defaults and net allocations to provisions were counterbalanced by income of €1m from write-ups (previous year: €9m) and €181m (previous year: €184m) from recoveries on claims that had been written down. The table below presents the key provisioning ratios:

%	2011	2010
Allocation ratio[1]	0.44	0.71
Default ratio[2]	0.81	0.82
Provision cover ratio[3]	2.74	2.85

[1] Net provisions (new provisions less reversals of valuation allowances and loan loss provisions, plus the balance of direct write-downs, write-ups and recoveries on claims previously written down) as a percentage of total lending.
[2] Credit defaults (utilised valuation allowances and loan loss provisions, plus the net balance of direct write-downs, write-ups and recoveries on claims previously written down) as a percentage of total lending.
[3] Total provisions (valuation allowances and loan loss provisions) as a percentage of lending volume; lending volume = claims under special credit agreements with borrowers (Note 48).

(50) Value adjustments for portfolio fair value hedges on the asset side

The adjustment to the fair value of underlying transactions hedged against interest rate risk was €147m (previous year: €113m). A matching liability from hedging transactions is shown on the other side of the balance sheet under negative fair values attributable to derivative hedging instruments.

(51) Positive fair values attributable to derivative hedging instruments

The positive fair values of derivatives which are used to hedge underlying transactions against interest rate risk are shown under this item.

€m	31.12.2011	31.12.2010	Change in %
Positive fair values of micro fair value hedges	4,989	4,455	12.0
Positive fair values of fair value hedges	143	506	–71.7
Total	**5,132**	**4,961**	**3.4**

(52) Trading assets

The Group's trading activities include trading in:
- Bonds, notes and other interest-rate-related securities,
- Shares, other equity-related securities and units in investment funds,
- Promissory note loans,
- Foreign currencies and precious metals,
- Derivative financial instruments and
- Other assets held for trading.

Other assets held for trading comprise positive fair values of loans to be syndicated, lending commitments, emission rights as well as loans and money market trading transactions.

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

€m	31.12.2011	31.12.2010	Change in %
Bonds, notes and other interest-rate-related securities	20,903	30,305	–31.0
Money market instruments	2,731	2,927	–6.7
issued by public-sector borrowers	2,334	1,938	20.4
issued by other borrowers	397	989	–59.9
Bonds and notes	18,172	27,378	–33.6
issued by public-sector borrowers	6,607	12,198	–45.8
issued by other borrowers	11,565	15,180	–23.8
Promissory note loans	1,063	1,810	–41.3
Shares, other equity-related securities and units in investment funds	9,703	11,704	–17.1
Equities	4,205	3,008	39.8
Units in investment funds	5,464	8,674	–37.0
Other equity-related securities	34	22	54.5
Positive fair values of derivative financial instruments	123,607	123,743	–0.1
Currency-related derivative transactions	17,515	18,345	–4.5
Interest-rate-related derivative transactions	98,365	97,012	1.4
Other derivative transactions	7,727	8,386	–7.9
Other assets held for trading	424	263	61.2
Total	**155,700**	**167,825**	**–7.2**

€20,470m (previous year: €30,690m) of the bonds, notes and other interest-rate-related securities and shares, other equity-related securities and units in investment funds were listed on a stock exchange. Other fair values of derivative financial instruments consist mainly of €3,303m (previous year: €4,125m) in equity derivatives and €4,060m (previous year: €3,565m) in credit derivatives.

(53) Financial investments

Financial investments are financial instruments not assigned to any other balance sheet item. They comprise bonds, notes and other interest-rate-related securities, shares and other equity-related securities not used for trading purposes, as well as units in investment funds, equity holdings (including companies not accounted for using the equity method and joint ventures) and holdings in non-consolidated subsidiaries.

€m	31.12.2011	31.12.2010	Change in %
Bonds, notes and other interest-rate-related securities[1]	92,526	113,493	−18.5
Money market instruments	2,084	5,036	−58.6
issued by public-sector borrowers	364	2,874	.
issued by other borrowers	1,720	2,162	−20.4
Bonds and notes	90,442	108,457	−16.6
issued by public-sector borrowers	42,831	53,148	−19.4
issued by other borrowers	47,611	55,309	−13.9
Shares, other equity-related securities and units in investment funds	1,506	1,284	17.3
Equities	289	448	−35.5
Units in investment funds	1,125	766	46.9
Other equity-related securities	92	70	31.4
Equity holdings	347	807	−57.0
of which in banks	64	410	−84.4
Holdings in non-consolidated subsidiaries	144	124	16.1
of which in banks	–	–	.
Total	**94,523**	**115,708**	**−18.3**
of which relate to the category			
Loans and receivables	60,618	70,435	−13.9
Available-for-sale financial assets	30,587	41,764	−26.8
of which measured at amortised cost	456	372	22.6
At fair value through profit or loss (fair value option)	3,318	3,509	−5.4

[1] Reduced by portfolio valuation allowances for reclassified securities of €91m (previous year: €51m).

As at December 31, 2011 the financial investments included €456m (previous year: €372m) of equity-related securities which are predominantly unlisted (e.g. shareholdings in limited companies) and are measured at cost, as we do not have any reliable data to calculate fair value for these assets.

The following table shows the listed holdings contained in financial investments. The available-for-sale financial investments and those for which the fair value option is applied are listed with their fair values. Financial investments in the loans and receivables category are shown at amortised cost.

€m	31.12.2011	31.12.2010	Change in %
Bonds, notes and other interest-rate-related securities	79,040	95,793	−17.5
Shares, other equity-related securities and units in investment funds	894	581	53.9
Equity holdings	10	300	−96.7
Total	**79,944**	**96,674**	**−17.3**

In its press release of October 13, 2008, the IASB issued an amendment to IAS 39 relating to the reclassification of financial instruments. In accordance with the amendment, securities in the Public Finance portfolio for which there was no active market were reclassified from the available-for-sale financial assets category to the loans and receivables category in the financial years 2008 and 2009. In respect of the reclassified securities there was the intention and ability at the reclassification date to hold the securities for the foreseeable future or to final maturity. The securities concerned are primarily issued by public-sector borrowers (including European and North American local authorities and publicly guaranteed asset-backed securities) and financial institutions.

The revaluation reserve after deferred taxes for all the securities reclassified in financial years 2008 and 2009 was €–0.8bn as at December 31, 2011 (previous year: €–1.0bn). This negative portfolio will be dissolved over the remaining lifetime of the reclassified securities. If these reclassifications had not been carried out in 2008 and 2009, there would have been a revaluation reserve after deferred taxes of €–4.3bn for these securities as at December 31, 2011 (previous year: €–2.8bn); the change compared with a year ago was therefore €–1.5bn (change December 31, 2009 to December 31, 2010: €–1.4bn).

In addition to the portfolio valuation allowances of €40m (previous year: €1m) and the impairments on the reclassified Greek government bonds (€1.9bn), a net €1.5bn (previous year: €1.8bn) was recognised in the income statement for the reclassified securities in the current financial year.

On December 31, 2011 the carrying amount of the reclassified securities was €57.6bn (previous year: €67.1bn), fair value was €52.6bn (previous year: €64.6bn) and the cumulative portfolio valuation allowances were €91m (previous year: €51m). The transactions had average effective interest rates of between 0.5% and 14.3% (previous year: between 0.8% and 16.2%) and are expected to generate a cash inflow of €70.2bn (previous year: €84.3bn).

Impact of the European sovereign debt crisis

In the Commerzbank Group, the acquisition cost of Greek government bonds as of December 31, 2011 before adjusting for the total impairment requirement of around 74% was €3,018m (including accrued interest). Of this, €359m related to available-for-sale bonds and €2,659m to securities that were reclassified to the loans and receivables category in 2008 and 2009. The impairments applicable to them as of December 31, 2011 totalled €2,226m.

On the basis of our measurement methodology this resulted in a €1,938m write-down in the value of securities in the loans and receivables category. The carrying amount of these securities was therefore €721m as of December 31, 2011. The write-down under IAS 39.67 of the remaining bonds in the available-for-sale category to this lower fair value (market value as of December 31, 2011) led to a €288m expense in the current financial year with a carrying amount of €71m as of December 31, 2011.

We also executed hedging transactions to protect our portfolio against interest rate risk and to offset the effects of fluctuations in inflation. We recognise and measure these financial instruments in accordance with IAS 39.85 ff. The remeasurement effects result both from unwinding the financial instruments used for interest-rate hedging, and from writing down the financial instruments used to hedge fluctuations in inflation to the same extent as the bonds; the new carrying amount totalled €58m. The total impairment effect for these transactions amounted to €962m in 2011.

Changes in equity holdings and investments in non-consolidated subsidiaries:

	Equity holdings		Holdings in non-consolidated subsidiaries	
€m	2011	2010	2011	2010
Fair value as at 1.1.	**807**	**1,194**	**124**	**158**
Acquisition cost as at 1.1.	878	1,569	343	320
Exchange rate changes	1	8	–1	6
Additions	163	39	21	16
Disposals	229	691	26	53
Reclassifications to non-current assets and disposal groups held for sale	–294	–	–	–
Other reclassifications/changes in the group of consolidated companies	–1	–47	271	54
Acquisition cost as at 31.12.	518	878	608	343
Write-ups	–	–	–	–
Cumulative write-downs as at 1.1.	326	613	219	162
Exchange rate changes	1	6	–	–
Additions	8	14	4	11
Disposals	2	297	18	19
Reclassifications to non-current assets and disposal groups held for sale	–61	–	–	–
Other reclassifications/changes in the group of consolidated companies	–	–10	259	65
Cumulative write-downs as at 31.12.	272	326	464	219
Cumulative changes from remeasurement to fair value	101	255	–	–
Fair value as at 31.12.	**347**	**807**	**144**	**124**

(54) Holdings in companies accounted for using the equity method

€m	2011	2010
Fair value as at 1.1.	**737**	**378**
Acquisition cost as at 1.1.	821	410
Exchange rate changes	–	–
Additions	125	425
Disposals	27	–
Reclassifications to non-current assets and disposal groups held for sale	–	–
Other reclassifications/changes in the group of consolidated companies	14	– 14
Acquisition cost as at 31.12.	933	821
Write-ups	–	–
Cumulative write-downs as at 1.1.	156	45
Exchange rate changes	–	–
Additions	158	111
Disposals	10	–
Reclassifications to non-current assets and disposal groups held for sale	–	–
Other reclassifications/changes in the group of consolidated companies	–	–
Cumulative write-downs as at 31.12.	304	156
Cumulative changes from remeasurement using the equity method	65	72
Fair value as at 31.12.	**694**	**737**
of which holdings in banks	339	279

The fair values include €106m from holdings in listed companies accounted for using the equity method; the corresponding market value as at December 31, 2011 was €103m.

In the Commerzbank Group, losses attributable to companies accounted for using the equity method are recognised in an amount not exceeding their equity book value. In seven cases the equity book value was €0. Excess losses were not recognised, since there is no obligation to offset excess losses. Future profits are first offset against unrecognised losses.

Where there are obligations arising from contingent liabilities towards discontinued operations at companies accounted for using the equity method, the Commerzbank Group is liable to the extent of its respective ownership interest. Our share in the total assets, liabilities, income and expenses of our holdings in companies accounted for using the equity method is as follows:

€m	31.12.2011	31.12.2010[1]	Change in %
Assets	4,603	4,682	– 1.7
Liabilities	3,860	4,228	– 8.7
Income	413	349	18.3
Expenses	547	446	22.6

[1] Prior-year figures restated.

Obligations arising from contingent liabilities towards companies accounted for using the equity method were €403m as of December 31, 2011. There were no discontinued operations at companies accounted for using the equity method.

Our share in the total assets, liabilities, income and expenses of associated companies and jointly controlled entities which are of minor significance was as follows:

€m	31.12.2011
Assets	542
Liabilities	588
Income	134
Expenses	129

(55) Intangible assets

€m	31.12.2011	31.12.2010	Change in %
Goodwill	2,088	2,081	0.3
Other intangible assets	950	1,020	−6.9
Customer relationships	495	546	−9.3
Brand names	9	9	0.0
In-house developed software	243	219	11.0
Other	203	246	−17.5
Total	**3,038**	**3,101**	−2.0

Acquired software accounted for €198m (previous year: €240m) of the other item.

	Goodwill		Brand names	
€m	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Private Customers	1,079	1,079	–	–
Mittelstandsbank	569	569	–	–
Central & Eastern Europe	299	292	9	9
Corporates & Markets	138	138	–	–
Asset Based Finance	–	–	–	–
Portfolio Restructuring Unit	–	–	–	–
Others and Consolidation	3	3	–	–
Total	**2,088**	**2,081**	**9**	**9**

The impairment testing of goodwill did not identify any impairments in the financial year 2011. When testing for impairment, beta factors were applied for the detailed planning phase, as shown in the following table.

	Private Customers	Mittelstandsbank	Corporates & Markets	Central & Eastern Europe
Beta factor assumptions	1.31	1.45	1.71	1.24

Varying the beta factors to 1.0 and 2.0 for the detailed planning phase produced the following ratios of excess or deficient cover to carrying amount:

		Private Customers	Mittelstandsbank	Corporates & Markets	Central & Eastern Europe
Realistic value	Beta factor assumptions	143.7%	128.8%	0.7%	5.5%
Sensitivity analysis	Beta 1.00	151.7%	140.0%	10.8%	8.4%
	Beta 2.00	127.5%	116.0%	−3.2%	−3.1%

Within the sensitivities there was potential deficient cover for goodwill at a sensitivity of 2.0 in the Corporates & Markets (€–126m) and Central & Eastern Europe (€–74m) cash generating units. Applying beta factors of 1.71 and 1.24 resulted in excess cover of €+27m and €+131m respectively. At a beta factor of 1.756 or 1.714 the value in use corresponds to the carrying amount.

Intangible assets changed as follows:

	Goodwill		In-house developed software		Brand names and customer relationships		Other intangible assets	
€m	2011	2010	2011	2010	2011	2010	2011	2010
Carrying amount as at 1.1.	**2,081**	**2,061**	**219**	**235**	**555**	**664**	**246**	**249**
Cost of acquisition/production as at 1.1.	2,850	2,830	825	895	987	983	1,797	1,683
Exchange rate changes	7	20	−7	14	–	4	−21	13
Additions	–	–	120	162	–	–	79	114
Disposals	1	–	179	238	–	–	290	29
Reclassifications/changes in the group of consolidated companies	–	–	14	−8	2	–	−22	16
Cost of acquisition/production as at 31.12.	2,856	2,850	773	825	989	987	1,543	1,797
Write-ups	–	–	–	–	–	–	–	–
Cumulative write-downs as at 1.1.	769	769	606	660	432	319	1,551	1,434
Exchange rate changes	–	–	−6	14	–	–	−11	9
Additions	–	–	89	118	51	93	100	105
of which unscheduled	–	–	27	41	1	1	1	–
Disposals	1	–	172	177	–	–	279	13
Reclassifications/changes in the group of consolidated companies	–	–	13	−9	2	20	−21	16
Cumulative write-downs as at 31.12.	768	769	530	606	485	432	1,340	1,551
Carrying amount as at 31.12.	**2,088**	**2,081**	**243**	**219**	**504**	**555**	**203**	**246**
Borrowing costs capitalised in the current financial year	–	–	–	–	–	–	–	–
Range of interest rates used (in %)	–	–	–	–	–	–	–	–

(56) Fixed assets

	Land and buildings		Office furniture and equipment	
€m	2011	2010	2011	2010
Carrying amount as at 1.1.	**874**	**1,018**	**716**	**761**
Cost of acquisition/production as at 1.1.	1,329	1,506	3,488	3,403
Exchange rate changes	–16	11	–18	59
Additions	29	25	125	170
Disposals	27	185	693	218
Reclassifications to non-current assets and disposal groups held for sale	–7	–	128	–
Other reclassifications/changes in the group of consolidated companies	–46	–28	–215	74
Cost of acquisition/production as at 31.12.	1,262	1,329	2,815	3,488
Write-ups	–	–	–	–
Cumulative write-downs as at 1.1.	455	488	2,772	2,642
Exchange rate changes	–6	4	–10	52
Additions	43	81	192	203
of which unscheduled	5	41	–	–
Disposals	10	102	653	192
Reclassifications to non-current assets and disposal groups held for sale	–	–	33	–
Other reclassifications/changes in the group of consolidated companies	–14	–16	–124	67
Cumulative write-downs as at 31.12.	468	455	2,210	2,772
Carrying amount as at 31.12.	**794**	**874**	**605**	**716**
Borrowing costs capitalised in the current financial year	–	–	–	–
Range of interest rates used (in %)	–	–	–	–

The total value of fixed assets in the Commerzbank Group was €1,399m (previous year: €1,590m) Euro, of which €0.1m was pledged as collateral. Beyond this there were no restrictions with regard to rights of disposal relating to our fixed assets.

(57) Tax assets

€m	31.12.2011	31.12.2010	Change in %
Current tax assets	**716**	**650**	**10.2**
in Germany	620	532	16.5
outside Germany	96	118	–18.6
Deferred tax assets	**4,154**	**3,567**	**16.5**
Tax assets recognised in income statement	2,583	2,329	10.9
Tax assets not recognised in income statement	1,571	1,238	26.9
Total	**4,870**	**4,217**	**15.5**

Deferred tax assets represent the potential income tax charge arising from temporary differences between the values assigned to assets and liabilities in the Group balance sheet in accordance with IFRS and their values for tax-accounting purposes in accordance with the local tax regulations for consolidated companies and future income tax relief arising from tax carryforwards and as yet unused tax credits.

For the following tax loss carryforwards no deferred tax assets nor any impairments of existing deferred tax assets were recognised as at December 31, 2011 due to the limited planning horizon and the resulting insufficient probability of their being utilised.

Tax loss carryforwards | €m	**31.12.2011**	**31.12.2010**	Change in %
Corporation tax/Federal tax	**11,680**	**10,620**	**10.0**
Can be carried forward for an unlimited period	10,417	10,302	1.1
Can be carried forward for a limited period	1,263	318	.
of which expire in the subsequent reporting period	–	–	.
Trade tax/Local tax	**4,628**	**4,029**	**14.9**
Can be carried forward for an unlimited period	3,966	3,793	4.6
Can be carried forward for a limited period	662	236	.
of which expire in the subsequent reporting period	–	–	.

Deferred tax assets for tax loss carryforwards are recognised mainly for domestic Group companies, the London branch and UK subsidiaries. Deferred tax assets were recognised in connection with the following items:

€m	**31.12.2011**	**31.12.2010**	Change in %
Fair values of derivative hedging instruments	819	275	.
Trading assets and liabilities	714	941	–24.1
Claims on banks and customers	35	13	.
Financial investments	140	80	75.0
Provisions	45	60	–25.0
Liabilities to banks and customers	109	59	84.7
Other balance sheet items	259	463	–44.1
Tax loss carryforwards	2,033	1,676	21.3
Total	**4,154**	**3,567**	**16.5**

(58) Investment properties

Investment properties stood at €808m (previous year: €1,192m) and developed as follows:

€m	**2011**	**2010**
Carrying amount as at 1.1.	**1,192**	**1,279**
Cost of acquisition/production as at 1.1.	1,470	1,455
Exchange rate changes	–	–
Additions	–	83
Deductions	115	70
Changes in the group of consolidated companies	4	–
Reclassifications	–142	2
Cost of acquisition/production as at 31.12.	1,217	1,470
Cumulative changes from remeasurement to fair value	–409	–278
Carrying amount as at 31.12.	**808**	**1,192**
Borrowing costs capitalised in the current financial year	–	–
Range of interest rates used (in %)	–	–

€170m (previous year: €268m) of the investment properties were acquired in rescue purchases. The additions during the period contain subsequent acquisition costs for significant properties of €4m (previous year: €49m). This item does not include any property held under operating lease agreements. There are no restrictions on resale, nor are there any obligations to purchase properties that require to be recorded here.

In the sensitivity analyses we assume a 50 bp upward or downward move in the property yield for investment properties and a 20% rise or fall in the land value for building land. For the main investment properties this would cause market value to fall by around €59m, or rise by €70m, respectively. For building land the market value would rise by €1m or fall by €1m respectively.

(59) Non-current assets and disposal groups held for sale

The balance sheet item non-current assets and disposal groups held for sale broke down as follows:

€m	31.12.2011	31.12.2010	Change in %
Claims on banks	10	10	0.0
Claims on customers	158	128	23.4
Positive fair values of derivative hedging instruments	–	108	.
Trading assets	–	82	.
Financial investments	378	71	.
Fixed assets	65	196	−66.8
Other assets	1,148	487	.
Total	**1,759**	**1,082**	**62.6**

In all cases of non-current assets and disposal groups held for sale, sales agreements have either already been concluded or will be concluded shortly. The contracts are expected to be fulfilled in 2012. The following subsidiaries, all of which are assigned to the Asset Based Finance segment, are affected:

- CG New Venture 2 Verwaltungsgesellschaft mbH, Wiesbaden
- CG New Venture 4 GmbH & Co. KG, Wiesbaden
- FM LeasingPartner GmbH, Bissendorf Kr Osnabrück
- GO German Office GmbH, Wiesbaden
- MS "CPO Alicante" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Ancona" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Bilbao" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Marseille" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Palermo" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Toulon" Offen Reederei GmbH & Co.KG, Hamburg
- MS "CPO Valencia" Offen Reederei GmbH & Co.KG, Hamburg
- Property Invest Italy Srl, Milan

The liabilities of disposal groups held for sale are described in Note 69.

In the current financial year an office building was reclassified from investment properties to assets held for sale. The sale was concluded in January 2012.

In addition, claims in the Mittelstandsbank segment, investment fund units in the Private Customers segment and equity holdings (Central & Eastern Europe and Others and Consolidation segments) were held for sale.

In the case of KGAL GmbH & Co. KG, Grünwald (Munich) however, we have halted the contractual negotiations with potential buyers and a sale is no longer expected in the near future. As a result, the company has been accounted for using the equity method since September 30, 2011.

We sold four of the disposal groups held for sale in the previous year as planned in the year under review.

(60) Other assets

Other assets mainly comprise the following items:

€m	31.12.2011	31.12.2010	Change in %
Collection items	253	612	–58.7
Precious metals	882	671	31.4
Leased equipment	209	221	–5.4
Accrued and deferred items	304	340	–10.6
Initial/variation margins receivable	270	2,636	–89.8
Other assets	1,324	2,869	–53.9
Total	**3,242**	**7,349**	**–55.9**

Changes in leased assets within other assets were as follows:

€m	2011	2010
Carrying amount as at 1.1.	**221**	**554**
Cost of acquisition/production as at 1.1.	364	788
Exchange rate changes	–6	1
Additions	62	206
Deductions	43	97
Changes in the group of consolidated companies	–	–
Reclassifications	–	–534
Cost of acquisition/production as at 31.12.	377	364
Cumulative write-downs as at 1.1.	143	234
Exchange rate changes	–2	–
Additions	41	68
of which unscheduled	–	–
Deductions	14	18
Changes in the group of consolidated companies	–	–
Reclassifications	–	–141
Cumulative write-downs as at 31.12.	168	143
Cumulative changes from remeasurement to fair value	–	–
Carrying amount as at 31.12.	**209**	**221**

(61) Liabilities to banks

	Total		
€m	31.12.2011	31.12.2010	Change in %
Banks in Germany	45,302	45,475	−0.4
Banks outside Germany	53,179	92,151	−42.3
Total	**98,481**	**137,626**	**−28.4**
of which relate to the category			
Liabilities measured at amortised cost	85,451	95,154	−10.2
At fair value through profit or loss (fair value option)	13,030	42,472	−69.3

of which	Due on demand		Other liabilities	
€m	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Banks in Germany	8,358	17,097	36,944	28,378
Banks outside Germany	25,483	33,082	27,696	59,069
Total	**33,841**	**50,179**	**64,640**	**87,447**

The table below shows a breakdown of liabilities to banks by main transaction types:

€m	31.12.2011	31.12.2010	Change in %
Repos and cash collaterals	18,985	44,016	−56.9
Liabilities from money market transactions	25,286	35,166	−28.1
Other liabilities	54,210	58,444	−7.2
Total	**98,481**	**137,626**	**−28.4**

(62) Liabilities to customers

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

	Total		
€m	31.12.2011	31.12.2010	Change in %
Customers in Germany	**202,725**	**195,561**	**3.7**
Corporate customers	127,277	122,544	3.9
Private customers and others	66,946	66,144	1.2
Public sector	8,502	6,873	23.7
Customers outside Germany	**52,619**	**67,266**	**–21.8**
Corporate and retail customers	47,517	61,293	–22.5
Public sector	5,102	5,973	–14.6
Total	**255,344**	**262,827**	**–2.8**
of which relate to the category			
Liabilities measured at amortised cost	223,491	243,177	–8.1
At fair value through profit or loss (fair value option)	31,853	19,650	62.1

	Savings deposits		Other liabilities			
			due on demand		with agreed term or period of notice	
€m	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Customers in Germany	**4,390**	**3,970**	**102,552**	**106,097**	**95,783**	**85,494**
Corporate customers	42	43	47,971	49,365	79,264	73,136
Private customers and others	4,348	3,926	53,071	54,658	9,527	7,560
Public sector	–	1	1,510	2,074	6,992	4,798
Customers outside Germany	**2,472**	**2,586**	**27,179**	**37,710**	**22,968**	**26,970**
Corporate and retail customers	2,471	2,585	23,715	32,864	21,331	25,844
Public sector	1	1	3,464	4,846	1,637	1,126
Total	**6,862**	**6,556**	**129,731**	**143,807**	**118,751**	**112,464**

Savings deposits broke down as follows:

€m	31.12.2011	31.12.2010	Change in %
Savings deposits with agreed period of notice of three months	6,155	5,700	8.0
Savings deposits with agreed period of notice of more than three months	707	856	–17.4
Total	**6,862**	**6,556**	**4.7**

The table below shows a breakdown of liabilities to customers by main transaction types:

€m	31.12.2011	31.12.2010	Change in %
Repos and cash collaterals	28,209	18,106	55.8
Liabilities from money market transactions	44,232	46,339	−4.5
Other liabilities	182,903	198,382	−7.8
Total	**255,344**	**262,827**	**−2.8**

(63) Securitised liabilities

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

The nominal interest paid on money-market paper ranged from 0.002% to 6.55% (previous year: 0.02% to 5.45%); for bonds and notes from 0.003% to 20.05% (previous year: 0.03% to 12.00%). Mortgage Pfandbriefe of €29,353m (previous year: €28,744m) and public-sector Pfandbriefe of €34,990m (previous year: €48,495m) were contained in securitised liabilities.

	Total		of which issued by mortgage banks	
€m	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Bonds and notes issued	100,311	116,270	65,386	80,284
Money market instruments issued	5,224	15,024	–	–
Own acceptances and promissory notes outstanding	138	62	25	55
Total	**105,673**	**131,356**	**65,411**	**80,339**
of which relate to the category				
Liabilities measured at amortised cost	102,593	128,150	65,411	80,339
At fair value through profit or loss (fair value option)	3,080	3,206	–	–

New issues with a total volume of €68.7bn were issued in 2011. In the same period the volume of bonds maturing amounted to €93.2bn and redemptions to €4.0bn. The table below lists the most important bonds and notes issued in 2011:

Equivalent €m	Currency	Issuer	Interest rate %	Maturity
1,500	EUR	Eurohypo Aktiengesellschaft	2.750	2014
1,250	EUR	Eurohypo Aktiengesellschaft	2.875	2016
1,000	EUR	Eurohypo Aktiengesellschaft	1.875	2013
800	EUR	Commerzbank Aktiengesellschaft	3.085[1]	2013
500	EUR	Eurohypo Aktiengesellschaft	4.125	2021

[1] Floating interest rate.

(64) Value adjustments for portfolio fair value hedges on the liability side

The adjustment to the fair value of underlying transactions hedged against interest rate risk was €938m (previous year: €121m). A matching asset item from hedging transactions is shown on the other side of the balance sheet under positive fair values attributable to derivative hedging instruments.

(65) Negative fair values of derivative hedging instruments

The negative fair values of derivatives used to hedge underlying transactions against interest rate risk are shown under this item.

€m	31.12.2011	31.12.2010	Change in %
Negative fair values of micro fair value hedges	11,378	9,312	22.2
Negative fair values of portfolio fair value hedges	26	40	−35.0
Negative fair values of cash flow hedges	23	17	35.3
Total	**11,427**	**9,369**	**22.0**

(66) Trading liabilities

Trading liabilities show the negative fair values of derivative financial instruments that do not qualify for hedge accounting as well as lending commitments with negative fair values. Own issues in the trading book and delivery commitments arising from short sales of securities are also included under trading liabilities.

€m	31.12.2011	31.12.2010	Change in %
Currency-related derivative transactions	20,762	19,368	7.2
Interest-rate-related derivative transactions	96,736	100,479	−3.7
Other derivative transactions	8,433	10,248	−17.7
Certificates and other notes issued	5,789	9,070	−36.2
Delivery commitments arising from short sales of securities, negative market values of lending commitments and other trading liabilities	6,127	13,228	−53.7
Total	**137,847**	**152,393**	**−9.5**

Other derivative transactions consisted mainly of €3,714m (previous year: €5,803m) in equity derivatives and €4,305m (previous year: €3,782m) in credit derivatives.

(67) Provisions

Provisions broke down as follows:

€m	31.12.2011	31.12.2010	Change in %
Provisions for pensions and similar commitments	437	539	−18.9
Other provisions	3,324	4,239	−21.6
Total	**3,761**	**4,778**	**−21.3**

a) Provisions for pensions and similar commitments

Changes in provisions for pensions and similar commitments were as follows in 2011:

€m	As at 1.1.2011	Pension payments	Additions	Allocation to plan assets[1]	Reclassifications/ exchange rate changes	Changes in the group of consolidated companies	As at 31.12.2011
Pension entitlements of active and former employees and pension entitlements of pensioners	356	245	186	73	67	–4	287
Early retirement	82	28	12	–	–	–	66
Part-time scheme for older staff	101	38	75	54	–	–	84
Total	**539**	**311**	**273**	**127**	**67**	**–4**	**437**

[1] If taken into account when setting the level of provisions.

b) Pension obligations

Pension obligations and pension expense are calculated annually by independent actuaries, using the projected unit credit method. The underlying actuarial parameters are based on the norms in the country in which the pension plan was established.

The parameters outside Germany are shown on the basis of weighted averages taking account of the respective relevant pension plans.

%	31.12.2011	31.12.2010
Parameters for pension plans in Germany		
for determining the pension obligation at year-end		
Calculatory interest rate	4.8	4.9
Change in salaries	2.5	2.5
Adjustment to pensions	1.8	1.8
for determining pension expense in the financial year		
Calculatory interest rate	4.9	5.3
Change in salaries	2.5	2.5
Adjustment to pensions	1.8	1.8
Expected return on plan assets	5.5	5.7
Parameters for pension plans outside Germany		
for determining the pension obligation at year-end		
Calculatory interest rate	4.8	5.3
Change in salaries	3.0	3.2
Adjustment to pensions	2.9	3.2
for determining pension expense in the financial year		
Calculatory interest rate	5.3	5.5
Change in salaries	3.2	3.6
Adjustment to pensions	3.2	3.1
Expected return on plan assets	5.3	5.2
Parameters for post-employment medical plan		
for determining the benefit obligation at year-end		
Calculatory interest rate	4.8	5.4
Health care cost increase rate	5.7	6.0
for determining the expense in the financial year		
Calculatory interest rate	5.4	5.5
Health care cost increase rate	6.0	5.9

The pension obligations changed as follows:

€m	2011	2010
Pension obligations as at 1.1.	**6,073**	**5,699**
Service cost	68	61
Interest expense	295	295
Pension payments	−283	−277
Actuarial gains (–) or losses (+)	36	314
Experience adjustments	−62	−5
Other adjustments	98	319
Changes in the group of consolidated companies	−4	−54
Past service cost	–	−1
Curtailments/Settlements	–	−6
Exchange rate changes	31	33
Other changes	26	9
Pension obligations as at 31.12.	**6,242**	**6,073**
of which completely or partially funded by plan assets	6,064	5,884
of which not funded by plan assets	178	189

The geographical breakdown of the pension obligations was as follows:

€m	31.12.2011	31.12.2010
Germany	5,157	5,032
Europe (excluding Germany)	989	952
America	94	87
Asia and others	2	2
Total	**6,242**	**6,073**

A change in the discount rate or the rate of increase in health costs as at December 31, 2011 would have had the following effects:

€m	Obligation as at 31.12.2011	Expenses in 2012
Interest rate sensitivity		
Discount rate +50bp	−437	–
Discount rate −50bp	491	−1
Health care cost increase sensitivity		
Health care cost increase rate +100bp	2	–
Health care cost increase rate −100bp	−2	–

The expenses for pensions and other employee benefits consisted of the following components:

€m	2011	2010
Service cost	68	61
Interest expense	295	295
Expected income from plan assets	− 284	− 267
Past service cost	–	− 1
Curtailments/Settlements	–	− 5
Amortisation of actuarial gains (–) or losses (+)	107	9
Other	–	3
Expenses for defined benefit plans	**186**	**95**
Expenses for defined contribution plans	88	98
Other pension benefits (early retirement and part-time scheme for older staff)	87	104
Other pension-related expenses	19	20
Exchange rate changes	–	–
Expenses for pensions and similar employee benefits	**380**	**317**

In addition, personnel expense included €235m (previous year: €228m) in employers' contributions to the state pension scheme.

The expected return on plan assets is based on long-term bond yields at the balance sheet date for fixed-interest securities and on past market performance for other investments. The plan assets changed as follows:

€m	2011	2010
Fair value as at 1.1.	**5,194**	**4,764**
Change in the group of consolidated companies	–	− 28
Employer contributions	73	52
Expected income from plan assets	284	267
Pension payments	− 38	− 34
Reclassifications	33	− 3
Exchange rate changes	29	27
Actuarial gains (+) or losses (–)	155	149
Fair value as at 31.12.	**5,730**	**5,194**
Current income from plan assets	439	416

In the financial year 2012 employer contributions of €54m to plan assets for defined benefit pension plans are expected in the Group as well as pension payments of €255m. The breakdown of the plan assets was as follows:

%	31.12.2011	31.12.2010
Fixed-income securities	67.3	69.3
Equities	12.8	15.6
Investment fund units	8.8	9.2
Liquid assets	2.8	2.4
Others	8.2	3.5

Summary overview of the main components of defined benefit pension plans:

€m	2011	2010	2009	2008	2007
Pension obligation (projected unit credit)	**6,242**	**6,073**	**5,699**	**2,118**	**2,202**
Fair value of plan assets	5,730	5,194	4,764	2,039	1,831
Funded status	**512**	**879**	**935**	**79**	**371**
Unrecognised actuarial gains (+) or losses (–)	–353	–576	–416	33	71
Past service income (+) or expense (–)	–	–	–	–	–
Recognition of defined benefit assets	128	53	33	–	–
Provisions for pensions	**287**	**356**	**552**	**112**	**442**

c) Other provisions

Changes in other provisions:

€m	As at 1.1.2011	Allocations	Utilisation	Reversals	Reclassification/ change in the group of consolidated companies	As at 31.12.2011
Personnel provisions	819	484	543	80	–1	679
Restructuring measures	923	30	227	102	3	627
Specific risks in lending business	384	358	7	361	–25	349
Portfolio risks in lending business	231	55	–	125	–2	159
Bonuses for special savings schemes	30	7	15	–	9	31
Legal proceedings and recourse claims	808	277	90	118	–55	822
Other	1,044	361	535	173	–40	657
Total	**4,239**	**1,572**	**1,417**	**959**	**–111**	**3,324**

The provisions in the personnel area are predominantly short-term in nature, but also include provisions for service anniversaries, which are by their nature long-term and are utilised successively in subsequent reporting periods.

The average residual term of loan loss provisions is based on the residual terms of the contingent liabilities and irrevocable lending commitments set out in Note 92. In the case of legal disputes it is impossible to forecast the duration of proceedings and the amount of the liability with certainty at the date of establishing the provision. The provisions listed under other have mainly a residual term of under one year.

The provisions for restructuring measures derive predominantly from measures relating to the integration of the Dresdner Bank Group and are largely attributable to Human Resources and the Organisation and IT departments. The provisions are mainly spread over a term of up to four years, with the majority expected to be utilised by the end of 2012.

(68) Tax liabilities

€m	31.12.2011	31.12.2010	Change in %
Current tax liabilities	**680**	**1,072**	**–36.6**
Tax liabilities to tax authorities	5	4	25.0
Provisions for income tax	675	1,068	–36.8
Deferred tax liabilities	**189**	**222**	**–14.9**
Tax liabilities recognised in income statement	176	222	–20.7
Tax liabilities not recognised in income statement	13	–	.
Total	**869**	**1,294**	**–32.8**

Provisions for taxes on income are potential tax liabilities which have not yet been formally assessed and potential liabilities for risks associated with tax audits. The liabilities to tax authorities represent payment obligations in respect of current taxes towards German and foreign tax authorities.

Deferred tax liabilities represent the potential income tax charge arising from temporary differences between the values assigned to assets and liabilities in the consolidated balance sheet in accordance with IFRS and their values for tax-accounting purposes in accordance with the local tax regulations for consolidated companies. They were recognised in connection with the following items:

€m	31.12.2011	31.12.2010	Change in %
Trading assets and liabilities	38	53	–28.3
Fair values of derivative hedging instruments	56	52	7.7
Financial investments	25	29	–13.8
Claims on banks and customers	12	38	–68.4
Liabilities to banks and customers	19	2	.
Other balance sheet items	39	48	–18.8
Total	**189**	**222**	**–14.9**

(69) Liabilities from disposal groups held for sale

The breakdown of liabilities from disposal groups held for sale was as follows:

€m	31.12.2011	31.12.2010	Change in %
Liabilities to banks	484	199	.
Liabilities to customers	11	214	–94.9
Negative fair values of derivative hedging instruments	97	181	–46.4
Provisions	–	56	.
Total	**592**	**650**	**–8.9**

(70) Other liabilities

€m	31.12.2011	31.12.2010	Change in %
Liabilities attributable to film funds	1,952	2,197	−11.2
Liabilities attributable to non-controlling interests	2,576	2,290	12.5
Accrued and deferred items	484	559	−13.4
Variation margins payable	108	295	−63.4
Other liabilities	1,448	2,795	−48.2
Total	**6,568**	**8,136**	**−19.3**

(71) Subordinated capital

Subordinated liabilities and profit-sharing certificates are equity within the meaning of Art. 10 (5) and (5a) of the German Banking Act (KWG) in the new version and are broken down as follows:

€m	31.12.2011	31.12.2010	Change in %
Subordinated liabilities	**12,094**	**11,256**	**7.4**
of which Tier III capital as defined in Art. 10 (7) KWG	–	–	.
of which maturing within 2 years	1,701	2,175	−21.8
Profit-sharing certificates outstanding	**975**	**1,259**	**−22.6**
of which maturing within 2 years[1]	36	420	−91.4
Accrued interest, including discounts[2]	−165	−187	−11.8
Remeasurement effects	381	582	−34.5
Total	**13,285**	**12,910**	**2.9**
of which relate to the category			
Liabilities measured at amortised cost	13,261	12,886	2.9
At fair value through profit or loss (fair value option)	24	24	0.0

[1] Prior-year figures restated.
[2] Including the impact of the adjustment of fair values of subordinated capital at the date of acquisition of Dresdner Bank.

The claims of creditors for repayment of these liabilities are subordinate to those of other creditors. The issuer cannot be obliged to repay the liability before the maturity date. In the event of insolvency or winding-up, subordinated liabilities may only be repaid after the claims of all senior creditors have been satisfied.

In 2011, the volume of subordinated liabilities maturing amounted to €0.9bn, redemptions to €1.3bn and new issues to €3.1bn. Issues of profit-sharing certificates in the amount of €0.3bn matured. Beyond this there were no significant changes in the reporting year.

The following major subordinated liabilities were outstanding at the end of 2011:

Start of maturity	€m	Currency in m	Issuer	Interest rate	Maturity
2011	1,254	1,254 EUR	Commerzbank Aktiengesellschaft	6.375	2019
2011	1,250	1,250 EUR	Commerzbank Aktiengesellschaft	7.750	2021
2007	600	600 EUR	Commerzbank Aktiengesellschaft	1.815[1]	2017
2006	502	502 EUR	Commerzbank Aktiengesellschaft	2.337[1]	2016
2008	500	500 EUR	Commerzbank Aktiengesellschaft	6.250	2014
2009	386	500 USD	Commerzbank Aktiengesellschaft	7.250	2015
2007	273	273 EUR	Commerzbank Aktiengesellschaft	5.625	2017
2011	322	322 EUR	Commerzbank Aktiengesellschaft	5.000	2018
2011	300	300 EUR	Commerzbank Aktiengesellschaft	5.000	2018
2003	250	250 EUR	Eurohypo Aktiengesellschaft	5.000	2016
2009	250	250 EUR	Commerzbank Aktiengesellschaft	5.000	2017
2003	220	220 EUR	Eurohypo Aktiengesellschaft	5.000	2014
2006	227	300 CAD	Commerzbank Aktiengesellschaft	2.159[1]	2016
1999	180	150 GBP	Commerzbank Aktiengesellschaft	6.625	2019
2002	150	150 EUR	Eurohypo Aktiengesellschaft	5.750	2012

[1] Floating interest rate.

In the year under review, the interest expense of the Group for subordinated liabilities totalled €682m (previous year: €713m). Interest accruals for interest not yet paid totalled €321m (previous year: €275m). Part of the profit-sharing certificate capital of the Commerzbank Group participates fully in losses. Interest payments are made only if the issuing institution earns a distributable profit. The claims of holders of profit-sharing certificates for the repayment of principal are subordinate to those of other creditors. At year-end 2011, the following major profit-sharing certificate was outstanding:

Start of maturity	€m	Currency in m	Issuer	Interest rate	Maturity
2006	750	750 EUR	Commerzbank Aktiengesellschaft	5.386	2015

Interest expense on the outstanding profit-sharing certificates in the 2011 financial year was €107m (previous year: €162m). Interest accruals for interest not yet paid totalled €194m (previous year: €130m).

(72) Hybrid capital

€m	31.12.2011	31.12.2010	Change in %
Hybrid capital	2,830	5,005	−43.5
Accrued interest, including discounts[1]	−1,131	−1,084	4.3
Remeasurement effects	476	260	83.1
Total	**2,175**	**4,181**	**−48.0**
of which relate to the category			
Liabilities measured at amortised cost	2,175	4,181	−48.0
At fair value through profit or loss (fair value option)	–	–	.

[1] Including the impact of the adjustment of fair values of hybrid capital at the date of acquisition of Dresdner Bank.

At the end of 2011, the following hybrid capital instruments were outstanding:

Start of maturity	€m	Currency in m	Issuer	Interest rate	Maturity
2006	1,000	1,000 EUR	Commerzbank Aktiengesellschaft	6.932	for an unlimited period
1999	773	1,000 USD	Dresdner Capital LLC I	8.151	2031
2003	306	306 EUR	Eurohypo Capital Funding Trust I	6.445	for an unlimited period
2006	190	190 EUR	Commerzbank Capital Funding Trust I	5.012	for an unlimited period
2006	186	186 EUR	Commerzbank Capital Funding Trust III	2.524	for an unlimited period
2005	152	152 EUR	Eurohypo Capital Funding Trust II	3.486	for an unlimited period
2006	138	116 GBP	Commerzbank Capital Funding Trust II	5.905	for an unlimited period

In the 2011 financial year interest of €152m (previous year: €155m). Hybrid capital forms part of the bank's liable equity capital. Interest payments are due in accordance with the issue conditions of the instrument. The claims of holders of hybrid instruments for repayment of their capital are subordinate to the claims of creditors of the liabilities reported under subordinated liabilities and profit-sharing certificates. In the financial year 2011, parts of the Trust Preferred Securities (TruPS) of the Commerzbank Capital Funding Trust I to III and the Eurohypo Capital Funding Trust I to II were repurchased. In January 2011, TruPS with a nominal value of €0.9bn were contributed as non-cash contributions against payment in shares (see page 207) and resulted in income of €0.3bn. In December 2011 we repurchased TruPS with a nominal volume of €1.3bn. This resulted in income of €0.7bn. The redemption increased our Core Tier I capital. Both measures reduced our hybrid capital by €2.2bn in the financial year 2011. Beyond this there were no significant changes.

(73) Equity structure

€m	31.12.2011	31.12.2010	Change in %
a) Subscribed capital	5,113	3,047	67.8
b) Capital reserve[1]	11,158	1,507	.
c) Retained earnings[1]	8,822	9,140	−3.5
d) Silent participations	2,687	17,178	−84.4
Other reserves	−3,676	−2,999	22.6
e) Revaluation reserve	−2,511	−1,731	45.1
f) Cash flow hedge reserve	−810	−1,005	−19.4
g) Currency translation reserve	−355	−263	35.0
Total before non-controlling interests	**24,104**	**27,873**	**−13.5**
Non-controlling interests	699	785	−11.0
Equity	**24,803**	**28,658**	**−13.5**

[1] Prior-year figures restated due to a change in the way in which treasury shares are reported (see Note 2).

a) Subscribed capital

The subscribed capital (share capital) of Commerzbank Aktiengesellschaft consists of no-par-value shares, each with a notional par value of €1.00. The shares are issued in bearer form. Purchases and disposals of treasury shares are added to or deducted from subscribed capital at a notional par value of €1.00.

	Units
Number of shares outstanding on 1.1.2011	**1,172,037,591**
plus treasury shares on 31.12. of the previous year	9,315,335
Issue of new shares	3,932,076,127
Number of shares issued on 31.12.2011	**5,113,429,053**
less treasury shares on balance sheet date	863,010
Number of shares outstanding on 31.12.2011	**5,112,566,043**

Before the treasury shares held by Commerzbank were deducted, the subscribed capital amounted to €5,113m. There are no preferential rights or restrictions on the payment of dividends at Commerzbank Aktiengesellschaft. All the shares in issue are fully paid up. The value of issued, outstanding and authorised shares was as follows:

	31.12.2011		31.12.2010	
	€m	1,000 units	€m	1,000 units
Shares issued	5,113.4	5,113,429	3,071.5	1,181,353
– Treasury shares	0.9	863	24.2	9,315
= Shares outstanding	5,112.6	5,112,566	3,047.3	1,172,038
Shares not yet issued from authorised capital	2,000.0	2,000,000	1,535.0	590,385
Total	**7,112.6**	**7,112,566**	**4,582.3**	**1,762,423**

The number of authorised shares was 7,113,429 thousand (previous year: 1,771,738 thousand shares)). The notional value of the authorised shares was €7,113.5m (previous year: €4,606.5m).

As at December 31, 2011, 30,306 thousand shares (previous year: 10,774 thousand shares) had been pledged with the Group as collateral. This represents 0.6% (previous year: 0.9%) of the shares outstanding on the balance sheet date.

Securities transactions in treasury shares pursuant to Art. 71 (1), no. 7 of the German Companies Act (Aktiengesetz) were as follows:

	Number of shares in units	Accounting par value[1] in €1,000	Percentage of share capital
Balance as at 31.12.2011	863,010	863	0.02
Largest number acquired during the financial year	33,123,677	33,124	0.65
Total shares pledged by customers as collateral on 31.12.2011	30,305,845	30,306	0.59
Shares acquired during the financial year	1,194,554,038	1,194,554	–
Shares disposed of during the financial year	1,203,006,363	1,203,006	–

[1] Notional par value per share €1.00.

The Bank has given an undertaking to the Financial Market Stabilisation Fund (SoFFin), represented by the Financial Market Stabilisation Authority (FMSA), that neither it nor any of its affiliated companies will buy back shares or other components of its liable equity capital (except as specified under Art. 71 (1) no. 2 and no. 4 (purchase on behalf of another party), no. 7 or no. 8 of the German Companies Act/Aktiengesetz).

In January 2012, Commerzbank Aktiengesellschaft agreed a package of measures to strengthen the capital base, in order to meet the stricter capital requirements calculated by the European Banking Authority (EBA) which enter into force on June 30, 2012. As part of these measures we plan to pay the individual variable compensation entitlements for the 2011 financial year in shares of Commerzbank Aktiengesellschaft. This affects a large proportion of our non-pay-scale employees, and, depending on the extent of the employee's participation, it could lead to an increase of around €250m in the capital base.

b) Capital reserve

The capital reserve shows, in addition to premiums from the issue of shares, fair values of share-based remuneration transactions in equity instruments that have not yet been exercised. If bonds and notes are issued for conversion and option rights entitling holders to purchase shares, the amounts realised are recognised in the capital reserve.

In addition, costs arising in connection with capital increases, which must be shown as a deduction from equity in accordance with IAS 32.35, are deducted from the capital reserve.

For the resale of treasury shares, the difference between the notional par value and the market value of the share is recognised in the capital reserve, if the latter exceeds the original acquisition costs of these shares.

c) Retained earnings

Retained earnings consist of the statutory reserve and other reserves. The statutory reserve contains reserves which are mandated by German law; in the parent company financial statements, the amounts assigned to this reserve may not be distributed. The total amount of retained earnings stated in the balance sheet resulted from other retained earnings of €8.822m (previous year: €9.140m). There were no statutory reserves at December 31, 2011 or December 31, 2010.

For purchases of treasury shares, the difference between the acquisition costs and the notional par value is recognised in the capital reserve. The resale of treasury shares is reported as a mirror-image of the purchase of treasury shares.

d) Silent participations

The contributions of SoFFin, represented by the FMSA, were reduced by €14.5bn from €16.4bn to €1.9bn over the course of the year through a number of capital measures (see page 207). The silent participations are based on the agreement dated December 19, 2008 and the supplementary agreement dated June 3, 2009 on the establishment of a silent partnership concluded between SoFFin, represented by the FMSA, and Commerzbank Aktiengesellschaft. Interest of 9% p.a. will be paid on the participations, which are eligible in full as Tier I capital. Repayment will be at par. The interest rate on the silent participations rises in years when a dividend is paid. The additional interest to be paid in such cases is based on the total cash dividend paid out. For approximately every €5.9m of cash dividend paid, the interest rate will rise by 0.01 percentage points.

SoFFin participates in any net loss in proportion to the ratio of the book value of the silent participation to the overall book value of all of the Company's liable capital participating in the net loss (Art. 10 (2a), (4) and (5) German Banking Act). After a reduction the silent participation will be written up again in the following financial years to its full original nominal value, provided that this does not thereby cause or increase a net loss.

Furthermore, Commerzbank Aktiengesellschaft and Allianz SE concluded an agreement on June 3, 2009 on the establishment of a silent partnership, on the basis of which Allianz, through a subsidiary, provided Commerzbank Aktiengesellschaft with a silent participation of €750m. The silent participation comes with a profit participation consisting of fixed interest of 9% p.a. on the nominal contribution amount plus additional dividend-linked remuneration of 0.01% p.a. for approximately each €5.9m of cash dividends paid.

Under IFRS the silent participations must be recognised separately within equity, and the interest paid on the silent participations set off directly against equity without affecting the income statement. Interest is only payable on the silent participations if the Company reports a net distributable profit in its separate accounts under the German Commercial Code (HGB). This condition was not met in 2011 and no expenses were therefore incurred (previous year: nil).

e) Revaluation reserve

Gains or losses from revaluing financial investments at fair value are recognised in the revaluation reserve net of deferred taxes. Gains or losses are recognised in the income statement only if the asset has been disposed of or impaired.

f) Cash flow hedge reserve

The net gain or loss on remeasuring the effective part of cash flow hedges is reported in this equity item after deduction of deferred taxes. We ended cash flow hedge accounting in the financial year 2009 with only a few exceptions and since then have been using micro hedge accounting and portfolio fair value hedge accounting to manage interest rate risks. From the date of this change, the cash flow hedge reserve reported in equity and the associated hedging transactions have been amortised in net interest income over the residual term of the hedging transactions. This has no impact on net income.

g) Currency translation reserve

The reserve from currency translation relates to translation gains and losses arising upon the consolidation of the capital accounts. This includes exchange rate differences arising from the consolidation of subsidiaries and companies accounted for using the equity method.

(74) Conditional capital

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

€m	Conditional capital 1.1.2011	Additions	Expirations/ Utilisations	Authorisation expired	Conditional capital[1] 31.12.2011	of which used conditional capital	of which available lines
Convertible bonds/bonds with warrants/profit-sharing certificates	1,448	2,892	1,441	1,346	1,553	–	1,553
Total	**1,448**	**2,892**	**1,441**	**1,346**	**1,553**	**–**	**1,553**

[1] €888m of the conditional capital is set aside for the issuance of shares upon exercise of the conversion rights granted to the Financial Market Stabilisation Fund (SoFFin), established under the German Financial Market Stabilisation Act and represented by the Financial Market Stabilisation Authority, as a silent partner in the Company. The conditional capital increase will only be carried out if SoFFin exercises these conversion rights.

As resolved at the Annual General Meeting on May 6, 2011, the Company's share capital shall be conditionally increased by up to €665,000,000.00, divided into 665,000,000 no-par-value bearer shares (Conditional Capital 2011/II). The conditional capital increase will only be carried out to the extent that the holders or creditors of convertible bonds or convertible profit-sharing certificates or warrants attached to bonds or profit-sharing certificates with warrants issued or guaranteed by Commerzbank Aktiengesellschaft or by companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) of the German Companies Act) exercise, in the period up to May 5, 2016, their conversion/option rights or fulfil their related conversion or option obligations on the basis of the authorisation resolved by the Annual General Meeting on May 6, 2011 (Authorisation 2011) and other forms of performance in satisfaction thereof are not chosen.

As resolved at the Annual General Meeting in May 2009, the Company's share capital shall be conditionally increased by up to €888,333,333.00, divided into up to 888,333,333 no-par-value bearer shares (Conditional Capital 2011/III). The conditional capital increase is for the issuance of shares upon exercise of the conversion rights granted to the Financial Market Stabilisation Fund (SoFFin), established under the German Financial Market Stabilisation Act and represented by the Financial Market Stabilisation Authority, as silent partner in the Company. The conditional capital increase will only be carried out to the extent that SoFFin exercises these conversion rights.

Art. 4 (4), (5) and (6) in last year's version of the Articles of Association was cancelled by resolution of the AGM on May 6, 2011 in order to create a uniform new authorisation.

(75) Authorised capital

Date of AGM resolution	Original amount €m	Used in previous years for capital increases €m	Used in 2011 for capital increases €m	Authorisation expired €m	Residual amount €m	Date of expiry
18.5.2010	1,535	–	307	1,228	–	18.5.2015
6.5.2011	2,000	–	–	–	2,000	5.5.2016
Total	**3,535**	**–**	**307**	**1,228**	**2,000**	

The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to increase the Company's share capital during the period up to May 5, 2016 through the issue of new no-par-value shares for cash or non-cash contributions, in either one or several tranches, by a maximum of €2,000,000,000.00 (Authorised Capital 2011). In principle, shareholders are to be offered subscription rights; the mandatory pre-emptive right may also be granted in such manner that the new shares are underwritten by a bank or a syndicate of banks under an obligation to offer them for subscription to shareholders of Commerzbank Aktiengesellschaft. However, the Board of Managing Directors is authorised to exclude pre-emptive rights, with the approval of the Supervisory Board, in the following cases:

- To exclude fractional amounts from subscription rights;
- To the extent necessary, to grant the holders of conversion or option rights, either already issued or still to be issued by Commerzbank Aktiengesellschaft or by companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) of the German Companies Act), subscription rights in the amount to which they would be entitled after exercising their conversion or option rights or fulfilling their corresponding conversion or option obligation;
- To issue employee shares up to the amount of €22,000,000.00 to employees of Commerzbank Aktiengesellschaft or of companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) of the German Companies Act;
- in order to increase the share capital for non-cash contributions;
- In the event of capital increases for cash, if the issue price of the new shares is not significantly lower than the stock exchange price for identical shares of the Company at the time the issue price is set. The shares issued under exclusion of pre-emptive rights under Articles 203 (1), 186 (3) sentence 4 German Companies Act on the basis of this authorisation may not exceed a total of 10% of the Company's share capital at the time the authorisation becomes effective or at the time the authorisation is exercised, whichever amount is lower. The upper limit of 10% of the share capital will be reduced by the proportion of share capital represented by any of the Company's own shares that are sold during the period of validity of Authorised Capital 2011, while excluding shareholders' pre-emptive rights in accordance with Art. 71 (1) no. 8 sentence 5, and Art. 186 (3) sentence 4 of the German Companies Act. The upper limit is further reduced by the pro-rata amount of share capital corresponding to those shares that must be issued to service options and convertible bonds with option or conversion rights or with option or conversion obligations, provided such bonds are issued during the period of validity of Authorised Capital 2011, while excluding pre-emptive rights subject to appropriate application of Art. 186 (3) sentence 4 of the German Companies Act.

The Board of Managing Directors is authorised to specify the other details of the capital increase and its execution. Art. 4 (3) in last year's version of the Articles of Association was cancelled by resolution of the AGM on May 6, 2011 in order to create a uniform new authorisation.

(76) The Bank's foreign currency position

On December 31, 2011 the Commerzbank Group had the following foreign currency assets and liabilities (excluding fair values of derivatives):

					31.12.2011	31.12.2010	Change
€m	USD	PLN	GBP	Others	Total	Total	%
Cash reserve	2,391	211	39	1,127	3,768	5,767	−34.7
Claims on banks	22,439	323	1,164	3,225	27,151	32,651	−16.8
Claims on customers	41,832	6,492	14,847	18,746	81,917	89,898	−8.9
Trading assets	14,538	362	1,391	5,858	22,149	10,121	.
Financial investments	18,669	4,499	2,220	3,290	28,678	31,179	−8.0
Other balance sheet items	362	528	553	246	1,689	2,295	−26.4
Foreign currency assets	**100,231**	**12,415**	**20,214**	**32,492**	**165,352**	**171,911**	**−3.8**
Liabilities to banks	25,583	412	3,779	4,117	33,891	53,054	−36.1
Liabilities to customers	20,937	9,789	2,414	4,615	37,755	48,279	−21.8
Securitised liabilities	9,666	377	437	8,869	19,349	30,510	−36.6
Trading liabilities	2,616	21	153	507	3,297	7,236	−54.4
Other balance sheet items	1,725	383	623	1,028	3,759	4,346	−13.5
Foreign currency liabilities	**60,527**	**10,982**	**7,406**	**19,136**	**98,051**	**143,425**	**−31.6**

The open balance sheet positions outside trading business are matched by corresponding foreign exchange forward contracts and currency swaps with matching maturities.

Notes on financial instruments

(77) Derivative transactions

The Commerzbank Group conducts transactions with derivative financial instruments, as explained below.

A derivative is a financial instrument whose value is determined by a so-called underlying asset. The underlying asset may, for example, be an interest rate, commodity price, share price, foreign exchange rate or bond price. The financial instrument does not require any initial net investment, or an initial net investment that is smaller than would be required for other types of instrument that would be expected to have a similar response to changes in market factors. It is settled at a future date.

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

The nominal amount shows the volume traded by the Bank. The positive and negative fair values listed in the table, however, are the expenses which would be incurred by the Bank or the counterparty to replace the contracts originally concluded with transactions of an equivalent financial value. From the Bank's point of view, a positive fair value thus indicates the maximum potential counterparty-specific default risk that existed from derivative transactions on the balance sheet date.

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

For both regulatory reports and the internal measurement and monitoring of our credit commitments, we use such risk-mitigating techniques only where we consider them enforceable in the jurisdiction in question, if the counterparty becomes insolvent. We obtain legal opinions from various international law firms in order to verify enforceability.

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

The table below shows the nominal amounts and the fair values of the derivative business broken down by interest rate-based contracts, currency-based contracts and contracts based on other price risks and the maturity structure of these transactions. The fair values are the sum totals of the positive and negative amounts per contract and are shown without deducting collateral and without taking account of any netting agreements, because these work on a cross-product basis. By definition, no positive fair values exist for options which have been written. The nominal amount represents the gross volume of all sales and purchases. The maturity dates listed for the transactions are based on the term to maturity of the contracts and not the maturity of the underlying. The table below also shows the fair value of derivatives based on the net method of presentation as set out in Note 1. The netting volume as at December 31, 2011 totalled €194,925m (previous year: €207,088m). On the assets side, €193,561m of this was attributable to positive fair values and €1,364m to received variation margins. Netting on the liabilities side involved negative fair values of €194,753m and liabilities from paid variation margins of €172m.

31.12.2011	Nominal amount Residual terms						Fair value	
€m	due on demand	up to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total	positive	negative
Foreign-currency-based forward transactions								
OTC products	5	367,938	192,056	169,590	104,667	834,256	17,891	20,805
Foreign exchange spot and forward contracts	–	304,435	102,508	26,620	683	434,246	7,621	8,250
Interest rate and currency swaps	–	21,507	49,745	125,972	96,200	293,424	7,881	10,306
Currency call options	–	19,580	17,747	7,881	3,814	49,022	2,065	–
Currency put options	–	22,002	20,255	8,263	3,370	53,890	–	2,078
Other foreign exchange contracts	5	414	1,801	854	600	3,674	324	171
Exchange-traded products	–	547	63	3	–	613	–	–
Currency futures	–	544	63	1	–	608	–	–
Currency options	–	3	–	2	–	5	–	–
Total	**5**	**368,485**	**192,119**	**169,593**	**104,667**	**834,869**	**17,891**	**20,805**
Interest-based forward transactions								
OTC products	7	656,015	2,013,079	2,805,060	2,406,901	7,881,062	296,597	302,788
Forward rate agreements	–	84,028	1,017,256	4,886	–	1,106,170	314	318
Interest rate swaps	–	565,961	946,942	2,671,066	2,225,766	6,409,735	283,700	289,933
Call options on interest rate futures	–	2,587	25,838	63,043	77,493	168,961	9,824	–
Put options on interest rate futures	–	2,818	19,028	58,601	95,768	176,215	–	10,442
Other interest rate contracts	7	621	4,015	7,464	7,874	19,981	2,759	2,095
Exchange-traded products	–	1,406	33,716	2,452	3,902	41,476	–	–
Interest rate futures	–	1,314	25,602	2,438	3,888	33,242	–	–
Interest rate options	–	92	8,114	14	14	8,234	–	–
Total	**7**	**657,421**	**2,046,795**	**2,807,512**	**2,410,803**	**7,922,538**	**296,597**	**302,788**
Other forward transactions								
OTC products	698	24,887	44,681	161,952	21,124	253,342	7,812	8,518
Structured equity/ index products	693	12,766	8,976	15,165	1,432	39,032	2,059	1,604
Equity call options	–	4,032	6,450	6,029	98	16,609	1,244	–
Equity put options	–	3,850	7,882	9,913	1,348	22,993	–	2,109
Credit derivatives	–	3,077	19,585	129,066	18,194	169,922	4,145	4,390
Precious metal contracts	3	788	1,001	413	–	2,205	92	121
Other transactions	2	374	787	1,366	52	2,581	272	294
Exchange-traded products	–	27,241	30,358	19,179	232	77,010	–	–
Equity futures	–	6,740	638	3	–	7,381	–	–
Equity options	–	14,754	20,539	14,740	232	50,265	–	–
Other futures	–	1,500	1,730	1,060	–	4,290	–	–
Other options	–	4,247	7,451	3,376	–	15,074	–	–
Total	**698**	**52,128**	**75,039**	**181,131**	**21,356**	**330,352**	**7,812**	**8,518**
Total pending forward transactions								
OTC products	710	1,048,840	2,249,816	3,136,602	2,532,692	8,968,660	322,300	332,111
Exchange-traded products	–	29,194	64,137	21,634	4,134	119,099	–	–
Total	**710**	**1,078,034**	**2,313,953**	**3,158,236**	**2,536,826**	**9,087,759**	**322,300**	**332,111**
Net position in the balance sheet							**128,739**	**137,358**

31.12.2010			Nominal amount Residual terms				Fair value	
€m	due on demand	up to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total	positive	negative
Foreign-currency-based forward transactions								
OTC products	4	556,439	269,677	229,003	128,309	1,183,432	18,960	19,716
Foreign exchange spot and forward contracts	–	459,796	124,259	35,974	1,011	621,040	7,760	7,471
Interest rate and currency swaps	–	20,690	56,431	153,471	114,166	344,758	8,391	9,481
Currency call options	–	34,420	41,393	18,545	6,735	101,093	2,560	–
Currency put options	–	40,779	46,507	19,363	5,328	111,977	–	2,586
Other foreign exchange contracts	4	754	1,087	1,650	1,069	4,564	249	178
Exchange-traded products	–	2,943	189	–	–	3,132	–	–
Currency futures	–	2,943	189	–	–	3,132	–	–
Currency options	–	–	–	–	–	–	–	–
Total	**4**	**559,382**	**269,866**	**229,003**	**128,309**	**1,186,564**	**18,960**	**19,716**
Interest-based forward transactions								
OTC products	23	935,289	1,659,611	3,783,989	3,560,026	9,938,938	308,399	316,541
Forward rate agreements	–	115,631	492,410	3,108	–	611,149	261	295
Interest rate swaps	–	809,751	1,119,744	3,657,641	3,383,598	8,970,734	298,659	306,996
Call options on interest rate futures	–	2,357	26,445	58,615	74,552	161,969	6,820	–
Put options on interest rate futures	–	3,335	18,794	56,266	93,894	172,289	–	7,052
Other interest rate contracts	23	4,215	2,218	8,359	7,982	22,797	2,659	2,198
Exchange-traded products	–	1,415	125,290	6,650	4,128	137,483	–	–
Interest rate futures	–	582	73,385	6,489	4,128	84,584	–	–
Interest rate options	–	833	51,905	161	–	52,899	–	–
Total	**23**	**936,704**	**1,784,901**	**3,790,639**	**3,564,154**	**10,076,421**	**308,399**	**316,541**
Other forward transactions								
OTC products	1,436	22,923	51,038	167,423	24,788	267,608	8,433	10,295
Structured equity/index products	1,433	9,930	12,237	14,146	1,837	39,583	1,977	2,645
Equity call options	–	2,064	9,756	8,823	349	20,992	2,148	–
Equity put options	–	2,820	12,754	11,947	993	28,514	–	3,158
Credit derivatives	–	3,534	13,800	129,526	21,503	168,363	3,612	3,830
Precious metal contracts	3	4,087	1,412	1,121	–	6,623	308	125
Other transactions	–	488	1,079	1,860	106	3,533	388	537
Exchange-traded products	–	27,731	50,086	38,616	1,467	117,900	–	–
Equity futures	–	7,043	451	15	12	7,521	–	–
Equity options	–	16,314	43,640	36,483	1,455	97,892	–	–
Other futures	–	2,350	1,970	840	–	5,160	–	–
Other options	–	2,024	4,025	1,278	–	7,327	–	–
Total	**1,436**	**50,654**	**101,124**	**206,039**	**26,255**	**385,508**	**8,433**	**10,295**
Total pending forward transactions								
OTC products	1,463	1,514,651	1,980,326	4,180,415	3,713,123	11,389,978	335,792	346,552
Exchange-traded products	–	32,089	175,565	45,266	5,595	258,515	–	–
Total	**1,463**	**1,546,740**	**2,155,891**	**4,225,681**	**3,718,718**	**11,648,493**	**335,792**	**346,552**
Net position in the balance sheet							**128,704**	**139,464**

Breakdown of derivatives business by borrower group:

The table below shows the positive and negative fair values of the Commerzbank Group's derivative business broken down by counterparty. The Commerzbank Group conducts derivative business primarily with counterparties with excellent credit ratings. A large portion of the fair values is concentrated in banks and financial institutions based in OECD countries.

	Fair value		Fair value	
	positive	negative	positive	negative
€m	31.12.2011		31.12.2010	
OECD central governments	2,957	2,723	1,442	1,515
OECD banks	117,508	132,843	113,015	125,386
OECD financial institutions	190,712	190,841	210,674	213,304
Other entities, private individuals	10,020	3,375	9,437	4,642
Non-OECD banks	1,103	2,329	1,224	1,705
Total	**322,300**	**332,111**	**335,792**	**346,552**

The outstanding volume of the Commerzbank Group's transactions as a protection buyer or seller amounted to €87,796m (previous year: €89,106m) and €82,126m (previous year: €79,257m) respectively as of the balance sheet date. We employ these products, which serve to transfer credit risk, in both trading for arbitrage purposes and in the investment area for diversifying our loan portfolios. The following table illustrates our risk structure in terms of the various risk assets that have been hedged.

	Nominal values		Nominal values	
	Buyer of protection	Seller of protection	Buyer of protection	Seller of protection
€m	31.12.2011		31.12.2010	
OECD central governments	7,731	6,277	8,126	7,122
OECD banks	8,094	8,108	6,851	7,224
OECD financial institutions	7,883	9,174	7,301	6,002
Other entities, private individuals	62,823	57,638	65,756	58,051
Non-OECD banks	1,265	929	1,072	858
Total	**87,796**	**82,126**	**89,106**	**79,257**

Details of derivatives in cash flow hedge accounting:

The nominal values of derivatives used for cash flow hedging until this was ended in 2009 (see Note 73) totalled €233bn as at December 31, 2011 (previous year: €335bn). The table below shows the periods in which these are likely to expire:

€m	31.12.2011	31.12.2010
Up to 3 months	17	17
More than 3 months up to 1 year	31	85
More than 1 year up to 5 years	160	176
More than 5 years	25	57

Underlying hedged transactions existed in each maturity band with at least the same nominal value.

(78) Assets pledged as collateral

Financial assets were pledged as collateral for the following financial liabilities:

€m	31.12.2011	31.12.2010	Change in %
Liabilities to banks	41,834	60,504	−30.9
Liabilities to customers	29,148	19,330	50.8
Securitised liabilities	–	–	.
Other liabilities	–	–	.
Total	**70,982**	**79,834**	**−11.1**

The following financial assets (own and third-party holdings) were pledged as collateral for the above-mentioned liabilities, which are shown after netting:

€m	31.12.2011	31.12.2010	Change in %
Claims on banks and customers	24,031	23,911	0.5
Trading assets and financial investments	60,371	66,602	−9.4
Other assets	–	–	.
Total	**84,402**	**90,513**	**−6.8**

The recipient of the collateral has the right under contract or in accordance with customary practice to sell or pledge the following financial assets of the Commerzbank Group to others:

€m	31.12.2011	31.12.2010	Change in %
Claims on banks and customers	77	94	−18.1
Trading assets and financial investments	19,087	41,771	−54.3
Other assets	–	–	.
Total	**19,164**	**41,865**	**−54.2**

Collateral was furnished to borrow funds as part of securities repurchase agreements (repos). In 2011, greater use was made of third-party securities for pledging as collateral. Collateral was also furnished for funds borrowed for specific purposes and securities-lending transactions. The transactions were carried out under the standard market terms for securities lending and repurchase transactions.

(79) Maturities of assets and liabilities

The table below lists all assets and liabilities (except for positive and negative fair values of derivative financial instruments) showing whether they are short-term or long-term. Please refer to Note 77 for the maturity breakdown of derivatives.

The residual term or the time of anticipated realisation or fulfilment is defined as short-term if the period between the reporting date and the instrument's maturity date is less than one year.

Financial instruments in trading assets and liabilities without contractual maturities, the cash reserve item, non-current assets and liabilities held for sale and current taxes on income are classified as short-term. By contrast, the items holdings in companies accounted for using the equity method, intangible assets, fixed assets, investment properties and deferred taxes are generally classified as long-term. When classifying other assets and liabilities we use an estimate for the relevant items. For information on how the maturities of the main types of provisions are classified, please refer to Note 67.

€m	Short-term	Long-term
Cash reserve	6,075	–
Claims on banks	77,365	10,425
Claims on customers	102,172	194,414
Trading assets	17,435	14,658
Financial investments	10,297	84,226
Holdings in companies accounted for using the equity method	–	694
Intangible assets	–	3,038
Fixed assets	–	1,399
Investment properties	–	808
Non-current assets and disposal groups held for sale	1,759	–
Current tax assets	716	–
Deferred tax assets	–	4,154
Other assets	2,298	1,091
Total	**218,116**	**314,908**
Liabilities to banks	62,390	36,091
Liabilities to customers	208,755	46,589
Securitised liabilities	28,160	77,513
Trading liabilities	10,379	1,537
Provisions	3,083	678
Current tax liabilities	680	–
Deferred tax liabilities	–	189
Liabilities from disposal groups held for sale	592	–
Other liabilities	2,978	4,528
Subordinated and hybrid capital	1,143	14,317
Total	**318,160**	**181,442**

In the maturity breakdown, we show the residual terms of financial instruments that are subject to contractual maturities. The residual term is defined as the period between the balance sheet date and the contractual maturity date of the financial instruments. In the case of financial instruments which are paid in partial amounts, the residual term of each partial amount has been used.

Residual terms as at 31.12.2011

€m	due on demand and unlimited term	up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years
Claims on banks	35,867	30,236	11,475	8,858	1,596
Claims on customers	24,716	49,752	34,677	98,002	97,352
Bonds, notes and other interest-rate-related securities and promissory note loans in trading assets	42	3,617	3,649	6,208	8,450
Bonds, notes and other interest-rate-related securities held in financial investments	4	4,407	5,886	33,092	49,137
Total	**60,629**	**88,012**	**55,687**	**146,160**	**156,535**
Liabilities to banks	33,841	23,526	5,023	22,456	13,635
Liabilities to customers	129,731	62,481	16,543	12,119	34,470
Securitised liabilities	–	17,727	10,433	58,921	18,592
Trading liabilities	1,180	1,132	1,940	1,489	48
Subordinated and hybrid capital[1]	–	–	1,175	3,919	10,805
Total	**164,752**	**104,866**	**35,114**	**98,904**	**77,550**

[1] Excluding deferred interest and discounts (€–1,296m) and remeasurement effects (€857m).

Residual terms as at 31.12.2010

€m	due on demand and unlimited term	up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years
Claims on banks	45,351	45,557	7,044	10,928	2,076
Claims on customers	21,098	59,879	40,818	110,558	104,519
Bonds, notes and other interest-rate-related securities and promissory note loans in trading assets	222	5,685	3,894	12,114	10,200
Bonds, notes and other interest-rate-related securities held in financial investments	16	5,366	10,324	37,682	60,105
Total	**66,687**	**116,487**	**62,080**	**171,282**	**176,900**
Liabilities to banks	50,179	56,284	4,634	13,315	13,214
Liabilities to customers	143,807	54,520	15,898	13,158	35,444
Securitised liabilities	62	23,679	18,011	66,248	23,356
Trading liabilities[1]	1,371	304	3,886	3,061	448
Subordinated and hybrid capital[2]	–	55	1,741	3,341	12,383
Total	**195,419**	**134,842**	**44,170**	**99,123**	**84,845**

[1] Adjusted.
[2] Excluding deferred interest and discounts (€–1,271m) and remeasurement effects (€842m).

(80) Fair value of financial instruments

Determination of fair value

This note provides more information on the fair values of financial instruments which are not recognised at fair value in the balance sheet, but for which a fair value must be disclosed in accordance with IFRS 7. For the financial instruments reported in the balance sheet at fair value the accounting methodology is set out in the accounting policies (Notes 2 to 30) and in the sections “Measurement of financial instruments” and “Fair value hierarchy” in Note 81.

The nominal value of financial instruments that fall due on a daily basis is taken as their fair value. These instruments include the cash reserve as well as overdrafts and demand deposits in the claims on banks and customers or liabilities to banks and customers items.

Market prices are not available for loans and deposits as there are no organised markets in which these financial instruments are traded. Fair value is determined for these instruments by using recognised mathematical valuation methods with current market parameters. A discounted cash flow model is used for loans with parameters based on a risk-free yield curve, credit spreads and a fixed premium to cover liquidity spreads, administrative expenses and the cost of capital. A risk-free yield curve is also used to determine the fair value of liabilities, with Commerzbank Aktiengesellschaft’s own credit spread and a premium for administrative costs being incorporated separately. The model also uses market risk premiums for mortgage Pfandbriefe, public-sector Pfandbriefe and loans taken out by the Bank.

The fair value of securitised liabilities, subordinated liabilities and hybrid capital is determined on the basis of available market prices. A number of different factors, including current market interest rates and the Group’s credit rating are taken into account in determining fair value. If market prices are not available, the fair values are determined on the basis of mathematical valuation models (e.g. discounted cash flow or option price models), which are in turn based on yield curves, volatilities, own credit spreads etc. Particularly in cases where the Bank has issued structured debt instruments, which are measured at fair value, the Bank’s own credit spread is used in determining fair value.

The table below compares the fair values of the balance sheet items with their carrying values:

	Fair value		Carrying amount		Difference	
Assets | €bn	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**
Cash reserve	6.1	8.1	6.1	8.1	–	–
Claims on banks	87.6	110.5	87.8	110.6	−0.2	−0.1
Reverse repos and cash collaterals	51.6	68.7	51.6	68.7		
Claims from money market transactions	2.8	6.8	2.8	6.8		
Promissory note loans	8.3	9.7	8.5	9.9	−0.2	−0.2
Other claims	25.1	25.6	25.1	25.5	0.0	0.1
Loan loss provisions	−0.2	−0.3	−0.2	−0.3		
Claims on customers	292.9	327.3	296.6	327.8	−3.7	−0.5
Reverse repos and cash collaterals	26.0	30.0	26.0	30.0		
Claims from money market transactions	8.0	9.0	8.0	9.0		
Promissory note loans	21.1	26.2	21.6	26.6	−0.5	−0.4
Mortgages and other claims secured by property charges	115.2	133.5	118.0	134.3	−2.8	−0.8
Other claims	130.5	137.7	130.9	137.0	−0.4	0.7
Loan loss provisions	−7.9	−9.1	−7.9	−9.1		
Value adjustment portfolio fair value hedges[1]	0.0	0.0	0.1	0.1	−0.1	−0.1
Positive fair values of derivative hedging instruments	5.1	5.0	5.1	5.0	–	–
Trading assets	155.7	167.8	155.7	167.8	–	–
Financial investments	89.4	113.1	94.5	115.7	−5.1	−2.6
Loans and receivables	55.5	67.8	60.6	70.4	−5.1	−2.6
Available-for-sale	30.1	41.4	30.1	41.4		
Unlisted equity holdings	0.5	0.4	0.5	0.4		
At fair value through profit or loss	3.3	3.5	3.3	3.5		
Other assets	15.8	19.2	15.8	19.2	–	–

[1] The fair value adjustments on portfolio fair value hedges are contained in the relevant balance sheet line items of the hedged items.

	Fair value		Carrying amount		Difference	
Liabilities | €bn	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**
Liabilities to banks	98.3	137.7	98.5	137.6	−0.2	0.1
Repos and cash collaterals	19.0	44.0	19.0	44.0		
Liabilities from money market transactions	25.3	35.2	25.3	35.2		
Other liabilities	54.0	58.5	54.2	58.4	−0.2	0.1
Liabilities to customers	255.1	262.6	255.3	262.8	−0.2	−0.2
Repos and cash collaterals	28.2	18.1	28.2	18.1		
Liabilities from money market transactions	44.2	46.3	44.2	46.3		
Other liabilities	182.7	198.2	182.9	198.4	−0.2	−0.2
Securitised liabilities	104.6	130.3	105.7	131.4	−1.1	−1.1
Measured at amortised cost	101.5	127.1	102.6	128.2	−1.1	−1.1
At fair value through profit or loss	3.1	3.2	3.1	3.2		
Value adjustment portfolio fair value hedges[1]	0.0	0.0	0.9	0.1	−0.9	−0.1
Negative fair values of derivative hedging instruments	11.4	9.4	11.4	9.4	–	–
Trading liabilities	137.8	152.4	137.8	152.4	–	–
Subordinated and hybrid capital	11.8	14.5	15.5	17.1	−3.7	−2.6
Other liabilities	11.8	14.9	11.8	14.9	–	–

[1] The fair value adjustments on portfolio fair value hedges are contained in the relevant balance sheet line items of the hedged items.

(81) Information on the fair value hierarchy of financial instruments

Measurement of financial instruments

Under IAS 39, all financial instruments are initially recognised at fair value; in the case of financial instruments that are not classified as at fair value through profit or loss, fair value plus certain transaction costs. Subsequently, those financial instruments that are classified as at fair value through profit or loss or available-for-sale financial assets are measured at fair value on an ongoing basis. For this purpose, at fair value through profit or loss includes derivatives, instruments held for trading and instruments designated at fair value.

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing, independent parties in an arm's length transaction. The most suitable measure of fair value is the quoted price for an identical instrument in an active market (fair value hierarchy Level I). In those cases where no quoted prices are available, valuation is based on quoted prices for similar instruments in active markets. To reflect the price at which an asset could be exchanged or a liability settled, asset positions are valued at the bid price and liability positions are valued at the ask price. Where quoted prices are not available for identical or similar financial instruments, fair value is derived using an appropriate valuation model where the data inputs are obtained, as far as possible, from observable market sources (fair value hierarchy Level II).

While most valuation techniques rely on data from observable market sources, certain financial instruments are valued using models that incorporate other inputs for which there is insufficient recent observable market data. These valuations inherently include a greater level of management judgement. These unobservable inputs may include data that is extrapolated, interpolated, or may be derived by approximation to correlated or historical data. However, such inputs maximise market or third-party inputs and rely as little as possible on entity-specific inputs (fair value hierarchy Level III).

The fair values which can be realised at a later date can deviate from the fair values as calculated under Level III.

Valuation models must be consistent with accepted economic methodologies for pricing financial instruments and must incorporate all factors that market participants would consider appropriate in setting a price. All fair values are subject to the Group's internal controls and procedures which set out the standards for independently verifying or validating fair values. These controls and procedures are managed by the Independent Price Verification Group within the Finance function. The models, inputs, and resulting fair values are reviewed regularly with Senior Management and the Risk function.

Fair value hierarchy

Under IFRS7, financial instruments carried at fair value are assigned to the three levels of the fair value hierarchy as follows:

Level I: Financial instruments where the fair value is based on quoted prices for identical financial instruments in an active market.

Level II: Financial instruments where no quoted prices are available for identical instruments in an active market and the fair value is established using valuation techniques.

Level III: Financial instruments where valuation techniques are used that incorporate inputs for which there is insufficient observable market data and where these inputs have a more than insignificant impact on the fair value.

The allocation of certain financial instruments to the relevant level is subject to the judgement of management, particularly if the valuation is based both on observable market data and unobservable market data. An instrument's classification may change over time, to take account of changes in market liquidity and in the interests of price transparency.

In the tables below the financial instruments reported in the balance sheet at fair value are broken down by balance sheet item and valuation method. They are broken down according to whether fair value is based on quoted market prices (Level I), observable market data (Level II) or unobservable market data (Level III).

Financial assets		Level I	Level II	Level III	Total	Level I[1]	Level II[1]	Level III	Total
€bn		31.12.2011				31.12.2010			
Claims on banks	At fair value through profit or loss	–	23.8	–	23.8	–	48.1	–	48.1
Claims on customers	At fair value through profit or loss	–	23.7	0.2	23.9	0.2	27.6	0.6	28.4
Positive fair values of derivative hedging instruments	Hedge accounting	–	5.1	–	5.1	–	5.0	–	5.0
Trading assets	Held for trading	29.7	121.8	4.2	155.7	40.0	123.8	4.0	167.8
of which positive fair values from derivatives		–	121.1	2.5	123.6	–	123.0	0.7	123.7
Financial investments	At fair value through profit or loss	3.1	–	0.2	3.3	3.5	–	–	3.5
	Available-for-sale financial assets	27.7	2.1	0.8	30.6	38.4	2.1	1.3	41.8
Total		**60.5**	**176.5**	**5.4**	**242.4**	**82.1**	**206.6**	**5.9**	**294.6**

[1] Prior-year figures restated (available-for-sale financial assets only).

Financial liabilities		Level I	Level II	Level III	Total	Level I[1]	Level II[1]	Level III	Total
€bn		31.12.2011				31.12.2010			
Liabilities to banks	At fair value through profit or loss	0.1	12.9	–	13.0	0.6	41.9	–	42.5
Liabilities to customers	At fair value through profit or loss	1.5	30.4	–	31.9	1.3	18.4	–	19.7
Securitised liabilities	At fair value through profit or loss	3.1	–	–	3.1	3.2	–	–	3.2
Negative fair values of derivative hedging instruments	Hedge accounting	–	11.4	–	11.4	–	9.4	–	9.4
Trading liabilities	Held for trading	11.6	124.8	1.4	137.8	21.0	130.1	1.3	152.4
of which negative fair values from derivatives		–	124.7	1.2	125.9	–	130.1	–	130.1
Subordinated capital	At fair value through profit or loss	–	–	–	–	–	–	–	–
Total		**16.3**	**179.5**	**1.4**	**197.2**	**26.1**	**199.8**	**1.3**	**227.2**

[1] Prior-year figures restated (trading liabilities only).

In 2011 we reclassified €0.6bn for positive market values and €0.2bn for negative market values of certain derivative products from Level II to Level III, as no observable market data was available for valuing these products. Beyond these, there were no other significant reclassifications between Level I, Level II and Level III. The changes in financial instruments in the Level III category in financial year 2010 were as follows:

Financial assets €m	Trading assets	Positive fair values of derivatives[1]	At fair value through profit or loss[2]	Available-for-sale financial assets	Total
Fair value as at 1.1.2010	**1,290**	**3,799**	**972**	**1,229**	**7,290**
Changes in the group of consolidated companies	–	–	–	–	–
Gains or losses recognised in the income statement during the period	537	–	−419	–	118
Gains or losses recognised in equity	–	–	–	453	453
Purchases	37	–	–	205	242
Sales	–	–	–	−67	−67
Issues	–	–	–	–	–
Redemptions	–	–	–	−170	−170
Reclassifications	1,447	−3,106	93	−356	−1,922
Fair value as at 31.12.2010	**3,311**	**693**	**646**	**1,294**	**5,944**
Changes in the group of consolidated companies	–	–	–	–	–
Gains or losses recognised in the income statement during the period	173	−7	–	–	166
Gains or losses recognised in equity			–	−11	−11
Purchases	80	154	–	456	690
Sales	−863	−113	–	−20	−996
Issues	–	–	–	–	–
Redemptions	−194	−59	–	−622	−875
Reclassifications	−819	1,868	−291	−270	488
Fair value as at 31.12.2011	**1,688**	**2,536**	**355**	**827**	**5,406**

[1] Including hedging instruments.
[2] Excluding trading assets and positive fair values attributable to derivatives.

Financial liabilities €m	Trading liabilities	Negative fair values of derivatives[1]	At fair value through profit or loss[2]	Total
Fair value as at 1.1.2010	**27**	**2,391**	**29**	**2,447**
Changes in the group of consolidated companies	–	–	–	–
Gains or losses recognised in the income statement during the period	4	–	–	4
Gains or losses recognised in equity	–	–	–	–
Purchases	–	–	–	–
Sales	–	–	–	–
Issues	–	–	–	–
Redemptions	–	–	–	–
Reclassifications	1,240	–2,371	–29	–1,160
Fair value as at 31.12.2010	**1,271**	**20**	**–**	**1,291**
Changes in the group of consolidated companies	–	–	–	–
Gains or losses recognised in the income statement during the period	–8	–24	–	–32
Gains or losses recognised in equity	–		–	–
Purchases	32	–	–	32
Sales	–	–63	–	–63
Issues	–	59	–	59
Redemptions	–	–216	–	–216
Reclassifications	–1,054	1,386	–	332
Fair value as at 31.12.2011	**241**	**1,162**	**–**	**1,403**

[1] Including hedging instruments.
[2] Excluding trading assets and negative fair values attributable to derivatives.

Sensitivity analysis

Where the value of financial instruments is based on unobservable input parameters, the precise level of these parameters at the balance sheet date may be derived from a range of reasonable possible alternatives at the judgement of the management. In preparing the financial statements, appropriate levels for these unobservable input parameters are chosen to be consistent with existing market evidence and in line with the Group's valuation control approach.

The purpose of this disclosure is to illustrate the potential impact of the relative uncertainty in the fair values of financial instruments with valuations based on unobservable input parameters, although it should be noted that these parameters lie at the extreme ends of the range of reasonable possible alternatives. In practice, it is unlikely that all unobservable parameters would simultaneously lie at the extremes of their range of reasonable possible alternatives and the estimates given are thus likely to be greater than the true level of uncertainty in the fair value of these instruments. The purpose of these figures is not to estimate or predict future changes in fair value. The unobservable parameters were shifted by either 1% to 10% or by a measure of standard deviation as deemed appropriate by our independent valuation experts in each individual case.

The following table presents the sensitivity analysis by type of instrument:

€m	Positive effects on income statement	Negative effects on income statement	changed parameters
	2011		
Derivatives	**121**	**–145**	
Equity-related transactions	**13**	**–37**	cash flow
Credit derivatives	40	–40	correlation, discount yield
Interest-rate-related transactions	68	–68	mean reversion, correlation
Other transactions	–	–	
Securities	**169**	**–162**	
Interest-rate-related transactions	169	–162	credit spread, discount yield
of which ABS	131	–126	yield, recovery rate, credit spread
Equity-related transactions	–	–	
Loans	**5**	**–5**	

Day-One-P&L

The Commerzbank Group has entred into transactions where the fair value was calculated using a valuation model, where not all material input parameters are observable in the market. The initial carrying value of such transactions is the transaction price. The difference between the transaction price and the fair value of the valuation model is called day-one profit or loss. The day-one profit or loss is not immediately recognized in profit or loss, but over the tenor of the respective transaction. As soon as there is aquoted market price on an active market for such transactions or all material input parameters become observable, the accrued day-one profit or loss is immediately recognized in the net trading income. A cumulated difference between transaction price and model valuation is calculated for all Level III inventory. Material impacts only result from financial instruments held for trading; the development is as follows:

Day-one-P&L	Trading assets	Trading liabilities	Total	Trading assets	Trading liabilities	Total
€m	2011			2010		
Balance as at 1.1.	1	1	2	11	5	16
Allocations not recognised in income statement	–	3	3	2	–	2
Reversals recognised in income statement	1	1	2	12	4	16
Balance as at 31.12.	**–**	**3**	**3**	**1**	**1**	**2**

(82) Information on financial assets and financial liabilities for which the fair value option is applied

In the Commerzbank Group, the fair value option is primarily used to avoid accounting mismatches arising from securities and loans hedged with interest rate or credit derivatives. This also applies to structured debt instruments we have issued which have been hedged with interest rate or foreign currency derivatives.

The fair value option is also used for financial instruments if their management and performance is evaluated on a fair value basis and for financial instruments with embedded derivatives.

All in all, the results of applying the fair value option amounted to €292m (previous year: €131m) (see Note 34).

Applying the fair value option in order to avoid accounting mismatches and for financial instruments with embedded derivatives produced the following values as broken down by balance sheet item:

€m	31.12.2011	31.12.2010	Change in %
Claims on banks	–	–	.
Claims on customers	619	805	−23.1
Financial investments	2,597	2,048	26.8
Total assets	**3,216**	**2,853**	**12.7**
Liabilities to banks	34	591	−94.2
Liabilities to customers	1,497	1,292	15.9
Securitised liabilities	3,080	3,206	−3.9
Subordinated and hybrid capital	24	24	.
Total liabilities	**4,635**	**5,113**	**−9.3**

Of the total claims of €619m measured at fair value, €266m (previous year: €159m) were hedged by credit derivatives. In the year under review, the change in the fair value of claims attributeable to changes in default risk was €24m (previous year: €−130m) and amounted cumulatively to €−148m (previous year: €−166m).

The change in the fair value of the related risk-limiting credit derivatives amounted to €30m in the financial year 2010 (previous year: €28m) and amounted cumulatively to €−2m (previous year: €−22m).

For liabilities to which the fair value option was applied, the change in fair value for credit-risk reasons was €−293m for the 2011 financial year (previous year: €−89m). The cumulative change was €−359m (previous year: €−138m). The repayment amount of the financial liabilities measured at fair value was €4,501m (previous year: €8,625m).

The credit risk-specific changes in the fair value of the claims and liabilities were primarily calculated as changes in fair values less value changes resulting from market conditions.

The fair value option was also used for financial instruments if their management and performance is measured on a fair value basis. This applied chiefly to repurchase agreements, money market transactions and cash collaterals paid and received. The following balance sheet items were affected:

€m	31.12.2011	31.12.2010	Change in %
Claims on banks	23,779	48,073	−50.5
Claims on customers	23,244	27,611	−15.8
Financial investments	721	1,461	−50.7
Total assets	**47,744**	**77,145**	**−38.1**
Liabilities to banks	12,996	41,882	−69.0
Liabilities to customers	30,356	18,358	65.4
Securitised liabilities	–	–	.
Subordinated and hybrid capital	–	–	.
Total liabilities	**43,352**	**60,240**	**−28.0**

There were no significant changes in the fair values of assets and liabilities arising from default risk, since these consisted of short-term money market transactions and collaterals in securities lending business. Furthermore, for €40,535m of financial assets at fair value through profit or loss (reverse repos after netting; previous year: €64,554m) we received €48,642m (previous year: €78,988m) of securities as collateral to reduce counterparty risk.

The repayment amount of financial liabilities at fair value through profit or loss was €43,284m (previous year: €60,260m).

Risk Management

(83) Risk management

Risk management is an essential component of all Commerzbank business processes and is designed to support the management of the bank. Risks are identified, measured and then managed and monitored in line with the Bank's risk appetite.

Commerzbank defines risk as the danger of possible losses or profits foregone due to internal or external factors. In risk management we normally distinguish between quantifiable risks – those to which a value can normally be attached in financial statements or in regulatory capital requirements – and non-quantifiable types of risk such as reputational and compliance risk.

The Bank's Chief Risk Officer (CRO) is responsible for implementing the Group's risk policy guidelines for quantifiable risks laid down by the Board of Managing Directors. The CRO regularly reports to the Board of Managing Directors and the Risk Committee of the Supervisory Board on the overall risk situation within the Group.

Risk management activities are split between Credit Risk Management, Market Risk Management, Intensive Care and Risk Controlling, and Capital Management, all of which span across the group and report directly to the CRO. The heads of these four risk management divisions together with the CRO make up the Risk Management Board within Group Management.

The Chairman of the Board of Managing Directors (CEO) bears responsibility for controlling risks related to the Bank's business strategy and reputational risks. The Chief Financial Officer (CFO) assumes responsibility for controlling compliance risk with particular regard to investor protection, insider guidelines and money laundering. The nature and scale of the risks arising from financial instruments are set out in the risk report.

(84) Default risk

The Commerzbank rating and scoring methods, in use for all key credit portfolios, form the basis for measuring default risks. Both the calibration of the probabilities of default assigned to individual counterparties or loans and the evaluation of collateral are based on an analysis of historical data from the Commerzbank portfolio. The basis for the annual recalibration of the methods is the experience of the current year.

Rating breakdown

The Commerzbank rating method comprises 25 rating levels for loans not in default (1.0 to 5.8) and 5 default classes (6.1 to 6.5). The Commerzbank master scale allocates a non-overlapping range of probabilities of default that are stable over time to each rating class. The rating methods are subject to annual validation and recalibration so that they reflect the latest projection based on all actual observed defaults.

Commerzbank master scale

Commerzbank AG rating	PD and EL mid-point as percentage	PD and EL range as percentage	S&P		
1.0	0	0	AAA	AAA	
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	Investment grade
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	
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			Non-investment grade
4.6	6.74	6.04–7.52			
4.8	8.39	7.52–9.35	B–		
5.0	10.43	9.35–11.64			
5.2	12.98	11.64–14.48	CCC+	CCC	
5.4	16.15	14.48–18.01			
5.6	20.09	18.01–22.41	CCC to CC–		
5.8	47.34	22.41–99.99			
6.1		>90 days past due	C, D-I, D-II		Default
6.2		Imminent insolvency			
6.3	100	Restructuring with recapitalisation			
6.4		Termination without insolvency			
6.5		Insolvency			

Consistent with the master scale method, the default ranges assigned to the ratings within the Commerzbank master scale remain unchanged for the purpose of comparability (stable over time and for the portfolio). External ratings are shown as well for guidance. A direct reconciliation is not possible, however, because for external ratings the observed default rates of different portfolios fluctuate from year to year.

The credit approval authorities of both individual staff and the committees (Board of Managing Directors, credit committee, credit sub-committees) are graduated by size of exposure and rating group. The most important control variable for default risk is expected losses (EL) as derived from the ratings. The credit risk strategy sets target values for individual sub-portfolios. This ensures that the expected risk provision is kept in line with the strategic objectives of the Bank, such as the target rating from rating agencies or the target portfolio quality and structure.

(85) Market risk

Market risk is the risk of financial losses due to changes in market prices (interest rates, commodities, credit spreads, exchange rates and equity prices) or in parameters that affect prices such as volatilities and correlations. The losses may impact profit or loss directly, e.g. in the case of trading book positions, or they may be reflected in the revaluation reserve or in hidden liabilities/reserves in the case of banking book positions. We also monitor market liquidity risk, which covers cases where it is not possible for the Bank to liquidate or hedge risky positions in a timely manner and to the desired extent on acceptable terms as a result of insufficient liquidity in the market.

Market risk is managed by means of a sophisticated system of limits, combined with reliable and optimized methods for measuring and monitoring. Commerzbank uses economic capital (risk-taking capability) and business expectations to establish its market risk limits, which ensures a risk/reward-based management of market risk. The extent to which the limits are used, together with the relevant P&L figures, is reported daily to the Board of Managing Directors and the various heads of divisions.

For the daily quantification and monitoring of market risk, especially that arising in proprietary trading, statistical methods are used to calculate the value at risk (VaR). The underlying statistical parameters for the regulatory capital adequacy requirements are based on an observation period of the past 254 trading days, a 10-day holding period and a confidence level of 99%. For internal market risk management the same observation period is used, with a 1-day holding period and a confidence level of 97.5%. The value at risk models are being constantly adapted to the changing environment.

As a result of the takeover of Dresdner Bank and with the agreement of the German Federal Financial Supervisory Authority (BaFin) Commerzbank temporarily used two parallel market risk models which had both been approved by the supervisory authorities to determine its regulatory capital adequacy requirements in the first three quarters of 2011. For the positions of the old Commerzbank general market risk was calculated on the basis of an historical simulation, while specific interest rate risk (specific market risk) was calculated by means of a variance/covariance approach. For the positions of the former Dresdner Bank we used a VaR model based on historical data with a stochastic Gaussian normal distribution assumption. At the end of December 2011 the Federal Financial Supervisory Authority (BaFin) gave Commerzbank the authorisation to use the newly developed internal VaR model on the basis of an historical simulation to calculate both general market risk and specific interest rate risk. Commerzbank has been using this model since the fourth quarter of 2011 to calculate market risk and the capital adequacy requirements. The model includes methods and processes to calculate additional market risk indicators (Stressed VaR, Equity Event VaR and Incremental Risk Charge) to meet the Basel 2.5 regulatory requirements as of December 31, 2011.

Commerzbank is now using the same market risk model based on an historical simulation for internal risk management and for calculating regulatory capital. This ensures that risk measurement is consistent across the whole Group and will meet the future requirements of Basel III.

The reliability of the internal model in use at any time is regularly checked using backtesting methods. Apart from meeting supervisory requirements, the aim is to assess and steadily improve forecasting quality. The number of significant deviations is also used by the supervisory authorities as the basis for the evaluation of the internal risk models.

The table below shows the group-wide regulatory market risk of the trading portfolio including the foreign exchange risks of the banking book, as used for calculating capital requirements. The value at risk shows the potential losses which will not be exceeded with a 99% degree of probability for a holding period of 10 days:

Group

€m	31.12.2011	31.12.2010
Minimum	119.3	165.2
Median	210.1	236.1
Maximum	323.2	320.8
Year-end figure	**186.9**	**250.4**

Because the value at risk concept forecasts potential losses under normal market conditions, Commerzbank also calculates stress tests to cover possible extreme scenarios. Stress tests are intended to simulate the impact of crises and extreme market conditions.

Stress tests performed across portfolios simulate the impact of historical and conceivable future crisis scenarios on the Group as a whole. The overall picture is rounded off by monthly specific scenario analyses for each asset class (e.g. hypothetical interest rate, equity, foreign exchange and credit spread scenarios).

Stress tests by division, adjusted to the risk factors of the individual portfolios, are also used.

(86) Interest rate risk

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

The interest rate risks at Group level are currently measured using a net present value approach.

The impact of an interest rate shock on the economic value of the Group's banking books is simulated monthly in compliance with regulatory requirements. In accordance with the Banking Directive, the Federal Financial Supervisory Authority (BaFin) has prescribed a uniform unexpected change in interest rates to be used by all banks, which have to report on the results of this stress test every quarter.

BaFin amended the change in interest rates to be used to +200 basis points and −200 basis points at the end of 2011. The +200 basis point scenario produced a potential loss of €2,052m and the −200 basis point scenario a potential profit of €1,829m. These figures include the exposures of Commerzbank Aktiengesellschaft together with the subsidiaries Eurohypo Aktiengesellschaft and comdirect bank Aktiengesellschaft. The Bank was well below the defined threshold for a potential decline in equity (20% for "outlier" banks).

(87) Operational risk

Operational risk (OpRisk) at Commerzbank is based on the German Solvency Regulation (SolvV) and is defined as the risk of loss resulting from the inadequacy or failure of internal processes and systems, people or from external events. This definition includes legal risks; it does not cover reputational risks or strategic risks.

The Operational Risk Committee is kept regularly informed about the risk situation. It deals in particular with the management of operational risks within the Group. The aim is to optimise the expected loss from OpRisk from a cost-benefit perspective and to minimise the potential for unexpected loss. In so doing, the Operational Risk Committee takes an end-to-end view of the processes within the Bank with the aim of recognising risks in a timely manner. The Operational Risk Committee also deals with all issues relating to the implementation of AMA (the Advanced Management Approach) in the Group and arising from the Minimum Requirements for Risk Management (MaRisk) regulations with regard to operational risk. It is in particular responsible for the implementation of the guidelines under section 280 SolvV, which is the operational responsibility of Group Risk Control & Capital Management (GRM-CC).

The Group's operational risk profile, expressed in terms of the events incurred (losses and provisions) per event category under section 287 SolvV, shows that around 92% of the losses fall into the event category of product-related losses. GRM-CC conducts regular benchmarking of the values to data from the operational risk data exchange ORX and to public data; these confirm the high proportion of product-related losses on the market.

OpRisk events	31.12.2011		31.12.2010	
	€m	%	€m	%
Internal fraud	2.9	1.2	9.9	3.6
External fraud	8.9	3.6	8.6	3.1
Material damage and system failures	0.6	0.2	1.6	0.6
Product-related losses	230.7	92.2	195.8	71.4
Procedural errors	6.5	2.6	56.2	20.5
Errors relating to employment conditions	0.7	0.3	2.3	0.8
Group	**250.3**	**100.0**	**274.4**	**100.0**

(88) Concentration of credit risk

Concentrations of credit risk may arise through business relations with individual borrowers or groups of borrowers which share a number of features and which are individually able to service debt and are influenced to the same extent by changes in certain overall economic conditions. Besides obtaining collateral and applying a uniform lending policy, the Bank has entered into a number of master netting agreements to minimise credit risks. These give the Bank the right to net claims on and liabilities to a customer in the event of the default or insolvency of that customer. The carrying values of credit risks relating to claims on customers were as follows at December 31, 2011:

	Claims	
€m	31.12.2011	31.12.2010
Customers in Germany	**192,645**	**207,690**
Corporate customers	98,876	97,316
Manufacturing	20,833	22,291
Construction	2,264	2,489
Trading	8,706	8,845
Services and others	67,073	63,691
Public sector	25,707	35,574
Private Customers	68,062	74,800
Customers outside Germany	**111,854**	**129,182**
Corporate and retail customers	103,059	120,285
Public sector	8,795	8,897
Sub-total	**304,499**	**336,872**
less valuation allowances	−7,913	−9,117
Total	**296,586**	**327,755**

The carrying values of credit risks relating to contingent liabilities and irrevocable lending commitments were as at December 31, 2011:

	Contingent liabilities, irrevocable lending commitments	
€m	31.12.2011	31.12.2010
Customers and banks in Germany	**43,288**	**46,424**
Banks	749	1,374
Corporate customers	39,769	42,811
Manufacturing	10,939	15,082
Construction	1,091	1,769
Trading	4,217	3,239
Services and others	23,522	22,721
Public sector	67	379
Private Customers	2,703	1,860
Customers and banks outside Germany	**48,291**	**52,794**
Banks	9,906	9,102
Corporate and retail customers	37,691	43,051
Public sector	694	641
Sub-total	**91,579**	**99,218**
less provisions	−451	−556
Total	**91,128**	**98,662**

The book values of credit risk concentrations in loans and receivables, contingent liabilities and irrevocable lending commitments listed above do not form the basis for the internal management of credit risk, as credit risk management also takes account of collateral, probabilities of default and other economic factors. To this extent these amounts are therefore not representative of the Bank's assessment of its actual credit risk.

(89) Maximum credit risk

The maximum credit risk exposure in accordance with IFRS 7 – excluding collateral or other credit enhancements – is equal to the carrying amount of the relevant assets in each class, or the nominal value in the case of irrevocable lending commitments and contingent liabilities. The table below shows the carrying amounts or nominal values of financial instruments with a potential default risk:

Maximum credit risk | €m	31.12.2011	31.12.2010	Change in %
Bonds, notes and other interest-rate-related securities under	114,492	145,608	−21.4
Trading assets	21,966	32,115	−31.6
Financial investments	92,526	113,493	−18.5
Claims on banks	88,032	110,956	−20.7
Claims on customers	304,499	336,872	−9.6
Positive fair values of derivative financial instruments	128,739	128,704	0.0
Trading assets	123,607	123,743	−0.1
Hedging instruments under IAS 39	5,132	4,961	3.4
Other trading assets	424	263	61.2
Irrevocable lending commitments	53,911	60,566	−11.0
Contingent liabilities	37,217	38,096	−2.3

The maximum credit risk exposures listed above do not form the basis for the management of credit risk internally, as credit risk management also takes account of collateral, probabilities of default and other economic factors. To this extent these amounts are therefore not representative of the Bank's assessment of its actual credit risk.

The collateral for the exposures in the white and grey book, which is taken into account in risk management, is mostly held by Commerzbank Aktiengesellschaft, Eurohypo Aktiengesellschaft and BRE Bank and totals around €116bn. In the Private Customers segment, the collateral predominantly consists of mortgages on owner-occupied and buy-to-let residential property. In the Mittelstandsbank, collateral is spread over various types of security. They mainly relate to mortgages on commercial properties and various forms of guarantees. The portfolio in the Central & Eastern Europe segment is mainly backed by mortgages, in both retail and commercial businesses. The collateral in the Corporates & Markets portfolio principally comprises assignments and pledging of assets. In Asset Based Finance, collateral mainly relates to commercial land charges and also to charges on owner-occupied and buy-to-let properties.

The exposures of Deutsche Schiffsbank Aktiengesellschaft are mostly backed by ship mortgages.

(90) Liquidity ratio of Commerzbank Aktiengesellschaft

The liquidity of a bank is considered adequate if the liquidity ratio is not lower than 1. The liquidity ratio is the ratio between the funds available from the reporting date up to the end of the following month (first maturity bracket) and the outflows expected during this period. The standardised approach under the German Liquidity Regulation was used by Commerzbank Aktiengesellschaft in 2011.

As at December 31, 2011 the liquidity ratio calculated by Commerzbank Aktiengesellschaft was 1.17 (previous year: 1.08). Excess liquidity from the first maturity bracket was €29.0bn (previous year: €20.4bn). The following are the liquidity ratios for Commerzbank Aktiengesellschaft in 2011:

	Month-end level		Month-end level
January	1.09	July	1.05
February	1.08	August	1.07
March	1.15	September	1.10
April	1.10	October	1.12
May	1.10	November	1.10
June	1.07	December	1.17

Other notes

(91) Subordinated assets

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

€m	31.12.2011	31.12.2010	Change in %
Claims on banks	56	66	–15.2
Claims on customers	564	529	6.6
Trading assets	147	222	–33.8
Financial investments	519	41	.
Total	**1,286**	**858**	**49.9**
of which on or in banks in which an equity holdings exists	–	1	–100.0

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

(92) Contingent liabilities and irrevocable lending commitments

The Commerzbank Group extends credit facilities to its customers, granting them rapid access to funds to meet their short-term and long-term financing needs. The credit facilities can be provided in different forms, as shown in the following examples:

- Guarantees, where the Group guarantees the repayment of a loan borrowed by a customer from another party;
- Standby letters of credit, which enhance a customer's credit standing and enable the customer to obtain trade finance at a lower cost;
- Documentary credits for trade finance payments, which are made on behalf of a customer and where the Group is reimbursed at a later date;
- Standby facilities for short-term debt instruments and debt paper issued on a revolving basis, which enable customers to issue money market paper or medium-term debt instruments when needed without having to go through the normal issue procedure every time.

Customers' total exposure under loans and guarantees may be secured by collateral. In addition third parties may have sub-participations in irrevocable lending commitments and guarantees.

The figures listed in the table below would only have to be written off, if all customers utilised their facilities completely and then defaulted (and there was no collateral). However, in practice the majority of these facilities expire without ever being utilised. As a result these amounts are unrepresentative in terms of assessing risk, the actual future loan exposure or resulting liquidity requirements. The risk report contains further information on credit risk arising from financial guarantee contracts and irrevocable lending commitments as well as on the monitoring and management of liquidity risks.

€m	31.12.2011	31.12.2010	Change in %
Contingent liabilities	**37,217**	**38,096**	**−2.3**
from rediscounted bills of exchange credited to borrowers	1	3	−66.7
from guarantees and indemnity agreements	37,160	38,087	−2.4
Credit guarantees	3,085	3,632	−15.1
Other guarantees	26,368	27,256	−3.3
Letters of credit	7,274	6,939	4.8
Guarantees for ABS securitisations	–	–	.
Other warranties	433	260	66.5
Other commitments	56	6	.
Irrevocable lending commitments	**53,911**	**60,566**	**−11.0**
Book credits to banks	1,332	1,442	−7.6
Book credits to customers	51,121	56,058	−8.8
Acceptance credits	1,429	3,016	−52.6
Letters of credit	29	50	−42.0
Total	**91,128**	**98,662**	**−7.6**

The maturities of contingent liabilities and irrevocable lending commitments were as follows:

€m	31.12.2011	31.12.2010	Change in %
Due on demand	2,284	2,307	−1.0
Up to 3 months	30,925	29,641	4.3
More than 3 months up to 1 year	20,254	20,729	−2.3
More than 1 year up to 5 years	34,617	41,322	−16.2
More than 5 years	3,048	4,663	−34.6
Total	**91,128**	**98,662**	**−7.6**

Loan loss provisions for off balance-sheet commitments have been deducted from the respective items in these tables.

(93) Repurchase agreements (repo and reverse repo transactions), securities lending and cash collaterals

Under its repurchase agreements, the Commerzbank Group sells or purchases securities with the obligation to repurchase or return them. The money received from repurchase agreements where we are the borrower (i.e. where we are under an obligation to take the securities back) is shown in the balance sheet as a liability to banks or customers. The securities delivered to the lender continue to be reported in the balance sheet in accordance with their relevant category. As lender the Commerzbank Group recognises a claim on the borrower equal to the cash collateral it has paid out. We hold the securities, which are the collateral for the transaction, in custody.

Securities lending transactions are conducted with other banks and customers in order to cover our need to meet delivery commitments or to enable us to effect securities repurchase agreements in the money market. We show lent securities in our balance sheet under our trading assets or under financial investments, whereas borrowed securities do not appear in the balance sheet. We report cash collateral which we have furnished for securities lending transactions (cash collateral out) as a claim and collateral received as a liability (cash collateral in). Cash collateral outs are also deposited as security in connection with derivative transactions.

The repurchase agreements and securities lending transactions concluded up to the balance sheet date and the cash collaterals break down as follows:

€m	31.12.2011	31.12.2010	Change in %
Repurchase agreements as a borrower			
Carrying amount of securities transferred	37,697	57,166	–34.1
Cash collaterals received			
Liabilities to banks	9,164	28,481	–67.8
Liabilities to customers	20,529	13,923	47.4
Securities lent in securities lending transactions			
Carrying amount of securities transferred	12,699	14,005	–9.3
Cash collaterals received			
Liabilities to banks	9,821	15,535	–36.8
Liabilities to customers	7,680	4,183	83.6
Sum of the carrying amounts of securities transferred	**50,396**	**71,171**	**–29.2**
Sum of collaterals received	**47,194**	**62,122**	**–24.0**
Repurchase agreements as a lender			
Fair value of securities received	50,002	81,478	–38.6
Cash collaterals paid			
Claims on banks	24,082	40,528	–40.6
Claims on customers	17,922	25,148	–28.7
Securities borrowed in securities lending transactions			
Fair value of securities received	12,491	28,914	–56.8
Cash collaterals paid[1]			
Claims on banks	27,524	28,159	–2.3
Claims on customers	8,120	4,815	68.6
Sum of fair values from securities received	**62,493**	**110,392**	**–43.4**
Sum of collaterals given	**77,648**	**98,650**	**–21.3**

[1] Including cash collateral paid out in connection with derivatives.

The carrying value of securities lent was €12,699m (previous year: €14,005m), against which there were related liabilities of €17,501m (previous year: €19,718m) as well as securities of €583m (previous year: €1,721m) as collateral. The claims and liabilities from repurchase agreements are shown after netting.

(94) Collateral received

The fair value of collaterals received, which the Bank has a right to sell on or pledge even where the provider does not default, were as follows:

€m	31.12.2011	31.12.2010	Change in %
Total amount of collaterals received	93,218	135,068	−31.0
of which			
Sold on or repledged	30,726	24,676	24.5
of which			
Subject to an obligation to return	–	–	.

The transactions were carried out on standard market terms for securities lending and repurchase transactions and loan transactions.

(95) Fiduciary transactions

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

€m	31.12.2011	31.12.2010	Change in %
Claims on banks	53	303	−82.5
Claims on customers	728	838	−13.1
Other assets	492	495	−0.6
Fiduciary assets	**1,273**	**1,636**	**−22.2**
Liabilities to banks	66	67	−1.5
Liabilities to customers	1,207	1,569	−23.1
Fiduciary liabilities	**1,273**	**1,636**	**−22.2**

(96) Capital requirements and capital ratios

The amended German Banking Act and the Solvency Regulation, which implemented the Basel II Capital Accord in Germany, impose obligations on the German banks to maintain minimum capital ratios. Banks are required to maintain a minimum ratio of capital to risk-weighted assets of 8% (total capital ratio). A minimum requirement of 4% applies for the ratio of Tier I capital to risk-weighted assets (Tier I capital ratio).

A bank's total capital is made up of Tier I, Tier II and Tier III capital. Core Tier I capital consists largely of subscribed capital plus reserves, non-controlling interests and the silent participations of SoFFin, less certain items such as goodwill, equity holdings and intangible assets. Adding hybrid capital gives us Tier 1 capital. Tier II capital comprises profit-sharing certificates and subordinated long-term liabilities. The changes to the German Banking Act (KWG) and the Solvency Regulation made by the Capital Requirements Directive III have further tightened up the regulatory treatment of capital deduction items and the charges for risk-weighted assets.

At the same time the European Banking Authority announced a EU-wide capital exercise which introduced a new capital requirement for Europe's major banks. This requires banks to meet a core Tier I ratio of 9% by June 30, 2012 after marking their sovereign bond exposures to market.

Commerzbank seeks to achieve the following objectives in managing its capital:

- Adherence to the statutory minimum capital requirements at Group level and in all companies included in the regulatory Group,
- Ensuring that the planned capital ratios are met, including the new EBA requirements,
- Provision of sufficient reserves to guarantee the Bank's freedom of action at all times,
- Strategic allocation of Tier I capital to business segments and divisions in order to exploit growth opportunities.

During the financial crisis the importance of adequate Tier I capital levels for banks has become an issue of increasing public concern. At Commerzbank Tier I capital has always been a key management target. The Bank's specifications for the capital ratios far exceed the minimum statutory requirements. The Bank's risk-taking capability and market expectations play an important role in determining the internal capital ratio targets. As a result Commerzbank has set a target corridor for regulatory capital; this is currently approximately 9% to 10% for Tier I capital and 10.5% to 12.5% for total capital. Beyond this, however, Commerzbank plans to meet the increased requirements for core Tier I capital announced by the EBA and BaFin by June 30, 2012.

Tier I capital is allocated via a regular process which takes account of the Bank's strategic direction, profitable new business opportunities in the core business of each banking department as well as risk appetite issues.

All measures relating to the Bank's capital – whether the issue of equity or any potential repurchase of shares – are proposed by the Bank's central asset-liability committee and approved by the Board of Managing Directors, subject to the authorisation granted by the AGM.

In the past year Commerzbank met the minimum statutory capital requirements as well as the much stricter requirements of SoFFin at all times. The structure of the Commerzbank Group's capital was as follows:

€m	31.12.2011	31.12.2010	Change in %
Tier I capital			
Subscribed capital	5,113	3,047	67.8
Reserves, non-controlling interests, treasury shares	17,430	8,276	.
Silent participations	1,937	16,428	–88.2
Hybrid capital	2,746	4,999	–45.1
Other	–1,037	–1,023	1.4
Total	**26,189**	**31,727**	**–17.5**
Tier II capital			
Hybrid capital	–	–	.
Profit-sharing certificates	726	674	7.7
Reserves in securities (amount reported: 45%)	61	148	–58.8
Subordinated liabilities	10,533	9,328	12.9
Other	–949	–1,020	–7.0
Total	**10,371**	**9,130**	**13.6**
Tier III capital	**–**	**–**	**.**
Eligible equity	**36,560**	**40,857**	**–10.5**

The changes in Tier I capital largely reflect the capital increase carried out in 2011. A substantial portion of the SoFFin silent participation was repaid as a result of this capital increase. We also bought back hybrid capital and issued new subordinated debt.

The fall in credit risk-weighted assets was largely due to a reduction in non-strategic business. The changes deriving from CRD III effective December 31, 2011 led to a significant increase in the capital requirement for market risk in particular.

	Capital adequacy requirement		risk-weighted assets[1]		
€m	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	Change in %
Credit risk	15,182	18,595	189,769	232,438	−18.4
Market risk	1,640	1,059	20,500	13,238	54.9
Operational risk	2,106	1,746	26,325	21,825	20.6
Total	**18,928**	**21,400**	**236,594**	**267,500**	**−11.6**
Eligible equity	36,560	40,857			−10.5
Tier I capital ratio (%)	11.1	11.9			
Total capital ratio (%)	15.5	15.3			

[1] Risk-weighted assets are calculated by multiplying the capital requirements by 12.5.

The reconciliation of reported equity with eligible capital is as follows:

31.12.2011 €m	Tier I capital/ Equity	Tier II capital/ subordinated capital	**Total**
Reported in balance sheet	24,803	13,285	38,088
Revaluation reserve	2,511		2,511
Cash flow hedge reserve	810		810
Non-controlling interests not to be shown in Tier I capital (incl. revaluation reserve, cash flow hedge reserve), changes in the group of consolidated companies and goodwill	−1,686		−1,686
Other capital subject to a 15% limit	1,114		1,114
Other capital subject to a 35% limit	1,632		1,632
Reclassification from silent participations to other capital	−750		−750
Parts of subordinated capital not eligible due to limited residual term		−1,210	−1,210
Deferred revaluation reserves for securities		61	61
Other	−2,245	−1,765	−4,010
Eligible equity	**26,189**	**10,371**	**36,560**

(97) Securitisation of loans

The use of credit derivatives (such as credit default swaps, total return swaps and credit-linked notes) can reduce the risk weighting of a loan portfolio. The hedging effect of a credit derivative may relate both to individual loans or securities and to entire portfolios of loans or securities. As a rule, security is furnished by means of a synthetic securitisation by credit default swap (CDS) and/or by credit-linked notes (CLNs). This enables us to achieve three important goals:

- Risk diversification (reduction of credit risks in the portfolio, especially concentration risks),
- Easing the burden on equity capital (the transfer of credit risks to investors leads to a reduction in the regulatory capital requirements under the Solvency Regulation) and
- Funding (use of securitisation as an alternative funding instrument to unsecured bearer bonds).

As of the 2011 financial year-end, the Commerzbank Group (Commerzbank Aktiengesellschaft and one subsidiary) had launched six securitisation programmes as the buyer of protection.

The range of legal maturity dates stretches from 9 to 76 years. A total of €5.6bn loans to customers had been securitised by end-December 2011. This reduced the Bank's risk-weighted assets by €1.7bn.

Name of transaction	Buyer of protection	Year transacted	Contract period of transactions in years	Type of claim	Total lending €m	Reduction of risk-weighted assets €m
Cosmo Finance 2007–1	Commerzbank Aktiengesellschaft	2007	20	Mittelstand customers	1,951	490
Cosmo Finance 2008–1	Commerzbank Aktiengesellschaft	2008	14	Mittelstand customers	1,498	552
Cosmo II–1 Ltd.	Commerzbank Aktiengesellschaft	2011	9	Mittelstand customers	990	347
Provide GEMS 2002–1 PLC	Eurohypo Aktiengesellschaft	2002	45	Residential real estate portfolio	170	39
Semper Finance 2006–1	Eurohypo Aktiengesellschaft	2006	76	Project Castle – commercial real estate portfolio	645	154
Semper Finance 2007–1	Eurohypo Aktiengesellschaft	2007	36	Commercial real estate portfolio	385	89
					5,639	**1,671**

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

	2011			2010		
	Total	Male	Female	Total	Male	Female
Group	55,917	27,097	28,820	57,676	31,141	26,535
in Germany	42,377	20,977	21,400	43,378	21,776	21,602
outside Germany	13,540	6,120	7,420	14,298	9,365	4,933

The above figures include both full-time and part-time personnel. Not included in the figures is the average number of employees undergoing training within the Group. The average time worked by part-time staff was 62% (previous year: 59%) of the standard working time.

	2011			2010		
	Total	Male	Female	Total	Male	Female
Trainees	2,503	1,227	1,276	2,616	1,313	1,303

(99) Related party transactions

a) Business relationships

As part of its normal business Commerzbank Aktiengesellschaft and/or its consolidated companies do business with related entities and persons. These include parties that are controlled but not consolidated for reasons of materiality, companies accounted for using the equity method, equity holdings, external providers of occupational pensions for employees of Commerzbank Aktiengesellschaft, key management personnel and members of their families as well as companies controlled by these persons. Key management personnel refers exclusively to members of Commerzbank Aktiengesellschaft's Board of Managing Directors and Supervisory Board who were active during the financial year.

As the guarantor of the Financial Market Stabilisation Authority (FMSA), which administers the Financial Market Stabilisation Fund (SoFFin), the German federal government holds a stake of 25% plus 1 share in Commerzbank Aktiengesellschaft, which gives it the potential to exert significant influence over the Bank. As a result the German federal government and entities controlled by it constitute related parties as defined by IAS 24. In the tables below we present relationships with federal government-controlled entities and agencies separately from relationships with other related parties. Assets, liabilities and off-balance sheet items involving related parties (excluding federal agencies) changed as follows in the year under review:

Assets | €m	**31.12.2011**	**31.12.2010**	Change in %
Claims on banks	**343**	**617**	**–44.4**
Subsidiaries	–	–	.
Holdings in companies accounted for using the equity method and holdings in related companies	343	617	–44.4
Claims on customers	**1,876**	**1,359**	**38.0**
Subsidiaries	600	321	86.9
Holdings in companies accounted for using the equity method and holdings in related companies	1,270	1,032	23.1
Key management personnel	2	3	–33.3
Other related entities/persons	4	3	33.3
Trading assets	**1**	**1,285**	**–99.9**
Subsidiaries	–	1,285	–100.0
Holdings in companies accounted for using the equity method and holdings in related companies	1	–	.
Other related entities/persons	–	–	.
Financial investments	**105**	**82**	**28.0**
Subsidiaries	64	69	–7.2
Holdings in companies accounted for using the equity method and holdings in related companies	5	9	–44.4
Other related entities/persons	36	4	.
Other assets	**426**	**298**	**43.0**
Subsidiaries	–	–	.
Holdings in companies accounted for using the equity method and holdings in related companies	426	298	43.0
Total	**2,751**	**3,641**	**–24.4**

Liabilities and equity | €m	**31.12.2011**	**31.12.2010**	Change in %
Liabilities to banks	**2**	**5**	**–60.0**
Subsidiaries	–	–	.
Holdings in companies accounted for using the equity method and holdings in related companies	2	5	–60.0
Liabilities to customers	**1,236**	**983**	**25.7**
Subsidiaries	106	208	–49.0
Holdings in companies accounted for using the equity method and holdings in related companies	371	117	.
Key management personnel	8	10	–20.0
Other related entities/persons[1]	751	648	15.9
Trading liabilities	**8**	**2,021**	**–99.6**
Subsidiaries	–	2,021	–100.0
Holdings in companies accounted for using the equity method and holdings in related companies	8	–	.
Other related entities/persons	–	–	.
Subordinated capital	**622**	**624**	**–0.3**
Subsidiaries	–	–	.
Holdings in companies accounted for using the equity method and holdings in related companies	–	–	.
Other related entities/persons[1]	622	624	–0.3
Other liabilities	**23**	**16**	**43.8**
Subsidiaries	19	9	.
Holdings in companies accounted for using the equity method and holdings in related companies	4	7	–42.9
Total	**1,891**	**3,649**	**–48.2**

[1] Prior-year figures restated.

The total liabilities to other related companies include €1.2bn (previous year: €1.3bn) for external pension providers.

Off-balance sheet items | €m	**31.12.2011**	**31.12.2010**	Change in %
Guarantees and collaterals granted to	**146**	**590**	**–75.3**
Subsidiaries	41	36	13.9
companies accounted for using the equity method and holdings in related companies	105	554	–81.0
Key management personnel	–	–	.
Other related entities/persons	–	–	.
Guarantees and collaterals received from	**7**	**7**	**0.0**
Subsidiaries	7	7	0.0
companies accounted for using the equity method and holdings in related companies	–	–	.
Key management personnel	–	–	.
Other related entities/persons	–	–	.

The following income arose from loan agreements with, deposits from and services provided in connection with related parties (excluding federal agencies):

Income | €m	**1.1.–31.12.2011**	**1.1.–31.12.2010**	Change in %
Non-consolidated subsidiaries			
Interest income	44	60	−26.7
Commission income	8	2	.
Goods and services	–	–	.
Holdings in companies accounted for using the equity method and holdings in related companies			
Interest income	113	114	−0.9
Commission income	9	12	−25.0
Goods and services	–	–	.
Key management personnel			
Interest income	–	–	.
Commission income	–	–	.
Goods and services	–	–	.
Other related entities/persons			
Interest income	2	–	.
Commission income	–	–	.
Goods and services	–	–	.
Totals			
Interest income	159	174	−8.6
Commission income	17	14	21.4
Goods and services	–	–	.

The expenses from loan agreements with, deposits from and services provided in connection with related parties (excluding federal agencies) are shown in the table below.

The operating expenses under key management personnel relate to remuneration of board members reported as personnel expense and salaries of the employee representatives on the Supervisory Board employed by the Commerzbank Group. They also include remuneration paid to the members of the Supervisory Board. The taxes item relates to VAT reimbursed to members of the Board of Managing Directors and Supervisory Board.

Expenses | €m	**1.1.–31.12.2011**	**1.1.–31.12.2010**	Change in %
Non-consolidated subsidiaries			
Interest expense	1	–	.
Commission expense	30	33	−9.1
Goods and services	14	48	−70.8
Write-downs/impairments	–	–	.
Holdings in companies accounted for using the equity method and holdings in related companies			
Interest expense	8	–	.
Commission expense	16	–	.
Goods and services	12	9	33.3
Write-downs/impairments	–	–	.
Key management personnel			
Interest expense	–	–	.
Commission expense	–	–	.
Operating expenses	8	7	14.3
Goods and services	–	–	.
Write-downs/impairments	–	–	.
Taxes	–	–	.
Other related entities/persons			
Interest expense	54	56	−3.6
Commission expense	–	–	.
Goods and services	–	–	.
Write-downs/impairments	–	–	.
Totals			
Interest expense	63	56	12.5
Commission expense	46	33	39.4
Operating expenses	8	7	14.3
Goods and services	26	57	−54.4
Write-downs/impairments	–	–	.
Taxes	–	–	.

Claims on key management personnel were as follows:

€1,000	31.12.2011	31.12.2010	Change in %
Board of Managing Directors	1,773	2,647	−33.0
Supervisory Board	322	484	−33.5
Total	**2,095**	**3,131**	−33.1

Members of the Board of Managing Directors have been granted cash advances and loans with terms ranging from on demand to a due date of 2042 and at interest rates ranging between 3.2% and 8.3%, for amounts overdrawn in certain cases up to 10.9%. Collateral security is provided on normal market terms, if necessary through land charges or rights of lien.

Members of the Supervisory Board have been granted loans with terms ranging from on demand up to a due date of 2037 and at interest rates ranging between 2.6% and 6.3%, and on amounts overdrawn in certain cases up to 10.9%. Collateral security is provided on normal market terms, if necessary through land charges or rights of lien.

With the exception of rental guarantees the companies of the Commerzbank Group did not have any contingent liabilities relating to members of the Board of Managing Directors or the Supervisory Board in the year under review.

Banking transactions with related parties are carried out on normal market terms and conditions.

Transactions with federal agencies

The Commerzbank Group conducts transactions with federal government-controlled entities as part of its ordinary business activities on standard market terms and conditions. Details of the relationship with SoFFin are contained in Note 73. The table below sets out the assets and liabilities relating to transactions with federal agencies as at December 31, 2011:

€m	31.12.2011	31.12.2010	Change in %
Cash reserve	1,179	1,111	6.1
Claims on banks	286	726	−60.6
Claims on customers	3,349	2,991	12.0
Trading assets	3,576	5,040	−29.0
Financial investments	3,865	7,079	−45.4
Total	**12,255**	**16,947**	**−27.7**
Liabilities to banks	13,390	15,262	−12.3
Liabilities to customers	256	88	.
Trading liabilities	299	1,951	−84.7
Subordinated capital	1,937	16,428	−88.2
Total	**15,882**	**33,729**	**−52.9**
Guarantees and collaterals			
granted	24	298	−91.9
received	5,000	5,000	0.0

The financial instruments included under trading assets and financial investments are debt instruments.

Income and expenses for transactions with federal government-controlled entities were as follows:

€m	1.1.–31.12.2011	1.1.–31.12.2010	Change in %
Income			
Interest income	320	163	96.3
Commission income	–	–	.
Goods and services	8	8	0.0
Expenses			
Interest income	82	27	.
Commission income	48	48	0.0
Goods and services	–	–	.
Write-downs/impairments	–	–	.

b) Remuneration of key management personnel

A detailed description of the remuneration system for the members of the Board of Managing Directors and for members of the Supervisory Board is provided in the remuneration report (see Page 43 ff.). Excluding the past service cost included in the calculation of pension liabilities for the members of the Board of Managing Directors, the total remuneration of the members of the Board of Managing Directors and Supervisory Board was as follows:

€1,000	2011	2010
Board of Managing Directors	5,343	5,260[1]
Supervisory Board	1,619	1,563[2]
Total	**6,962**	**6,823**

[1] Including employer contributions to BVV retirement fund (prior-year figures restated).
[2] Excluding reimbursement of VAT (prior-year figures restated).

Remuneration of the Board of Managing Directors includes standard non-monetary benefits (chiefly use of company cars and insurance plus the tax due on these, and employer contributions to the BVV occupational retirement fund).

Board of Managing Directors. The table below shows the breakdown of the remuneration paid to the Board of Managing Directors:

€1,000		Basic salary	Variable remuneration[2]	Remuneration for serving on boards[3]	Reduction as per SoFFin cap[3]	Share-based remuneration plans	Total monetary remuneration	Other[4]	Total
Martin Blessing	2011	500	–			–	500	69	569
	2010	500	–	–	–	–	500	115	615
Frank Annuscheit	2011	500	–			–	500	50	550
	2010	500	–	23	–23	–	500	102	602
Markus Beumer	2011	500	–			–	500	59	559
	2010	500	–	10	–10	–	500	46	546
Dr. Achim Kassow	2011[1]	292	–			–	292	44	336
	2010	500	–	113	–113	–	500	72	572
Jochen Klösges	2011	500	–			–	500	39	539
	2010	500	–	–	–	–	500	65	565
Michael Reuther	2011	500	–			–	500	69	569
	2010	500	–	–	–	–	500	73	573
Dr. Stefan	2011	500	–			–	500	46	546
Schmittmann	2010	500	–	–	–	–	500	52	552
Ulrich Sieber	2011	500	–			–	500	68	568
	2010	500	–	22	–22	–	500	62	562
Dr. Eric Strutz	2011	500	–			–	500	33	533
	2010	500	–	36	–36	–	500	91	591
Martin Zielke	2011	500	–			–	500	74	574
	2010[1]	78	–	14	–14	–	78	4	82
Total	**2011**	**4,792**	**–**			**–**	**4,792**	**551**	**5,343**
	2010	**4,578**	**–**	**218**	**–218**	**–**	**4,578**	**682**	**5,260**

[1] Pro rata temporis from the date of appointment or up to the date of departure from the Board.
[2] Payable in the following year subject to approval of the annual financial statements; no variable remuneration was paid for 2011 or 2010.
[3] Remuneration for serving on the boards of Group companies paid in the financial years 2011 and 2010 is offset in full against the SoFFin cap of the previous year and has therefore been allocated to the previous year in the table.
[4] The "Other" column includes non-monetary benefits granted in the year under review, tax due on non-monetary benefits and employer contributions to the BVV occupational retirement fund.

The table below shows the remuneration expense for the Board of Managing Directors in accordance with the categories of IAS 24.17. The post-employment benefits contain both the service cost included in pension provisions and the employer contributions to BVV. As a result the totals in the table below differ from the two previous tables.

€1,000	2011	2010
Short-term employee benefits	5,371	5,353
Post-employment benefits	2,743	2,323
Other long-term benefits	–	–
Termination benefits	–	–
Share-based remuneration	–	–
Total	**8,114**	**7,676**

The assets backing the Bank's retirement benefit plan for present and former members of the Board of Managing Directors or their surviving dependants have been transferred to Commerzbank Pensions-Trust e.V. as part of a contractual trust arrangement.

As at December 31, 2011, pension obligations for active members of the Board of Managing Directors amounted to €11.8m (previous year: €10.3m).

After deduction of plan assets transferred and after allowing for actuarial gains and losses, the provisions for pension obligations in respect of active members of the Board of Managing Directors amounted to €0.2m on December 31, 2011 (previous year: €0.5m).

In the table below we have shown the projected annual pension entitlement on the assumption of retirement at age 62 alongside the net present value of the pension entitlement at December 31, 2011. We have also shown the service cost included in the calculation of pension provisions. The amounts are calculated considering the current term of appointment of the individual board members, assuming the board members will not be incapable for work nor collect pensions before reaching the age of 62 and will remain on the board until the pension is due.

2011 | €1,000	**Pension entitlement**		**Service cost**
	Projected annual pension at retirement age of 62	**Net present value**	
Martin Blessing	456	3,030	301
Frank Annuscheit	288	1,107	282
Markus Beumer	288	935	238
Jochen Klösges	288	674	283
Michael Reuther	288	1,801	350
Dr. Stefan Schmittmann	288	1,511	489
Ulrich Sieber	288	623	247
Dr. Eric Strutz	288	1,774	175
Martin Zielke	288	393	358
Total		**11,848**	**2,723**

Payments to former members of the Board of Managing Directors of Commerzbank Aktiengesellschaft and their surviving dependants came to €8,275 thousand in the financial year 2010 (previous year: €6,519 thousand). The pension liabilities for these persons amounted to €74.4m (previous year: €70.9m).

The active members of the Board of Managing Directors have participated in the long-term performance plans (LTPs) which are described in detail in Note 25 and represent a share-based form of compensation. In order to participate in the various plans, the members of the Board of Managing Directors have invested in up to 2,500 Commerzbank Aktiengesellschaft shares per plan at their individual discretion, the chairman in up to 5,000 shares per plan, at current market prices.

The table below provides information on the long-term performance plans of active members of the Board of Managing Directors, acquired in their capacity as active board members, effective as at December 31, 2011. The members of the Board of Managing Directors renounced all the shares acquired under the 2008 LTP in February 2009 and will therefore not receive any payments from this plan. The fair value of the 2007 plan was zero as at December 31, 2011. The provisions were already reversed in full in the previous year.

€1,000	LTP	Number of participating shares (units)	Fair value at grant date	Fair value at 31.12.2011	Pro rata provisions as at 31.12.2011
Martin Blessing	2008	–	–	–	–
	2007	2,500	79	–	–
Michael Reuther	2008	–	–	–	–
	2007	2,500	79	–	–
Dr. Eric Strutz	2008	–	–	–	–
	2007	2,500	79	–	–
Totals	**2008**	**–**	**–**	**–**	**–**
	2007	**7,500**	**237**	**–**	**–**
Total 2011		**7,500**	**237**	**–**	**–**
Total 2010		**18,700**	**619**	**–**	**–**

Members of the Board of Managing Directors not listed in the table above held no LTPs as at December 31, 2011 which they had acquired as an active board member. As the board members were not entitled to any variable remuneration for the financial year 2011 due to the ongoing SoFFin caps, they did not receive any deferred share-based payments under the Short Term or Long Term Incentives (for further details see the Remuneration Report).

Supervisory Board. Remuneration for the members of the Supervisory Board is regulated in Art. 15 of the Articles of Association of Commerzbank Aktiengesellschaft. Members of the Supervisory Board received total net remuneration for financial year 2011 of €1,619 thousand (previous year: €1,563 thousand). Of this figure, the basic remuneration and remuneration for serving on committees amounted to €1,199 thousand (previous year: €1,240 thousand) and attendance fees to €420 thousand (previous year: €323 thousand). Attendance fees are paid for participating in the meetings of the Supervisory Board and its six committees (Presiding, Audit, Risk, Nomination, Conciliation and Social Welfare Committees) which met in the year under review. The value added tax (currently 19%) payable on the remuneration of the members of the Supervisory Board resident in Germany was reimbursed by the Bank. Contrary to the previous year's practice this reimbursement was not treated as a component of remuneration. No value added tax is payable for members of the Supervisory Board resident outside Germany.

The overall remuneration of €1,619 thousand (previous year: €1,563 thousand) is categorised as short-term employee benefits in accordance with IAS 24.17.

The Board of Managing Directors and Supervisory Board held no more than 1% in total (previous year: under 1%) of the issued shares and option rights of Commerzbank Aktiengesellschaft on December 31, 2011.

(100) Share-based payment plans

Due to the performances already made by employees there were again expenses relating to share-based payments in the 2011 financial year. Further details and the terms and conditions of the LTP are available in Note 25 of this annual report. Share-based payment expense was as follows:

€m	2011	2010
Cash-settled plans	4	3
of which LTP	–	1
Share awards	–	–
CIP	2	–
Equity-settled plans	17	2
of which: CIP	15	–
Total	**21**	**5**

The provisions for cash-settled plans and the reserves in equity for plans settled with equity instruments were as follows:

€m	31.12.2011	31.12.2010
Provisions	12	8
of which LTP	–	2
Share awards	8	–
CIP	2	–
Equity reserves	20	3
of which: CIP	15	–

Share Awards. The share awards made in the previous year were reported in personnel provisions as of December 31, 2010. The level of these provisions relating to share-based payments could not be finally established until March 2011 when the individual variable payments were determined. The amount of the provisions attributable to share awards was reassigned to the provision for share awards in the financial year 2011. The number of rights outstanding under the share award programmes changed as follows during the financial year:

Number of awards (units)	2011
Balance as at 1.1.	–
Granted during the year	6,842,932
Forfeited during the year	174,882
Exercised during the year	277,246
Expired during the year	–
Balance as at 31.12.	**6,390,804**

Commerzbank Incentive Plan. As set out in Note 25, the number of shares which beneficiaries are entitled to acquire under the Commerzbank Incentive Plan, which has been in force since the 2011 financial year, are not determined until the following year. The expense of €17m recognised for the CIP is matched by a provision of €2m for cash-settled plans and an allocation of €15m to the capital reserves.

Long-Term Performance Plan (LTPs) Due to the exercise criteria for LTP plans set out in Note 25 we do not expect these to pay out at any time up to the expiry of the final plan in 2013. As a result, the fair value for the outstanding rights could no longer be determined. The remaining provision of around €1m for LTP plans was reversed. The number of outstanding LTP rights changed as follows:

Number of awards (units)	2011	2010
Balance as at 1.1.	**947,850**	**988,400**
Granted during the year	–	–
Forfeited during the year	6,300	40,550
Exercised during the year	–	–
Expired during the year	262,600	–
Balance as at 31.12.	**678,950**	**947,850**

(101) Other commitments

Payment commitments to Group external entities and non-consolidated entities on shares not fully paid up amounted to €56.3m (previous year: €67.8m).

The Bank had an additional funding obligation of up to €96m (previous year: €96m) to Liquiditäts-Konsortialbank (Liko) GmbH, Frankfurt am Main. The individual banking associations have also undertaken additional funding obligations to Liko. To cover such obligations, Group companies have guaranteed to Liko as primary obligor that they will meet any payment to their respective associations.

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

Securities with a book value of 7,381m (previous year: €7,501m) have been deposited as collateral to meet obligations to futures and options exchanges and clearing houses.

(102) Lessor and lessee figures

Lessor disclosures – operating leases

Commerzbank acts as a lessor in operating lease arrangements. As at the balance sheet date these leases primarily comprised leased real estate and vehicles.

The following minimum leasing payments stemming from non-cancellable leases will accrue to the Commerzbank Group over the next few years from operating leases granted:

Due date | €m	31.12.2011	31.12.2010
Up to 1 year	196	184
1 year to 5 years	508	572
More than 5 years	69	160
Total	**773**	**916**

No conditional lease instalments have been agreed in the leases.

Lessor disclosures – finance leases

Commerzbank acts as a lessor for finance leases. As at the balance sheet date these leases primarily comprise leased real estate and office furniture and equipment (e.g. vehicles, copying machines). The relationship between gross investments and net present value of the minimum leasing payments was as follows:

€m	31.12.2011	31.12.2010
Outstanding lease payments	2,042	3,392
+ guaranteed residual values	114	129
= minimum lease payments	2,156	3,521
+ non-guaranteed residual values	9	9
= gross investments	2,165	3,530
– unrealised financial income	260	464
= net investments	1,905	3,066
– net present value of non-guaranteed residual values	6	6
= net present value of minimum lease payments	1,899	3,060

The minimum lease payments include the total lease instalments to be paid by the lessee under the lease agreement plus the guaranteed residual value. The non-guaranteed residual value is estimated at the beginning of the lease agreement and reviewed as of the reporting date on a regular basis. Unrealised financial income is equivalent to the interest implicit in the lease agreement between the reporting date and the end of the contract. The term of the gross investment and net present values of the minimum lease payments from non-cancellable finance leases broke down as follows:

Residual terms as at 31.12.	Gross investments		Net present value of minimum lease payments	
€m	2011	2010	2011	2010
Up to 1 year	782	1,012	677	881
1 year to 5 years	989	1,645	878	1,384
More than 5 years	394	873	344	795
Total	**2,165**	**3,530**	**1,899**	**3,060**

Lessee disclosures – operating leases

The Group's existing obligations arising from operating leases involve rental and leasing agreements for buildings, office furniture and equipment and led in the financial year 2011 to expenses of €618m (previous year: €562m). The breakdown of the expenses was as follows:

€m	2011
Minimum lease payments	28
Payments for terminable agreements	260
Conditional payments	351
– Sublease income	21
Total	**618**

For rental and lease agreements that cannot be terminated, the following expenses are forecast for future years:

Due date | €m	**31.12.2011**	**31.12.2010**
Up to 1 year	547	549
1 year to 5 years	1,483	1,625
More than 5 years	1,236	1,355
Total	**3,266**	**3,529**

Real estate lease agreements usually have terms of between 1 and 30 years with up to 3 options to extend the lease by a further 3 to 5 years. Price adjustment clauses exist in a number of different forms such as step-up leases and index clauses. Subletting agreements have been signed for buildings no longer in use in the Commerzbank Group. These leases are non-cancellable. The following income will accrue to the Commerzbank Group in the next few years from these leases:

Due date | €m	**31.12.2011**	**31.12.2010**
Up to 1 year	39	54
1 year to 5 years	86	136
More than 5 years	11	103
Total	**136**	**293**

As in the previous year, these leases do not contain any agreements on contingent rents.

(103) Date of release for publication

The Group financial statements were approved by the Board of Managing Directors for submission to the Supervisory Board on February 27, 2012. The Supervisory Board is responsible for reviewing and formally approving the Group financial statements. Preliminary figures for the 2011 results were released by the Board of Managing Directors for publication on February 20, 2012.

(104) Corporate Governance Code

We have issued our annual declaration of compliance with the German Corporate Governance Code pursuant to Art. 161, German Companies Act (Aktiengesetz) and made it permanently available to shareholders on the internet (www.commerzbank.com). An annual declaration of compliance with the German Corporate Governance Code pursuant to Art. 161, German Companies Act (Aktiengesetz) has also been issued for comdirect bank Aktiengesellschaft and made permanently available on the internet (www.comdirect.de).

(105) Letters of comfort

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

Name	Registered office
AFÖG GmbH & Co. KG	Frankfurt/Main
comdirect bank Aktiengesellschaft	Quickborn
Commerz (East Asia) Ltd.	Hong Kong
Commerzbank (Eurasija) SAO	Moscow
Commerzbank Europe (Ireland)	Dublin
Commerzbank Europe Finance (Ireland) plc.	Dublin
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main
Commerzbank International S.A.	Luxembourg
CommerzTrust GmbH	Frankfurt/Main
Commerz Markets LLC	New York
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg
Eurohypo Aktiengesellschaft	Eschborn

(106) Holdings in affiliated and other companies

We provide the following information pursuant to Art. 313 (2) of the German Commercial Code (HGB) on the consolidated financial statements including the disclosures pursuant to Art. 285 No. 11a HGB. Footnotes and comments on the tables below appear at the end of this note.

1. Affiliated companies

a) Affiliated companies included in the consolidated financial statements

Name	Registered office	Share of capital held %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000	
ABORONUM Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin KG	Düsseldorf	0.0	85.0	EUR	35	4	
ADMERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0		EUR	25	2	
AFÖG GmbH & Co. KG	Frankfurt/Main	100.0		EUR	78,866	−72,359	
AGV Allgemeine Grundstücksverwaltungs- und -verwertungsgesellschaft mit beschränkter Haftung	Eschborn	100.0		EUR	40	–	[b]
AJUNTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0		EUR	−4,908	−1,582	
ALDUNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0		EUR	−10,397	−3,378	
ALTEREGO Beteiligungsgesellschaft mbH	Düsseldorf	100.0		EUR	959	−6,721	
ASCARA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0		EUR	−689	−488	
ASTUTIA Beteiligungsgesellschaft mbH	Düsseldorf	100.0		EUR	3,788	–	[b]
Atlas-Vermögensverwaltungs-Gesellschaft mit beschränkter Haftung	Frankfurt/Main	100.0		EUR	235,563	–	[b]
BERGA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Grünwald	100.0	19.0	EUR	−1,286	55	
Brafero-Sociedade Imobiliária, S.A.	Lisbon, Portugal	100.0		EUR	24,189	2,410	
BRE Bank Hipoteczny S.A.	Warsaw, Poland	100.0		PLN	389,186	20,878	
BRE Bank SA	Warsaw, Poland	69.7		PLN	7,610,906	1,066,012	
BRE Faktoring S.A.	Warsaw, Poland	100.0		PLN	61,503	15,077	[1]
BRE Finance France S.A.	Levallois Perret, France	100.0		EUR	618	−94	
BRE Holding Sp. z.o.o.	Warsaw, Poland	100.0		PLN	465,904	14,374	
BRE Leasing Sp. z o.o.	Warsaw, Poland	100.0		PLN	151,354	37,828	
BRE Ubezpieczenia Sp. z.o.o.	Warsaw, Poland	100.0		PLN	45,001	31,956	
BRE Ubezpieczenia Towarzystwo Ubezpieczen i Reasekuracji S.A.	Warsaw, Poland	100.0		PLN	67,783	8,396	
BRE.locum S.A.	Lodz, Poland	80.0		PLN	119,488	10,303	
Bridge Re Limited	Hamilton, Bermuda	100.0		USD	411	30	
CB Building Kirchberg GmbH	Düsseldorf	100.0		EUR	3,104	888	
CBG Commerz Beteiligungsgesellschaft Holding mbH	Frankfurt/Main	100.0		EUR	6,137	–	[b]
CBG Commerz Beteiligungskapital GmbH & Co. KG	Frankfurt/Main	100.0		EUR	44,208	10,381	
CFB-Fonds Transfair GmbH	Düsseldorf	100.0		EUR	26	–	[b]
CG New Venture 2 Verwaltungsgesellschaft mbH	Wiesbaden	100.0		EUR	20,315	5	

Name	Registered office	Share of capital held %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000	
CG New Venture 4 GmbH & Co. KG	Wiesbaden	99.9	99.0	EUR	20,315	−4,353	
CG NL Holding B.V.	Amsterdam, Netherlands	100.0		EUR	3	−29	
CG Real Estate Master FCP-SIF S.A.R.L.	Luxembourg, Luxembourg	55.4		EUR	203,243	8,468	
CGM Lux 1 S.à.r.l.	Luxembourg, Luxembourg	100.0		EUR	639	143	
CGM Lux 2 S.à.r.l.	Luxembourg, Luxembourg	100.0		EUR	344	7,298	
CGM Lux 3 S.à.r.l.	Luxembourg, Luxembourg	100.0		EUR	1,074	11,504	
Coba Holdings I, LLC	Wilmington, Delaware, USA	100.0		USD	376,590	−33,189	
Coba Vermögensverwaltungsgesellschaft mbH	Düsseldorf	100.0		EUR	26	–	b)
comdirect bank Aktiengesellschaft	Quickborn	80.5		EUR	475,671	116,340	
Commerz (East Asia) Limited	Hong Kong, Hong Kong	100.0		EUR	2,161	98	
Commerz Asset Management Asia Pacific Pte Ltd	Singapore, Singapore	100.0		SGD	29,482	382	
Commerz Business Consulting GmbH	Frankfurt/Main	100.0		EUR	76	–	b)
Commerz Direktservice GmbH	Duisburg	100.0		EUR	1,178	–	b)
Commerz Grundbesitz Beteiligungs-gesellschaft mbH & Co. KG	Frankfurt/Main	90.0		EUR	13,325	1,211	
Commerz Markets LLC	Wilmington, Delaware, USA	100.0		USD	417,417	12,120	
Commerz Real Verwaltung und Treuhand GmbH	Düsseldorf	100.0		EUR	26	–	b)
Commerz Real AG	Eschborn	100.0		EUR	408,394	–	b)
Commerz Real Asset Verwaltungs gesellschaft mbH	Grünwald	100.0		EUR	25	–	b)
Commerz Real Baucontract GmbH	Düsseldorf	100.0		EUR	4,238	–	b)
Commerz Real Baumanagement GmbH	Düsseldorf	100.0		EUR	52	–	b)
Commerz Real Fonds Beteiligungs-gesellschaft mbH	Düsseldorf	100.0		EUR	151	–	b)
Commerz Real Immobilien GmbH	Düsseldorf	100.0		EUR	12,936	–	b)
Commerz Real Investmentgesellschaft mbH	Wiesbaden	100.0		EUR	21,968	–	b)
Commerz Real IT-Leasing GmbH	Düsseldorf	100.0		EUR	1,954	–	b)
Commerz Real Mietkauf GmbH	Düsseldorf	100.0		EUR	26	–	b)
Commerz Real Mobilienleasing GmbH	Düsseldorf	100.0		EUR	−3,395	–	b)
Commerz Real Spezialfondsgesellschaft mbH	Wiesbaden	100.0		EUR	5,948	–	b)
Commerz Securities Hong Kong Limited	Hong Kong, Hong Kong	100.0		JPY	2,167,176	−82,956	2)
Commerz Services Holding GmbH	Frankfurt/Main	100.0		EUR	12,564	–	b)
Commerz Systems GmbH	Frankfurt/Main	100.0		EUR	6,214	1,568	
Commerz Transaction Services Mitte GmbH	Erfurt	100.0		EUR	2,849	–	b)
Commerz Transaction Services Nord GmbH	Magdeburg	100.0		EUR	1,557	–	b)
Commerz Transaction Services West GmbH	Hamm	100.0		EUR	1,346	–	b)
Commerzbank (Eurasija) SAO	Moscow, Russia	100.0		RUB	11,045,218	141,941	
Commerzbank (South East Asia) Ltd.	Singapore, Singapore	100.0		EUR	16,898	−565	
Commerzbank Asset Management Asia Ltd.	Singapore, Singapore	100.0		SGD	1,263	−1,576	
Commerzbank Auslandsbanken Holding AG	Frankfurt/Main	100.0		EUR	1,792,196	–	b)
Commerzbank Auslandsbanken Holding Nova GmbH	Frankfurt/Main	100.0		EUR	675,040	–	b)

Name	Registered office	Share of capital held %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000	
Commerzbank Capital Funding LLC I	Wilmington, Delaware, USA	100.0		EUR	2	0	
Commerzbank Capital Funding LLC II	Wilmington, Delaware, USA	100.0		GBP	2	0	
Commerzbank Capital Funding LLC III	Wilmington, Delaware, USA	100.0		EUR	2	0	
Commerzbank Capital Funding Trust I	Newark, Delaware, USA	100.0		EUR	1	0	
Commerzbank Capital Funding Trust II	Newark, Delaware, USA	100.0		GBP	1	0	
Commerzbank Capital Funding Trust III	Newark, Delaware, USA	100.0		EUR	1	0	
Commerzbank Capital Investment Company Limited	London, United Kingdom	100.0		GBP	0	0	
Commerzbank Europe (Ireland)	Dublin, Ireland	100.0		EUR	358,011	–10,426	
Commerzbank Europe Finance (Ireland) plc	Dublin, Ireland	100.0		EUR	55	2	
Commerzbank Finance 2 S.à.r.l.	Luxembourg, Luxembourg	100.0		EUR	967	–29	
Commerzbank Finance 3 S.à.r.l.	Luxembourg, Luxembourg	100.0		EUR	470	3,487	
Commerzbank Finance BV	Amsterdam, Netherlands	100.0		EUR	1,493	–562	
Commerzbank Holdings (UK) Limited	London, United Kingdom	100.0		GBP	484,339	23,658	
Commerzbank Holdings France	Paris, France	100.0		EUR	87,638	0	
Commerzbank Immobilien- und Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0		EUR	462,597	–	b)
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main	100.0		EUR	4,459,000	–	b)
Commerzbank International S.A.	Luxembourg, Luxembourg	100.0		EUR	482,586	59,047	
Commerzbank Investments (UK) Limited	London, United Kingdom	100.0		GBP	726,809	–16,659	
Commerzbank Leasing (Guernsey) Limited	St. Peter Port, Guernsey	100.0		EUR	8	0	
Commerzbank Leasing 1 S.à.r.l.	Luxembourg, Luxembourg	100.0		GBP	410	164	
Commerzbank Leasing 2 S.à.r.l.	Luxembourg, Luxembourg	100.0		GBP	32,467	–30,331	
Commerzbank Leasing 4 S.à.r.l.	Luxembourg, Luxembourg	100.0		GBP	–91	–15	
Commerzbank Leasing 5 S.à r.l.	Luxembourg, Luxembourg	100.0		GBP	97	–12	
Commerzbank Leasing 6 S.à.r.l.	Luxembourg, Luxembourg	100.0		GBP	91	–24	
Commerzbank Leasing December – 1 Limited	London, United Kingdom	100.0		GBP	–1,020	–2,507	
Commerzbank Leasing December – 10	London, United Kingdom	100.0		GBP	32	0	
Commerzbank Leasing December – 11	London, United Kingdom	100.0		GBP	0	0	
Commerzbank Leasing December – 12 Limited	London, United Kingdom	100.0		USD	–137	–391	

Name	Registered office	Share of capital held %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000
Commerzbank Leasing December – 13 Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December – 15	London, United Kingdom	100.0		GBP	– 271	0
Commerzbank Leasing December – 17 Limited	London, United Kingdom	100.0		GBP	4,291	4,084
Commerzbank Leasing December – 19 Limited	London, United Kingdom	100.0		GBP	12,741	– 42,186
Commerzbank Leasing December – 20 Limited	London, United Kingdom	100.0		GBP	300	300
Commerzbank Leasing December – 21 Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December – 22 Limited	London, United Kingdom	100.0		GBP	0	– 22
Commerzbank Leasing December – 23 Limited	London, United Kingdom	100.0		GBP	60	35
Commerzbank Leasing December – 24 Limited	London, United Kingdom	100.0		GBP	0	– 737
Commerzbank Leasing December – 26 Limited	London, United Kingdom	100.0		GBP	240	– 1,105
Commerzbank Leasing December – 3 Limited	London, United Kingdom	100.0		GBP	150	– 277
Commerzbank Leasing December – 4 Limited	London, United Kingdom	74.0		GBP	20	0
Commerzbank Leasing December – 7 Limited	Edinburgh, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December – 8 Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing December – 9 Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Leasing Holdings Limited	London, United Kingdom	100.0		GBP	3,435	56
Commerzbank Leasing Limited	London, United Kingdom	100.0		GBP	2,738	629
Commerzbank Leasing March – 3 Limited	London, United Kingdom	100.0		GBP	4	– 1
Commerzbank Leasing September – 5 Limited	London, United Kingdom	100.0		GBP	8	13
Commerzbank Leasing September – 6 Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Online Ventures Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Overseas Holdings Limited	London, United Kingdom	100.0		GBP	8,500	– 539
Commerzbank Property Management & Services Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank Securities Ltd	London, United Kingdom	100.0		GBP	10	0
Commerzbank Securities Nominees Limited	London, United Kingdom	100.0		GBP	0	0
Commerzbank U.S. Finance, Inc.	Wilmington, Delaware, USA	100.0		USD	673	17
Commerzbank Zrt.	Budapest, Hungary	100.0		HUF	23,465,000	1,210,935

Name	Registered office	Share of capital held %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000	
CommerzFactoring GmbH	Mainz	50.1		EUR	1,099	–	b)
CR KaiserKarree Holding S.a.r.l.	Luxembourg, Luxembourg	100.0		EUR	–1,191	–180	
CSA COMMERZ SOUTH AFRICA (PROPRIETARY) LIMITED	Johannesburg, South Africa	100.0		ZAR	5,276	–557	
Deutsche Schiffsbank Aktiengesellschaft	Hamburg/Bremen	100.0		EUR	911,722	0	
Dom Inwestycyjny BRE Banku S.A.	Warsaw, Poland	100.0		PLN	79,449	26,824	
Dresdner Capital LLC I	Wilmington, Delaware, USA	100.0		USD	1,624	42	
Dresdner Capital LLC IV	Wilmington, Delaware, USA	100.0		JPY	18,333	124	
Dresdner Kleinwort - Grantchester, Inc.	Wilmington, Delaware, USA	100.0		USD	27,846	0	
Dresdner Kleinwort & Co. Holdings, Inc.	Wilmington, Delaware, USA	100.0		USD	232,235	7,539	
Dresdner Kleinwort Capital Inc.	New York, New York, USA	100.0		USD	1,338	–2,287	
Dresdner Kleinwort do Brasil Limitada	Rio de Janeiro, Brazil	100.0		BRL	–14,120	–18	
Dresdner Kleinwort EIV Manager, Inc.	Wilmington, Delaware, USA	100.0		USD	–18	0	
Dresdner Kleinwort Finance Inc.	Wilmington, Delaware, USA	100.0		USD	2,367	266	
Dresdner Kleinwort Flags Inc.	Wilmington, Delaware, USA	100.0		USD	140,479	0	
Dresdner Kleinwort Group Holdings, LLC	Wilmington, Delaware, USA	100.0		USD	170,918	1	
Dresdner Kleinwort Holdings LLC	Wilmington, Delaware, USA	100.0		USD	40,162	–25,227	
Dresdner Kleinwort LLC	Wilmington, Delaware, USA	100.0		USD	34,167	145	
Dresdner Kleinwort Limited	London, United Kingdom	100.0		GBP	38,614	74,370	
Dresdner Kleinwort Luminary Inc.	Wilmington, Delaware, USA	100.0		USD	806,144	316	
Dresdner Kleinwort Moon LLC	Wilmington, Delaware, USA	100.0		USD	28,845	–6,221	
Dresdner Kleinwort Pfandbriefe Investments II, Inc.	Wilmington, Delaware, USA	100.0		USD	650,792	–18,028	
Dresdner Kleinwort Services (Guernsey) Limited	St. Peter Port, Guernsey	100.0		GBP	2	0	
Dresdner Kleinwort Wasserstein (Argentina) S.A.	Buenos Aires, Argentina	100.0		BRL	112	–28	
Dresdner Kleinwort Wasserstein Securities (India) Private Limited	Mumbai, India	75.0		INR	78,388	993	
Dresdner Lateinamerika Aktiengesellschaft	Hamburg	100.0		EUR	50,109	–	b)
Dresdner UK Investments 2 B.V.	Amsterdam, Netherlands	100.0		EUR	929	9	
Dresdner UK Investments N.V.	Amsterdam, Netherlands	100.0		EUR	1,693	9	
DSB Vermögensverwaltungs-gesellschaft mbH	Frankfurt/Main	100.0		EUR	25	–580	a)
EH Estate Management GmbH	Eschborn	100.0		EUR	3,280	–	b)

Name	Registered office	Share of capital held %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000	
EHNY MoLu IV, LLC	Dover, Delaware, USA	100.0		USD	75	9,675	
EHY Real Estate Fund I, LLC	Wilmington, Delaware, USA	100.0		USD	–3,864	–22	
Elco Leasing Limited	London, United Kingdom	100.0		GBP	0	–4	
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg, Luxembourg	100.0		EUR	507,765	21,832	
Espacio Leon Propco S.L.U.	Madrid, Spain	100.0		EUR	–16,539	601	
Eurohypo (Japan) Corporation	Tokyo, Japan	100.0		JPY	2,477,632	–1,479,654	
Eurohypo Aktiengesellschaft	Eschborn	100.0		EUR	5,661,992	–	b)
Eurohypo Capital Funding LLC I	Wilmington, Delaware, USA	100.0		EUR	1	0	
Eurohypo Capital Funding LLC II	Wilmington, Delaware, USA	100.0		EUR	3	0	
Eurohypo Capital Funding Trust I	Wilmington, Delaware, USA	100.0		EUR	1	0	
Eurohypo Capital Funding Trust II	Wilmington, Delaware, USA	100.0		USD	1	0	
EUROHYPO Europäische Hypothekenbank S.A.	Senningerberg, Luxembourg	100.0		EUR	337,160	–223,725	
European Bank for Fund Services Gesellschaft mit beschränkter Haftung (ebase)	Aschheim	100.0		EUR	20,256	5,451	
European Venture Partners (Holdings) Ltd	St. Helier, Jersey	85.0		GBP	0	0	
European Venture Partners Ltd	London, United Kingdom	100.0		GBP	0	0	
FABA Vermietungsgesellschaft mbH	Düsseldorf	95.0	75.0	EUR	26	294	
Felix (CI) Limited	George Town, Grand Cayman, Cayman Islands	100.0		GBP	26	0	
FHB - Immobilienprojekte GmbH	Eschborn	100.0		EUR	26	–	b)
Film Library Holdings LLC	Melville, New York, USA	51.0		USD	28,678	–318	
FM LeasingPartner GmbH	Bissendorf	50.4		EUR	827	268	
Forum Almada, Gestao de Centro Comercial, Sociedade Unipessoal Lda. II & Comandita	Lisbon, Portugal	100.0		EUR	–36,505	699	
Forum Almada-Gestao de Centro Commercial, Sociedade Unipessoal, Lda.	Lisbon, Portugal	100.0		EUR	30,044	6,433	
Forum Immobiliengesellschaft mbH	Eschborn	100.0		EUR	1,861	–	b)
Forum Montijo, Gestao de Centro Comercial Sociedade Unipessoal, Lda	Lisbon, Portugal	100.0		EUR	–25,076	–5,848	
Frankfurter Gesellschaft für Vermögensanlagen mit beschränkter Haftung	Eschborn	100.0		EUR	5,952	–	b)
Futura Hochhausprojektgesellschaft mbH	Eschborn	100.0		EUR	2,421	–	b)
General Leasing (No.16) Limited	London, United Kingdom	43.8	100.0	GBP	343	640	
G-G-B Gebäude- und Grundbesitz GmbH	Eschborn	100.0		EUR	256	–	b)
GIE Dresdner Kleinwort France i.L.	Paris, France	100.0		EUR	0	0	
GO German Office GmbH	Wiesbaden	100.0		EUR	28,508	–	b)
gr Grundstücks GmbH Objekt Corvus	Frankfurt/Main	100.0		EUR	50	–7	

Name	Registered office	Share of capital held %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000	
gr Grundstücks GmbH Objekt Corvus & Co. Sossenheim KG	Frankfurt/Main	100.0		EUR	228	–131	
Gresham Leasing March – 1 Limited	London, United Kingdom	25.0	100.0	GBP	1,065	0	
Gresham Leasing March – 2 Limited	London, United Kingdom	25.0	100.0	EUR	2,171	–240	
Grundbesitzgesellschaft Berlin Rungestr. 22–24 mbH	Eschborn	100.0		EUR	258	–29	
Herradura Ltd	London, United Kingdom	100.0		EUR	5	0	
Hibernia Beta Beteiligungsgesellschaft mit beschränkter Haftung	Frankfurt/Main	100.0		EUR	59,953	–16,469	
Hibernia Eta Beteiligungsgesellschaft mit beschränkter Haftung	Frankfurt/Main	85.0		EUR	42,823	–11,767	
Hibernia Gamma Beteiligungsgesellschaft mit beschränkter Haftung	Frankfurt/Main	60.6		EUR	102,633	–36,453	
Hibernia Sigma Beteiligungsgesellschaft mit beschränkter Haftung	Frankfurt/Main	100.0		EUR	42,827	–11,766	
Hurley Investments No.3 Limited	London, United Kingdom	100.0		GBP	1,943	–801,350	
IVV - Immobilien - Verwaltungs- und Verwertungsgesellschaft mbH	Eschborn	100.0		EUR	26	–	b)
KENSTONE GmbH	Eschborn	100.0		EUR	26	–	b)
Kommanditgesellschaft MS "CPO ALICANTE" Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	20,290	–1,434	
Kommanditgesellschaft MS "CPO ANCONA" Offen Reederei GmbH & Co.	Hamburg	77.2	77.2	EUR	39,557	–231	
Kommanditgesellschaft MS "CPO BILBAO" Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	20,755	954	
Kommanditgesellschaft MS "CPO MARSEILLE" Offen Reederei GmbH & Co.	Hamburg	77.2	77.2	EUR	36,950	–951	
Kommanditgesellschaft MS "CPO PALERMO" Offen Reederei GmbH & Co.	Hamburg	73.9	73.9	EUR	39,460	–477	
Kommanditgesellschaft MS "CPO TOULON" Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	38,213	–5,864	
Kommanditgesellschaft MS "CPO VALENCIA" Offen Reederei GmbH & Co.	Hamburg	90.0	90.0	EUR	21,424	–667	
Langham Nominees Ltd	St. Peter Port, Guernsey	100.0		GBP	0	0	
LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Anthropolis KG	Ludwigshafen	94.5	94.4	EUR	–4,883	1,836	
LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Grindelwaldweg KG	Düsseldorf	94.5	94.6	EUR	–7,355	3,949	
Limited Liability Company "ABRIO"	Kiev, Ukraine	100.0		UAH	83,899	–13,255	a)
Limited Liability Company "ACUS"	Kiev, Ukraine	100.0		UAH	183,507	–94,429	a)
Limited Liability Company "CLIOS"	Kiev, Ukraine	100.0		UAH	119,369	–100,864	a)
Limited Liability Company "FESTLAND"	Kiev, Ukraine	100.0		UAH	465,385	0	a)
Limited Liability Company "MERUS"	Kiev, Ukraine	100.0		UAH	37,704	–24,388	a)
Limited Liability Company "MODUS CAPITAL"	Kiev, Ukraine	100.0		UAH	381,168	–228,291	a)
Limited Liability Company "RIDOS"	Kiev, Ukraine	100.0		UAH	96,288	–83,611	a)

Name	Registered office	Share of capital held %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000	
Limited Liability Company "SANTOS CAPITAL"	Kiev, Ukraine	100.0		UAH	169,736	−70,545	a)
Limited Liability Company "VALIDUS"	Kiev, Ukraine	100.0		UAH	468,567	−312,527	a)
LUGO Photovoltaik Beteiligungsgesellschaft mbH	Düsseldorf	100.0		EUR	−12,012	−12,420	
Marlyna Ltd	London, United Kingdom	100.0		GBP	0	0	
Marylebone Commercial Finance – 2	London, United Kingdom	25.0	100.0	GBP	7,047	32	
Marylebone Commercial Finance Limited	London, United Kingdom	25.0	87.0	EUR	571	0	
Max Lease S.à.r.l. & Cie. Secs	Luxembourg, Luxembourg	100.0		EUR	3,711	799	
MERKUR Grundstücks GmbH	Frankfurt/Main	100.0		EUR	7,594	–	b)
Messestadt Riem "Office am See" I GmbH	Eschborn	94.0		EUR	−134	–	b)
Messestadt Riem "Office am See" II GmbH	Eschborn	94.0		EUR	459	–	b)
Messestadt Riem "Office am See" III GmbH	Eschborn	94.0		EUR	19	–	b)
Morris (S.P.) Holdings Limited	London, United Kingdom	100.0		GBP	0	0	
NAVALIS Schiffsbetriebsgesellschaft mbH & Co. MS "NEDLLOYD JULIANA" KG	Hamburg	93.6	92.8	EUR	17,771	1,477	
NAVIPOS Schiffsbeteiligungsgesellschaft mbH	Hamburg	100.0		EUR	902	443	
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lampertheim KG	Düsseldorf	100.0		EUR	20	166	
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte Plön und Preetz KG	Düsseldorf	90.0	65.0	EUR	−526	82	
Nordboden Immobilien- und Handelsgesellschaft mbH	Eschborn	100.0		EUR	315	–	b)
NOVELLA Grundstücks-Vermietungs-gesellschaft mbH	Düsseldorf	100.0		EUR	10,804	–	b)
OLEANDRA Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Jupiter KG	Grünwald	100.0	51.0	EUR	25,466	2,096	
OLEANDRA Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Luna KG	Grünwald	100.0	51.0	EUR	2,825	336	
OLEANDRA Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Neptun KG	Grünwald	100.0	51.0	EUR	16,467	1,645	
OLEANDRA Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Pluto KG	Grünwald	100.0	51.0	EUR	27,178	2,383	
OLEANDRA Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Uranus KG	Grünwald	100.0	51.0	EUR	43,882	1,728	
OLEANDRA Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Venus KG	Grünwald	100.0	51.0	EUR	23,288	1,769	
Pisces Nominees Limited	London, United Kingdom	100.0		GBP	76,844	−74,154	
Property Invest GmbH	Eschborn	100.0		EUR	21,337	−70	
Property Invest Italy S.r.l.	Milan, Italy	100.0		EUR	47,262	−96	
PUBLIC JOINT STOCK COMPANY "BANK FORUM"	Kiev, Ukraine	96.1		UAH	1,491,141	−777,209	
Real Estate Holdings Limited	Hamilton, Bermuda	100.0		BMD	20,148	−9,237	
Real Estate TOP TEGEL Drei GmbH	Eschborn	94.0		EUR	60	–	b)
Real Estate TOP TEGEL Eins GmbH	Eschborn	94.0		EUR	421	–	b)
Real Estate TOP TEGEL Sechs GmbH	Eschborn	94.0		EUR	129	–	b)
Real Estate TOP TEGEL Vier GmbH	Eschborn	94.0		EUR	60	–	b)

Name	Registered office	Share of capital held %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000	
Real Estate TOP TEGEL Zwei GmbH	Eschborn	94.0		EUR	60	–	b)
REFUGIUM Beteiligungsgesellschaft mbH	Grünwald	100.0		EUR	8,846	5,701	
Rood Nominees Limited	London, United Kingdom	100.0		GBP	0	0	
Rook Finance LLC	Wilmington, Delaware, USA	100.0		USD	77,315	−453	
SB-Bauträger GmbH & Co. Urbis Hochhaus-KG	Frankfurt/Main	100.0		EUR	199	0	
SECUNDO Grundstücks-Vermietungs-gesellschaft mbH	Düsseldorf	100.0		EUR	5,811	–	b)
Service-Center Inkasso GmbH Düsseldorf	Düsseldorf	100.0		EUR	130	–	b)
South East Asia Properties Limited	London, United Kingdom	100.0		GBP	31,874	10,355	
Space Park GmbH & Co. KG	Frankfurt/Main	90.0		EUR	−95,092	−54	
Sterling Energy Holdings Inc.	Wilmington, Delaware, USA	76.2	100.0	USD	45,973	−44	a)
Sterling Energy LLC	Wilmington, Delaware, USA	100.0		USD	132,338	−1,816	a)
Süddeutsche Industrie-Beteiligungs-GmbH	Frankfurt/Main	100.0		EUR	6,676	–	b)
TARA Immobiliengesellschaft mbH	Eschborn	100.0		EUR	25	–	b)
TARA Immobilienprojekte GmbH	Eschborn	100.0		EUR	25	–	b)
Thurlaston Finance Limited	George Town, Grand Cayman, Cayman Islands	100.0		GBP	2	0	
TIGNATO Beteiligungsgesellschaft mbH & Co. KölnTurm MediaPark KG	Eschborn	100.0		EUR	1,293	9,457	
TOMO Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0		EUR	22,778	–	b)
Transfinance a.s.	Prague, Czech Republic	100.0		CZK	269,458	16,932	
Twins Financing LLC	Dover, Delaware, USA	60.0		USD	25,511	−23,074	
U.S. Residential Investment I, L.P.	Wilmington, Delaware, USA	90.0		USD	23,827	3,555	
Unica Immobiliengesellschaft mbH	Eschborn	100.0		EUR	43	–	b)
Watling Leasing March – 1	London, United Kingdom	25.0	100.0	GBP	11,146	−28	
WebTek Software Private Limited	Bangalore, India	100.0		INR	219,976	0	
WESTBODEN - Bau- und Verwaltungs-gesellschaft mit beschränkter Haftung	Eschborn	100.0		EUR	55	–	b)
Westend Grundstücksgesellschaft mbH	Eschborn	100.0		EUR	260	–	b)
Wohnbau-Beteiligungsgesellschaft mbH	Eschborn	90.0		EUR	299	−8	
Yarra Finance Limited	George Town, Grand Cayman, Cayman Islands	100.0		GBP	55	0	

b) Affiliated companies not included in the consolidated financial statements due to their minor significance[c]

Name	Registered office	Share of capital held %	Deviation in voting rights %
1. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
10. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
11. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
12. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
13. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
14. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
2. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
3. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
4. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
5. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
6. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
7. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
8. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
9. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
ABANTITIM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ABANTUM Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ABELASSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ABENITA Photovoltaik Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ABESTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ABORONUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ABOTORIUM Finanz- und Verwaltungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ACARINA Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ACCESSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ACINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ACOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ACREDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ACRONA Photovoltaik-Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ACTOSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ADAMANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ADELIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ADELIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Teltow KG	Düsseldorf	92.4	92.1
ADELKA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ADENARA Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	
ADUKKA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ADURAMA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
AFINA, Bufete de Socios Financieros, S.A.	Madrid, Spain	98.7	99.3
AFÖG Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	94.2	
AGALINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AGARBA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AGASILA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AGREGATA Grundstücks-Vermietungsgesellschaft mbH i.L.	Haan	100.0	
AJOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AKERA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
AKUSTIA Verwaltung und Treuhand GmbH i.L.	Düsseldorf	100.0	

Name	Registered office	Share of capital held %	Deviation in voting rights %
ALACRITAS Verwaltungs- und Treuhand GmbH	Düsseldorf	100.0	
ALBELLA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ALBOLA Verwaltungund Treuhand GmbH	Düsseldorf	100.0	
ALCARDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALDANZA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ALDINGA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ALDULA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ALEMANTA Photovoltaik Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ALEMONA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ALFRIDA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ALFUTURA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALIBORA Verwaltung- und Treuhand GmbH i.L.	Düsseldorf	100.0	
ALICANTE NOVA Shipping Limited	Monrovia, Liberia	100.0	
ALIDA Photovoltaik-Beteiligungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ALIVERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALKANTA Beteiligungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ALMARENA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALMONDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALMURUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALONGA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALSANTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte RiCö KG	Düsseldorf	0.0	85.0
ALSANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALSENNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALSTRUCTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
Alternative Asset Management S.A.	Luxembourg, Luxembourg	100.0	
ALUBRA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ALUDANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALVENTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ALVINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AMALIA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
AMBRESA Sp. z.o.o.	Warsaw, Poland	100.0	
AMENA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AMERA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
AMITEA Beteiligungsgesellschaft mbH i.L.	Düsseldorf	100.0	
AMITICULA Photovoltaik Beteiligungsgesellschaft mbH i.L.	Düsseldorf	100.0	
AMONEUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AMTERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AMUNDA Verwaltung und Treuhand GmbH i.L.	Düsseldorf	100.0	
ANBANA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ANCAVA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ANCONA NOVA Shipping Limited	Monrovia, Liberia	100.0	
ANDROMEDA Verwaltungsgesellschaft mbH	Düsseldorf	100.0	
ANEA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ANSELMA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ARAFINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AREBA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	

Name	Registered office	Share of capital held %	Deviation in voting rights %
Ariondaz SAS	Paris, France	100.0	
ARISA Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ARMANDA Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	
AROSA Flugzeug-Leasinggesellschaft mbH i.L.	Düsseldorf	100.0	
ARQUATUS Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ARVINA Verwaltung und Treuhand GmbH	Düsseldorf	100.0	
ASCETO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ASERTUNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ASILUS Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ASISTA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
ASKANZA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ASKANZA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lüdenscheid KG	Düsseldorf	94.4	86.0
ASKIBA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ASPERGA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	
Aspiro S.A.	Lodz, Poland	100.0	
ASSANDRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ASSENTO Photovoltaik-Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ASSERTA Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	
ASTRELLA Grundstücks-Vermietungsgesellschaft mbH i.L.	Berlin	100.0	
ASTRIFA Mobilien-Vermietungsgesellschaft mbH i.L.	Düsseldorf	100.0	[b)]
ATERNA Mobilien-Vermietungsgesellschaft mbH	Berlin	100.0	
Atlas-Alpha GmbH	Frankfurt/Main	100.0	[b)]
ATUNO Verwaltungund Treuhand GmbH	Düsseldorf	100.0	
AURESTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AVANCIA Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AVARICA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
AVARICA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Münchberg KG	Düsseldorf	93.2	93.6
AVENDO Beteiligungsgesellschaft mbH	Stuttgart	100.0	
AVERTUM Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	
AVERTUM Flugzeug-Leasinggesellschaft mbH & Co. Zweite Legacy 600 KG	Düsseldorf	100.0	
BACUL Beteiligungsgesellschaft mbH	Eschborn	100.0	
Bankowy Dom Hipoteczny Sp. z. o.o.	Warsaw, Poland	100.0	
Belus Immobilien- und Beteiligungsgesellschaft mbH	Eschborn	100.0	
Beteiligungsgesellschaft für Industrie und Handel mbH	Frankfurt/Main	100.0	
BFC Berliner Film Companie Beteiligungsgesellschaft mbH	Berlin	100.0	
BILBAO NOVA Shipping Limited	Monrovia, Liberia	100.0	
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Friedrichshafen KG	Düsseldorf	0.0	51.0
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Neustadt-Schwaig KG	Grünwald	85.5	86.0
BRE Corporate Finance S.A.	Warsaw, Poland	100.0	
BRE Property Partner Sp. z o.o.	Warsaw, Poland	100.0	
BRE Systems Sp. z.o.o.	Lodz, Poland	100.0	
BRE Wealth Management S.A.	Warsaw, Poland	100.0	
BREL-APEX Sp. z o.o.	Warsaw, Poland	100.0	

Name	Registered office	Share of capital held %	Deviation in voting rights %	
BREL-BAT Sp. z.o.o.	Warsaw, Poland	100.0		
BREL-COM Sp. z.o.o.	Warsaw, Poland	100.0		
BREL-ESTATE Sp. z.o.o.	Warsaw, Poland	100.0		
BREL-FIN Sp. z.o.o.	Warsaw, Poland	100.0		
BREL-FORCA Sp. z.o.o.	Warsaw, Poland	100.0		
BREL-HAN Sp. z.o.o.	Warsaw, Poland	100.0		
BRELINVEST Sp. z.o.o.	Warsaw, Poland	100.0		
BREL-MAR Sp. z.o.o.	Warsaw, Poland	100.0		
BREL-Property Management Sp.z.o.o.	Warsaw, Poland	100.0		
BREL-STAR Sp. z.o.o.	Warsaw, Poland	100.0		
Caduceus Investment S.A.	Luxembourg, Luxembourg	100.0		
CAP Kiel Betriebs-GmbH i.L.	Kiel	51.0		
CB Euregio GmbH	Frankfurt/Main	100.0		
CB Lux Kirchberg GmbH	Frankfurt/Main	100.0		
CBG Commerz Beteiligungskapital Verwaltungs GmbH	Frankfurt/Main	100.0		
CCR Courtage i.L.	Paris, France	100.0		
Centrum Rozliczen i Informacji CERI Sp. z.o.o.	Aleksandrów Lódzki, Poland	100.0		
CG Japan GmbH	Wiesbaden	100.0		
CG Real Estate Luxemburg S.à.r.l.	Luxembourg, Luxembourg	100.0		
CGG Canada Grundbesitz GmbH	Wiesbaden	100.0		
CGI Stadtgalerie Schweinfurt Verwaltungs- GmbH	Wiesbaden	100.0		
CGI Victoria Square Limited	London, United Kingdom	100.0		
CGI Victoria Square Nominees Limited	London, United Kingdom	100.0		
CIV GmbH Alpha	Frankfurt/Main	100.0		
CIV GmbH Beta	Frankfurt/Main	100.0		
COLLEGIUM GLASHÜTTEN Zentrum für Kommunikation Gesellschaft mit beschränkter Haftung	Glashütten	100.0		b)
Commerz (Nederland) N.V.	Amsterdam, Netherlands	100.0		
Commerz Building and Management GmbH	Essen	100.0		b)
Commerz Funds Solutions S.A.	Luxembourg, Luxembourg	100.0		
Commerz Grundbesitz Gestao de Centros Commerciais, Sociedade Unipessoal, Lda.	Lisbon, Portugal	100.0		
Commerz Keyes Avenue Properties (Proprietary) Ltd.	Johannesburg, South Africa	100.0		
Commerz Management Services Limited	Dublin, Ireland	100.0		
Commerz Nominees Limited	London, United Kingdom	100.0		
Commerz Overseas Services Ltd.	London, United Kingdom	100.0		
Commerz Real Autoservice GmbH i.L.	Düsseldorf	100.0		b)
Commerz Real CZ s.r.o.	Prague, Czech Republic	100.0		
Commerz Real Direkt GmbH i.L.	Düsseldorf	100.0		b)
Commerz Real Finanzierungsleasing GmbH	Düsseldorf	100.0		b)
Commerz Real Nederland B. V.	Capelle a/d Ijssel, Netherlands	100.0		
Commerz Real Partner Hannover GmbH i.L.	Düsseldorf	100.0		
Commerz Real Partner Nord GmbH i.L.	Düsseldorf	100.0		
Commerz Real Partner Süd GmbH	Düsseldorf	100.0		
Commerz Real Projektconsult GmbH	Düsseldorf	100.0		b)
Commerz Real Southern Europe GmbH	Wiesbaden	100.0		
Commerz Real Vertrieb GmbH	Düsseldorf	100.0		

Name	Registered office	Share of capital held %	Deviation in voting rights %	
Commerz Real Western Europe GmbH	Wiesbaden	100.0		
Commerz Transaction Services Ost GmbH	Halle (Saale)	100.0		
Commerzbank Capital Management Unternehmensbeteiligungs GmbH	Frankfurt/Main	100.0		b)
Commerzbank International (Jersey) Limited	St. Helier, Jersey	100.0		
Commerzbank Leasing December – 25 Limited	London, United Kingdom	70.0		
Commerzbank Leasing December – 6 Limited	London, United Kingdom	100.0		
Commerzbank Representative Office Nigeria Limited	Lagos, Nigeria	100.0		
Commerzbank Representative Office Panama, S.A.	City of Panama, Panama	100.0		
Commerzbank Sao Paulo Servicos Ltda.	Sao Paulo, Brazil	100.0		
Commerzbank Sponsoring GmbH	Frankfurt/Main	100.0		b)
CommerzKommunalbau GmbH	Düsseldorf	100.0		
CommerzLeasing GmbH	Düsseldorf	100.0		
CommerzStiftungsTreuhand GmbH	Frankfurt/Main	100.0		
CommerzTrust GmbH	Frankfurt/Main	100.0		
CR Station General Partner Inc.	Toronto, Canada	100.0		
Crédito Germánico S.A.	Montevideo, Uruguay	100.0		
CRI Erste Beteiligungsgesellschaft mbH	Wiesbaden	100.0		
CRI Zweite Beteiligungsgesellschaft mbH	Wiesbaden	100.0		
CSK Sp. z.o.o.	Lodz, Poland	100.0		
Czwarty Polski Fundusz Rozwoju Sp. z.o.o.	Lodz, Poland	100.0		
Delphi I Eurohypo LLC	Wilmington, Delaware, USA	100.0		
DFI S.p.A. in liquidazione	Milan, Italy	100.0		
Dr. Gubelt Immobilien Vermietungs-Gesellschaft mbH & Co. Objekt Chemnitz KG	Düsseldorf	98.8	98.8	
Dresdner Kleinwort Derivative Investments Limited	London, United Kingdom	100.0		
Dresdner Kleinwort Group LLC	Wilmington, Delaware, USA	100.0		
Dresdner Kleinwort Holdings II, Inc.	Wilmington, Delaware, USA	100.0		
Dresdner Kleinwort Servicios y Asesorias Ltda.	Santiago de Chile, Chile	100.0		
Dresdner Private Placement GmbH	Bad Vilbel	100.0		
EHY Sub Asset LLC	Wilmington, Delaware, USA	100.0		
EHNY Montelucia Manager, LLC	Dover, Delaware, USA	100.0		
Einunddreißigste DRESIB Beteiligungs-Gesellschaft mbH	Frankfurt/Main	100.0		
Elfte Umbra Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0		b)
EP Euro-Projektentwicklungs GmbH & Co. Objekt 1 KG	Frankfurt/Main	100.0		
EP Euro-Projektentwicklungs-Verwaltungs GmbH	Frankfurt/Main	100.0		
Erste DRESIB Beteiligungs-Gesellschaft mbH	Frankfurt/Main	100.0		
EuREAM GmbH	Wiesbaden	100.0		
Eurohypo Investment Banking Limited	London, United Kingdom	100.0		
Eurohypo Nominees 1 Limited	London, United Kingdom	100.0		
Eurohypo Representacoes Ltda.	Sao Paulo, Brazil	100.0		
Eurologistik 1 Leasehold General Partner BVBA	Brussels, Belgium	100.0		
Fernwärmenetz Leipzig GmbH	Leipzig	100.0		
Finanztrust AG in Liquidation	Glarus, Switzerland	100.0		
Forum Algarve - Gestao de Centro comercial, Sociedade Unipessoal, Lda.	Lisbon, Portugal	100.0		
Frega Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0		
Galbraith Investments Limited	London, United Kingdom	100.0		

Name	Registered office	Share of capital held %	Deviation in voting rights %	
Garbary Sp. z.o.o.	Poznan, Poland	100.0		
Gesellschaft für Kreditsicherung mbH	Berlin	63.3		
GIE Victoria Aéronautique	Paris, France	100.0		
GRANADA Investment GmbH i.L.	Düsseldorf	100.0		
Grundstücks- und Vermögensverwaltungsgesellschaft Geretsried mbH	Düsseldorf	51.1	51.0	
GVG Gesellschaft zur Verwertung von Grundbesitz mit beschränkter Haftung	Eschborn	100.0		b)
H 47 GmbH & Co. KG	Düsseldorf	100.0		
H 47 Verwaltungsgesellschaft mbH	Düsseldorf	94.4	94.0	
Haus am Kai 2 O.O.O.	Moscow, Russia	100.0		
HDW Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main	100.0		
Histel Beteiligungs GmbH	Frankfurt/Main	100.0		b)
HVI Handels- und Verwertungsgesellschaft für Immobilien mbH	Düsseldorf	94.0		
Immobiliengesellschaft Ost Hägle, spol. s.r.o	Prague, Czech Republic	100.0		
Immobilien-Vermietungsgesellschaft Reeder & Co. Objekt Airport Bürocenter Dresden KG	Dresden	87.2	86.6	
Immobilienverwaltungs- und Vertriebsgesellschaft Villen am Glienicker Horn mbH	Berlin	100.0		
Immobilienverwaltungsgesellschaft Grammophon Büropark mbH	Berlin	100.0		
Immobilienverwaltungsgesellschaft Kampffmeyer Villa mbH	Berlin	100.0		
Immobilienverwaltungsgesellschaft Schlachthof Offenbach mbH	Eschborn	100.0		
IMMOFIDUCIA Sp. z. o.o.	Warsaw, Poland	100.0		
Inversiones Dresdner Kleinwort Chile Ltda.	Santiago de Chile, Chile	100.0		
IWP International West Pictures GmbH & Co. Erste Produktions KG	Cologne	94.9		
IWP International West Pictures Verwaltungs GmbH	Cologne	100.0		
KTC Kommunikations- und Trainings-Center Königstein GmbH	Königstein	100.0		
L.I.A. Leasinggesellschaft für Immobilien- und Anlagegüter mbH	Düsseldorf	100.0		
LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH	Ludwigshafen	94.0		
LOFRA GmbH & Co.KG	Frankfurt/Main	99.9	100.0	
LOFRA Verwaltungs-Gesellschaft mbH	Frankfurt/Main	100.0		
Lufthansa Leasing GmbH & Co. Echo-Oscar KG i. L.	Grünwald	100.0	99.6	
Lufthansa Leasing GmbH & Co. Echo-Papa KG i. L.	Grünwald	71.2	71.0	
LUGO Photovoltaik-Beteiligungsgesellschaft mbH & Co. Objekt El Baldio 1 KG	Düsseldorf	100.0		
Mandas Receivables No.1 Limited	St. Helier, Jersey	100.0		
Mandas Receivables No.2 Limited	St. Helier, Jersey	100.0		
Marseille Shipping Limited	Monrovia, Liberia	100.0		
Max Lease Sàrl	Luxembourg, Luxembourg	100.0		
MOLBINA Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf Ludwig-Erhard-Allee KG	Düsseldorf	94.3	91.2	
MOLMELFI Vermietungsgesellschaft mbH & Co. Objekt Burghausen KG	Düsseldorf	100.0	51.0	
MOLRATUS Vermietungsgesellschaft mbH	Düsseldorf	100.0		
MOLRATUS Vermietungsgesellschaft mbH & Co. Objekt Loxstedt KG	Düsseldorf	0.0	85.0	
MONEA Vermietungsgesellschaft mbH	Düsseldorf	100.0		
Montitail - Gestao de Retail Park, Sociedade Unipessoal Lda.	Lisbon, Portugal	100.0		
NACOLO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0		
NACONA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0		

Name	Registered office	Share of capital held %	Deviation in voting rights %
NACONEO Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NACONGA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NACORINO Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NACORONA Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NACOTA Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NAFARI Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAFIRINA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAMINO Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NAROLA Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NASIRO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NASTO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUCULA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAULUMO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUMOSA Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NAUPEUS Schiffsbetriebsgesellschaft mbH i.L.	Hamburg	100.0	
NAURANTO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAURATA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUSOLA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTARO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTESSA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTIS Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTLUS Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTORIA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAUTUGO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVALIS Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVALIS Shipping Limited	Monrovia, Liberia	100.0	
NAVIBOLA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIBOTO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIFIORI Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIGA Schiffsbeteiligung GmbH	Hamburg	100.0	
NAVIGATO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIGOLO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVILO Vermietungsgesellschaft mbH	Hamburg	100.0	
NAVINA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIRENA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVIROSSA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVISTA Verwaltungund Treuhand GmbH i.L.	Düsseldorf	100.0	
NAVITA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVITARIA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVITONI Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVITOSA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NAVITURA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NEB Shipping Co.	Monrovia, Liberia	100.0	
NEPTANA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NEPTILA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NEPTORA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	

Name	Registered office	Share of capital held %	Deviation in voting rights %
NEPTUGA Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NEPTUNO Schiffsbetriebsgesellschaft mbH	Hamburg	100.0	
NESTOR Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hamme KG	Düsseldorf	100.0	
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Landau KG	Düsseldorf	5.0	55.0
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Wiemelhausen KG	Düsseldorf	100.0	
Neuma Vermögensverwaltungsgesellschaft mbH	Hamburg	100.0	
Neunzehnte FraMü Beteiligungs GmbH	Frankfurt/Main	100.0	
NORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
NOSCO Grundstücks-Vermietungsgesellschaft mbH	Mainz	100.0	
NOTITIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
NOVITAS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
Number X Real Estate Hungary Kft.	Budapest, Hungary	100.0	
Number X Real Estate GmbH	Eschborn	100.0	
NUMERIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
NURUS Beteiligungsgesellschaft mbH	Düsseldorf	100.0	[b]
OSKAR Medienbeteiligungsgesellschaft mbH	Düsseldorf	100.0	
PALERMO Shipping Limited	Monrovia, Liberia	100.0	
PAREO Kraftwerk-Beteiligungsgesellschaft mbH	Leipzig	100.0	
Property Invest Spain, S.L.	Barcelona, Spain	100.0	
PRUNA Betreiber GmbH	Grünwald	51.0	
RAMONIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
RAPIDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
RAVENNA Kraków Sp. z.o.o.	Warsaw, Poland	100.0	
Receivable Partners Inc.	Wilmington, Delaware, USA	66.0	
RECURSA Grundstücks-Vermietungsgesellschaft mbH	Frankfurt	100.0	
RESIDO Flugzeug-Leasinggesellschaft mbH	Düsseldorf	100.0	
RIMA Medien-Beteiligungsgesellschaft mbH i.L.	Düsseldorf	100.0	
RIPA Medien-Beteiligungsgesellschaft mbH	Düsseldorf	100.0	
ROSARIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Baden-Airpark KG	Düsseldorf	50.0	65.0
ROSATA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ROSEA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ROSINTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ROSOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
ROTUNDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	
SB-Bauträger Gesellschaft mit beschränkter Haftung	Eschborn	100.0	
Schunk GmbH	Willich	51.0	
Solar Cuever del Negro 1, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 10, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 11, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 12, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 13, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 14, S.L.U.	Madrid, Spain	100.0	

Name	Registered office	Share of capital held %	Deviation in voting rights %
Solar Cuever del Negro 15, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 16, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 17, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 18, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 2, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 3, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 4, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 5, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 6, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 7, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 8, S.L.U.	Madrid, Spain	100.0	
Solar Cuever del Negro 9, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 1, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 10, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 11, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 12, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 13, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 14, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 15, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 16, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 17, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 18, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 2, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 3, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 4, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 5, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 6, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 7, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 8, S.L.U.	Madrid, Spain	100.0	
Solar Los Arroyos de Escuzar 9, S.L.U.	Madrid, Spain	100.0	
SOLTRX Transaction Services GmbH	Düsseldorf	100.0	[b)]
Space Park Erste Verwaltungs GmbH	Frankfurt/Main	100.0	
TARA Immobilien-Besitz GmbH	Eschborn	100.0	[b)]
TARA Immobilien-Verwaltungs-GmbH	Eschborn	100.0	
TARA Property-Management GmbH	Eschborn	100.0	
Tele-Tech Investment Sp. z.o.o.	Warsaw, Poland	100.0	
TIGNARIS Beteiligungsgesellschaft mbH & Co. Objekt Ostfildern KG	Düsseldorf	94.9	97.0
TIGNARIS Beteiligungsgesellschaft mbH & Co. Streubesitz KG	Düsseldorf	94.8	
TIGNATO Beteiligungsgesellschaft mbH	Essen	100.0	
TOULON NOVA Shipping Limited	Monrovia, Liberia	100.0	
TRANSFERIA Managementgesellschaft mbH i.L.	Dortmund	100.0	
VALENCIA NOVA Shipping Limited	Monrovia, Liberia	100.0	
Wijkertunnel Beheer III B.V.	Amsterdam, Netherlands	100.0	
WST-Broker-GmbH i.L.	Frankfurt/Main	90.0	

2. Associated companies

a) Associated companies in the consolidated financial statements accounted for using the equity method

Name	Registered office	Share of capital %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000	
36th Street CO-INVESTMENT, L.P.	Wilmington, Delaware, USA	49.0	50.0	USD	14,497	242	
AKA Ausfuhrkredit-Gesellschaft mbH	Frankfurt/Main	31.6		EUR	161,822	8,605	
Argor-Heraeus S.A.	Mendrisio, Switzerland	31.2		CHF	6,369	28,324	
Capital Investment Trust Corporation	Taipei, Taiwan	24.0		TWD	54,852	12,361	
Captain Holdings S.à.r.l.	Luxembourg, Luxembourg	46.0		GBP	3,853	−1	
Commerz Unternehmens-beteiligungs-Aktiengesellschaft	Frankfurt/Main	40.0		EUR	30,000	4,822	
COMUNITHY Immobilien GmbH	Düsseldorf	49.9		EUR	−8,143	747	
DTE Energy Center, LLC	Wilmington, Delaware, USA	49.5		USD	104,300	0	a)
Exploitatiemaatschappij Wijkertunnel C.V.	Amsterdam, Netherlands	33.3		EUR	10,607	0	
GIE Céline Bail	Paris, France	40.0		EUR	0	4,213	
GIE Morgane Bail	Paris, France	40.0		EUR	0	3,581	
GIE Northbail	Puteaux, France	25.0		EUR	0	7	
HAJOBANTA GmbH & Co. Asia Opportunity I KG	Düsseldorf	20.8	20.7	EUR	149,041	−1,127	
ILV Immobilien-Leasing Verwaltungs-gesellschaft Düsseldorf mbH	Düsseldorf	50.0		EUR	43,779	5,967	
Inmobiliaria Colonial, S.A.	Barcelona, Spain	19.8		EUR	1,958,335	−711,026	
KGAL GmbH & Co. KG	Grünwald	40.5		EUR	97,648	3,684	
KGAL Verwaltungs-GmbH	Grünwald	45.0		EUR	8,362	396	
MFG Flughafen-Grundstücks-verwaltungsgesellschaft mbH & Co. BETA KG	Grünwald	29.4	29.0	EUR	−63,291	3,024	
MM Cogène 2	Paris, France	49.8		EUR	0	2,476	
RECAP Alta Phoenix Lofts Investment, L.P.	New York, New York, USA	50.0		USD	16,158	0	
RECAP/Commerz AMW Investment, L. P.	New York, New York, USA	50.0		USD	15,480	0	
RECAP/Commerz Greenwich Park Investment, L.P	New York, New York, USA	50.0		USD	10,870	0	
Reederei MS “E.R. INDIA” Beteili-gungsgesellschaft mbH & Co.KG	Hamburg	26.1		EUR	9,224	2,166	
Southwestern Co-Investment, L.P.	New York, New York, USA	50.0		USD	13,196	0	

b) Associated companies in the consolidated financial statements not accounted for using the equity method due to their minor significance

Name	Registered office	Share of capital %	Deviation in voting rights %
4239431 Canada Inc.	Toronto, Ontario, Canada	50.0	
4239440 Canada Inc. General Partner	Toronto, Ontario, Canada	50.0	
4239466 Canada Inc.	Toronto, Ontario, Canada	50.0	
4239474 Canada Inc.	Toronto, Ontario, Canada	50.0	
ACTIUM Leasobjekt GmbH & Co. Objekte Amberg und Landshut KG	Düsseldorf	50.0	
ADAMANTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Elbphilharmonie KG	Düsseldorf	50.0	
AF Eigenkapitalfonds für deutschen Mittelstand GmbH & Co. KG	Munich	47.9	
AGASILA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf KG	Düsseldorf	23.4	25.0
Ampton B.V.	Amsterdam, Netherlands	50.0	
ASTIRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
BAF Berlin Animation Film GmbH	Berlin	49.0	
Banco Comercial S. A.	Montevideo, Uruguay	33.3	
Bonitos GmbH & Co. KG	Frankfurt/Main	50.0	
Bonitos Verwaltungs GmbH	Frankfurt/Main	50.0	
BONUS Vermietungsgesellschaft mbH	Düsseldorf	30.0	
CETERA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Weinheim KG	Düsseldorf	5.0	33.3
CHRISTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Rottweil KG i.L.	Düsseldorf	2.0	33.3
COMMERZ GOA REALTY Management, LLC	Atlanta, Georgia, USA	49.0	
Commerz GOA Realty Associates LLC	New York, New York, USA	49.0	
Commerz Realty Associates GP V, LLC	Wilmington, Delaware, USA	49.0	
DRABELA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREBACUSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREBANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREBENDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREBOSTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRECORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREDOLA Grundtüstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREFLORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREFUMA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREHERA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	50.0	
DREKANDIS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREKONTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRELARA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRELOBA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRELOSINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRELUTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREMARA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf	50.0	
DRENITA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRESANA Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DRETERUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	

Name	Registered office	Share of capital %	Deviation in voting rights %
DRETUNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
DREVERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	50.0	
Düsseldorfer Börsenhaus GmbH	Düsseldorf	20.0	
EP Euro-Projektentwicklungs GmbH & Co. Objekt Köln-Porz KG i.L.	Frankfurt/Main	50.0	
FERO Vermietungsgesellschaft mbH	Düsseldorf	26.0	
FORNAX Kraftwerk-Beteiligungsgesellschaft mbH	Grünwald	50.0	
FOSSUM Beteiligungsgesellschaft mbH	Düsseldorf	24.8	25.0
FUNGOR Vermietungsgesellschaft mbH	Düsseldorf	43.6	
GIE Cinquieme Lease	Puteaux, France	33.3	
GIE Go Lease	Puteaux, France	50.0	
GIE Hu Lease	Puteaux, France	50.0	
GIE Quatrieme Lease	Puteaux, France	33.3	
GMF German Mittelstand Fund GmbH i. L.	Frankfurt/Main	23.5	
GOPA Gesellschaft für Organisation, Planung und Ausbildung mbH	Bad Homburg v. d. Höhe	24.8	28.8
GRAMEDA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRAMINA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRAMOLINDA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRAMOLINDA Vermietungsgesellschaft mbH & Co. Objekt Frankfurt KG	Grünwald	94.0	40.0
GRASSANO Vermietungsgesellschaft mbH	Grünwald	50.0	
GRATNOMA Grundstücks-Vermietungsgesellschaft mbH	Grünwald	50.0	
GRENADO Vermietungsgesellschaft mbH	Grünwald	50.0	
GRETANA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRISLEVA Vermietungsgesellschaft mbh	Grünwald	50.0	
GRONDOLA Vermietungsgesellschaft mbH	Grünwald	50.0	
GROSINA Vermietungsgesellschaft mbH	Grünwald	50.0	
GROTEGA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRUMENTO Vermietungsgesellschaft mbH	Grünwald	50.0	
GRUMONA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRUMOSA Vermietungsgesellschaft mbH	Grünwald	50.0	
GRUNATA Vermietungsgesellschaft mbh	Grünwald	50.0	
GZ Verwaltungsgesellschaft für Transportmittel mbH i.L.	Munich	50.0	
Industriedruck Krefeld Kurt Janßen GmbH & Co KG	Krefeld	25.7	
Irving Place Co-Investment, L.P.	New York, New York, USA	37.7	50.0
Ivanhoe Rive Nord Inc.	Toronto, Ontario, Canada	50.0	
Ivanhoe Ste-Foy Inc.	Toronto, Ontario, Canada	50.0	
La Tasca Holdings Limited	Luton, United Kingdom	39.2	
Lerchesberg Grundstücks-Gesellschaft mbH i.L.	Frankfurt/Main	49.0	
LOUISENA Vermietungsgesellschaft mbH	Grünwald	50.0	
Lufthansa Leasing GmbH & Co. Echo-November KG i. L.	Grünwald	30.6	30.5
MAECENA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dortmund KG	Düsseldorf	5.0	33.3
MANICA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neutraubling KG	Düsseldorf	5.0	50.0
MARBANA Vermietungsgesellschaft mbH & Co. Objekt Hallenbad Flensburg KG	Flensburg	40.0	
MARBREVA Vermietungsgesellschaft mbH & Co. Objekt AOK Bayern KG	Düsseldorf	100.0	50.0

Name	Registered office	Share of capital %	Deviation in voting rights %
MARBREVA Vermietungsgesellschaft mbH & Co. Objekt AOK Rheinland-Pfalz KG	Düsseldorf	100.0	50.0
Marie Lease S.à.r.l.	Luxembourg, Luxembourg	49.0	
MARIUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hannover KG	Düsseldorf	21.0	40.0
MERLAN Mobilien-Verwaltungsgesellschaft mbH & Co. Projekt Nr. 15 KG i. L.	Grünwald	32.0	31.1
MINERVA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Radolfzell KG	Düsseldorf	21.0	
MOLANCONA Vermietungsgesellschaft mbH	Düsseldorf	50.0	
MOLARIS Beteiligungsgesellschaft mbH & Co. Objekt Kurhaus KG	Düsseldorf	100.0	49.0
MOLBARVA Vermietungsgesellschaft mbH	Düsseldorf	50.0	
MOLBERNO Vermietungsgesellschaft mbH	Grünwald	50.0	
MOLBONA Vermietungsgesellschaft mbH	Berlin	50.0	
MOLCASA Vermietungsgesellschaft Objekt Smart mbH i.L.	Grünwald	50.0	
MOLDOMA Vermietungsgesellschaft mbH & Co. Objekt Augsburg KG	Düsseldorf	100.0	50.0
MOLGRADO Vermietungsgesellschaft Objekt Göttingen und Oldenburg mbH	Grünwald	50.0	
MOLPIREAS Vermietungsgesellschaft mbH	Düsseldorf	50.0	
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Aquarius KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Aries KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf Hohe Straße KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Geminus KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Halle Markt 11 KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Halle Riegel KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Pforzheim KG	Düsseldorf	98.5	49.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Taurus KG	Düsseldorf	98.5	49.0
MOLSURA Vermietungsgesellschaft mbH	Düsseldorf	50.0	
MS "Meta" Stefan Patjens GmbH & Co. KG	Drochtersen	30.5	
NOSSIA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Grünwald	2.5	25.0
NULUX NUKEM LUXEMBURG GmbH	Luxembourg, Luxembourg	49.5	
ORBITA Kraftwerk-Beteiligungsgesellschaft mbH	Düsseldorf	50.0	
ORNATUS Grundstücks-Vermietungsgesellschaft mbH	Schönefeld (Dahme-Spreewald)	50.0	
OSCA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Grünwald	26.0	
Pinova GmbH & Co. Erste Beteiligungs KG	Munich	41.8	
ProCredit Bank Sh.A.	Tirana, Albania	20.0	
Rendite Partner Gesellschaft für Vermögensverwaltung mbH i. L.	Frankfurt/Main	33.3	
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt ISF Sindlingen KG	Düsseldorf	0.0	50.0
SCI L Argentiere	Grenoble, France	30.0	
TAMOLDINA Vermietungsgesellschaft mbH	Grünwald	50.0	
TAMOLTEMPA Vermietungsgesellschaft mbH	Grünwald	50.0	
TAMOLTESSA Vermietungsgesellschaft mbH	Grünwald	50.0	
The World Markets Company GmbH i. L.	Frankfurt/Main	25.2	
U.S. Residential I GP, LLC	Wilmington, Delaware, USA	49.0	50.0

3. Jointly controlled entities in the consolidated financial statements accounted for using the equity method

Name	Registered office	Share of capital %	Deviation in voting rights %	Currency	Equity 1,000	Net profit or loss 1,000
Carbon Trade & Finance SICAR S.A.	Senningerberg, Luxembourg	50.0		EUR	9,167	1,039
Commerz Finanz GmbH	Munich	49.9		EUR	346,158	−23,441
Delphi I LLC	Wilmington, Delaware, USA	33.3	33.3	USD	−420,910	−13,679
FV Holding S.A.	Brussels, Belgium	60.0		EUR	30,283	−19,390
Kaiserkarree S.a.r.l.	Luxembourg, Luxembourg	50.0		EUR	−71,611	−48,630
Servicing Advisors Deutschland GmbH	Frankfurt/Main	50.0		EUR	3,038	−677

4. Special purpose entities and special funds

a) Special purpose entities included in the consolidated financial statements pursuant to IAS 27/SIC 12

Name	Registered office	Share of capital %	Deviation in voting rights %	Currency	Equity 1,000	
Asset Securisation Programme for Insured Receivables Ltd. (ASPIRE)	Dublin, Ireland	0.0		EUR	2	a)
Barrington II LLC	Dover, Delaware, USA	0.0		USD	0	
Barrington II Ltd.	George Town, Grand Cayman, Cayman Islands	0.0		USD	7,896	
Beethoven Funding Inc	Dover, Delaware, USA	0.0		USD	3	3)
Borromeo Finance S.r.l.	Milan, Italy	0.0		EUR	58,252	
Bosphorus Capital Ltd	Dublin, Ireland	0.0		EUR	−715	
CB MezzCAP Limited Partnership	St. Helier, Jersey	0.0		EUR	346	
Classic I (Netherlands) BV 2008−1	Amsterdam, Netherlands	0.0		EUR	43,205	
CoSMO Finance 2007−1 Ltd.	Dublin, Ireland	0.0		EUR	0	
CoSMO Finance 2008−1 Ltd.	Dublin, Ireland	0.0		EUR	0	
CoSMO II−1 Ltd.	Dublin, Ireland	0.0		EUR	10	a)
Danube Delta PLC	Delaware, USA	0.0		USD	−44,120	
Dock 100 GmbH & Co. KG	Berlin	0.0		GBP	−27,795	a)
FAF Inc.	George Town, Grand Cayman, Cayman Islands	0.0		EUR	167	
Global One Funding III LLC	Wilmington, Delaware, USA	0.0		USD	0	a)
Greenway Infrastructure Capital Plc	St. Helier, Jersey	0.0		EUR	176,023	
Greenway Infrastructure Fund	St. Helier, Jersey	0.0		EUR	0	
Honeywell Grundbesitzverwaltungs-GmbH & Co Vermietungs KG	Grünwald	100.0	19.0	EUR	−13,215	d)
Idilias SPC (Silo IV)	George Town, Grand Cayman, Cayman Islands	0.0		USD	237	
Idilias SPC Inc.	George Town, Grand Cayman, Cayman Islands	0.0		EUR	230	
Justine Capital SRL	Milan, Italy	0.0		EUR	226	
Kalmus Grundstücks Gesellschaft Objekt KG	Grünwald	0.0		EUR	−897	
Lamina Grundstücks- Verwaltungsgesellschaft mbH & Co Objekt Leipzig KP, Grünwald	Grünwald	0.0		EUR	5,697	
Liffey Emerald Ltd	Dublin, Ireland	0.0		EUR	618,427	

Name	Registered office	Share of capital %	Deviation in voting rights %	Currency	Equity 1,000	
Livingstone Mortgages Limited	London, United Kingdom	0.0		GBP	4,555	
MERKUR Grundstücks-Gesellschaft Objekt Berlin Lange Straße mbH & Co. KG	Grünwald	0.0		EUR	44,002	
Millstone II LLC	Dover, Delaware, USA	0.0		USD	148,617	
Millstone II LTd.	Dover, Delaware, USA	0.0		USD	0	
More Global Inc.	George Town, Grand Cayman, Cayman Islands	0.0		EUR	86	
Pantheon Master Fund	Delaware, USA	0.0		USD	−44,120	
Plymouth Capital Ltd.	St. Helier, Jersey	0.0		EUR	1,637	
RCL Securitisation GmbH	Frankfurt/Main	0.0		EUR	36	
Rügen I GmbH	Frankfurt/Main	0.0		EUR	25	
Semper Finance 2006–1 Ltd.	St. Helier, Jersey	0.0		GBP	1	
Semper Finance 2007–1 GmbH	Frankfurt/Main	0.0		EUR	−259	
Silver Tower 125 Inc.	George Town, Grand Cayman, Cayman Islands	0.0		EUR	1,414	
Symphony No.2 LLC	Wilmington, Delaware, USA	0.0		USD	−32	
Symphony No.4 LLC	Dover, Delaware, USA	0.0		USD	−8	
Tee One Inc.	George Town, Grand Cayman, Cayman Islands	0.0		EUR	−14	a)
Thames SPC	George Town, Grand Cayman, Cayman Islands	0.0		EUR	0	
Truckman Inc	George Town, Grand Cayman, Cayman Islands	0.0		EUR	−3	
TS Co. mit One GmbH	Frankfurt/Main	0.0		EUR	25	
TS Lago One GmbH	Frankfurt/Main	0.0		EUR	26	
Viaduct Invest FCP - SIF	Luxembourg, Luxembourg	0.0		EUR	1,282	a)
Victoria Capital (Ireland) Public Limited Company	Luxembourg, Luxembourg	0.0		EUR	59	
Victoria Capital Holdings S.A.	Luxembourg, Luxembourg	0.0		EUR	−269	
Victoria Capital S.A.	Luxembourg, Luxembourg	0.0		RUB	34	

b) Special purpose entities not included in the consolidated financial statements pursuant to IAS 27/SIC 12 due to their minor significance

Name	Registered office	Share of capital %	Deviation in voting rights %
Alexandria Capital Plc	Dublin, Ireland	0.0	
Dock 100 Logistik GmbH	Berlin	0.0	
Feather Leasing Stichting	Luxembourg, Luxembourg	0.0	
Gangrey Ltd	London, United Kingdom	0.0	
Goldman Sachs Multi-Strategy Portfolio (Class B/E)	George Town, Grand Cayman, Cayman Islands	0.0	
Life Management S.A.r.l.	Luxembourg, Luxembourg	0.0	
Opera France One FCC	Paris, France	0.0	
Opera Germany No. 1 GmbH	Frankfurt/Main	0.0	
Opera Germany No. 2 plc.	Dublin, Ireland	0.0	
Opera Germany No. 3 Ltd.	Dublin, Ireland	0.0	
Ryder Square Ltd.	St. Helier, Jersey	0.0	
Star Global Multi Strategy	George Town, Grand Cayman, Cayman Islands	0.0	
Viking Capital Ltd.	Jersey	0.0	

5. Special funds

a) Special funds included in the consolidated financial statements pursuant to IAS 27/SIC 12

Name	Registered office	Share of investor in fund %	Deviation in voting rights %	Currency	Fund volume 1,000	
BRE Gold Fund	Warsaw, Poland	100.0		PLN	235,267	
CBK SICAV	Hesperange, Luxembourg	54.9		EUR	342,170	
CDBS Cofonds	Frankfurt/Main	100.0		EUR	100,937	
CDBS Cofonds II	Frankfurt/Main	100.0		EUR	92,454	
CDBS Cofonds III	Frankfurt/Main	100.0		EUR	98,657	
CDBS Cofonds IV	Frankfurt/Main	100.0		EUR	99,845	
ComStage ETF SICAV	Luxembourg, Luxembourg	66.2		EUR	5,515,000	[a]
Gresham Bond	Luxembourg, Luxembourg	99.7		GBP	1,009	
VFM Mutual Fund AG & Co. KG	Vaduz, Liechtenstein	85.4		CHF	337,058	[4]
Olympic Investment Fund	Luxembourg, Luxembourg	100.0		EUR	325,000	[a]
OP-Fonds CDBS V	Frankfurt/Main	100.0		EUR	91,402	
Premium Management Immobilien - Anlagen	Frankfurt/Main	93.5		EUR	635,532	[a]

b) Special funds not included in the consolidated financial statements pursuant to IAS 27/SIC 12 due to their minor significance

Name	Registered office	Share of investor in fund %	Deviation in voting rights %
ALLIANZ BULGARIA PENSION FUND	Paris, France	100.0	
CBAS Global Hedge	Luxembourg, Luxembourg	100.0	
Garantie Plus 2012	Luxembourg, Luxembourg	14.0	
HQ Trust Kensington Ltd.	George Town, Grand Cayman, Cayman Islands	100.0	
HSC Life Policy Pooling S.A.r.l.	Luxembourg, Luxembourg	100.0	
LIFE PLUS FUNDS FCP-SIF	Luxembourg, Luxembourg	100.0	
Priamos Limited	London, United Kingdom	100.0	
Protect Global Winner 2014	Luxembourg, Luxembourg	100.0	

6. Investments in large corporations where the investment exceeds 5% of the voting rights

Name	Registered office	Share of capital %	Deviation in voting rights %
ConCardis Gesellschaft mit beschränkter Haftung	Frankfurt/Main	13.9	
EURO Kartensysteme Gesellschaft mit beschränkter Haftung	Frankfurt/Main	13.9	
GEWOBA Aktiengesellschaft Wohnen und Bauen	Bremen	7.1	
Open Joint-Stock Company Promsvyazbank	Moscow, Russia	14.4	

Footnotes	
1) Renamed:	Polfactor S.A. has been transformed into BRE Faktoring S.A.
2) Renamed:	Dresdner Kleinwort (Japan) Limited has been transformed into Commerz Securities Hong Kong Limited
3) Renamed:	Beethoven Funding Corporation has been transformed into Beethoven Funding Inc
4) Renamed:	ILSP Mutual Fund AG & Co. KG has been transformed into VFM Mutual Fund AG & Co. KG

Notes and explanations
a) Included in the consolidated financial statements for the first time in the year under review.
b) Profit transfer agreement.
c) No disclosures persuant to Art. 285 No.11a of the German Commercial Code (HGB) are provided due to their minor significance as defined in Art. 286 (3) No. 1 HGB.
d) Consolidated in accordance with SIC 12 as the share of voting rights held is 19%.

Foreign-exchange rates for €1 as at December 31, 2011		
Albania	ALL	138.8900
Bermuda	BMD	1.2939
Brazil	BRL	2.4159
Bulgaria	BGN	1.9558
Chile	CLP	671.8831
United Kingdom	GBP	0.8353
India	INR	68.7130
Japan	JPY	100.2000
Canada	CAD	1.3215
Poland	PLN	4.4580
Russia	RUB	41.7650
Switzerland	CHF	1.2156
Singapore	SGD	1.6819
South Africa	ZAR	10.4830
Taiwan	TWD	39.1797
Czech Republic	CZK	25.7870
Ukraine	UAH	10.3625
Hungary	HUF	314.5800
USA	USD	1.2939

Boards of Commerzbank Aktiengesellschaft

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Hans-Hermann Altenschmidt[1]
Employee of
Commerzbank Aktiengesellschaft

Dott. Sergio Balbinot
Managing Director
Assicurazioni Generali S. p. A.

Dr.-Ing. Burckhard Bergmann
Former Chairman of the
Board of Managing Directors
E.ON Ruhrgas AG

Dr. Nikolaus von Bomhard
Chairman of the
Board of Managing Directors
Münchener Rückversicherungs-
Gesellschaft AG

Karin van Brummelen[1]
Employee of
Commerzbank Aktiengesellschaft

Astrid Evers[1]
Employee of
Commerzbank Aktiengesellschaft

Uwe Foullong[1]
Secretary ver.di Trade Union
Member of the ver.di National Executive
Committee (until September, 2011)

Daniel Hampel[1]
Employee of
Commerzbank Aktiengesellschaft

Dr.-Ing. Otto Happel
Entrepreneur
Luverse AG

Beate Hoffmann[1]
(since May 6, 2011)
Employee of
Commerzbank Aktiengesellschaft

Sonja Kasischke[1]
(until May 6, 2011)
Employee of
Commerzbank Aktiengesellschaft

Prof. Dr.-Ing. Dr.-Ing. E.h.
Hans-Peter Keitel
President of the Federation
of German Industries (BDI)

Alexandra Krieger[1]
Cert. Business Manager
Head Economics Department I
Promotion of Co-Determination
Hans Böckler Foundation

Dr. h.c. Edgar Meister
Lawyer
Former member of the Executive Board
of Deutsche Bundesbank

Prof. h.c. (CHN) Dr. rer. oec.
Ulrich Middelmann
Former Deputy Chairman of the
Board of Managing Directors
ThyssenKrupp AG

Dr. Helmut Perlet
Former member of the
Board of Managing Directors
Allianz SE

Barbara Priester[1]
Employee of
Commerzbank Aktiengesellschaft

Mark Roach[1]
(since January 10, 2011)
Secretary ver.di Trade Union
National Administration

Dr. Marcus Schenck
Member of the
Board of Managing Directors
E.ON AG

Dr. Walter Seipp
Honorary Chairman

[1] Elected by the Bank's employees.

Board of Managing Directors

Martin Blessing
Chairman

Frank Annuscheit

Markus Beumer

Dr. Achim Kassow
(until July 12, 2011)

Jochen Klösges

Michael Reuther

Dr. Stefan Schmittmann

Ulrich Sieber

Dr. Eric Strutz

Martin Zielke

Responsibility statement by the Board of Managing Directors

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report of the Group provides a true and fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt/Main, February 27, 2012
The Board of Managing Directors

Martin Blessing

Frank Annuscheit

Markus Beumer

Jochen Klösges

Michael Reuther

Stefan Schmittmann

Ulrich Sieber

Eric Strutz

Martin Zielke

Independent Auditors' Report[1]

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of COMMERZBANK Aktiengesellschaft, Frankfurt am Main, and its subsidiaries, which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements for the business year from January 1 to December 31, 2011.

Board of Managing Directors' Responsibility for the Consolidated Financial Statements

The Board of Managing Directors of COMMERZBANK Aktiengesellschaft, Frankfurt am Main, is responsible for the preparation of these consolidated financial statements. This responsibility includes that these consolidated financial statements are prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) and that these consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The Board of Managing Directors is also responsible for the internal controls as the Board of Managing Directors determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

According to § 322 Abs. 3 Satz (sentence) 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at December 31, 2011 as well as the results of operations for the business year then ended, in accordance with these requirements.

[1] Translation of the independent auditor's report issued in German language on the consolidated financial statements prepared in German language by the management of Commerzbank Aktiengesellschaft, Frankfurt/Main. The German language statements are decisive.

Report on the Group Management Report

We have audited the accompanying group management report of COMMERZBANK Aktiengesellschaft, Frankfurt am Main, for the business year from January 1 to December 31, 2011. The Board of Managing Director of COMMERZBANK Aktiengesellschaft, Frankfurt am Main, is responsible for the preparation of the group management report in accordance with the requirements of German commercial law applicable pursuant to § 315a Abs. 1 HGB. We conducted our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the group management report promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Accordingly, we are required to plan and perform the audit of the group management report to obtain reasonable assurance about whether the group management report is consistent with the consolidated financial statements and the audit findings, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

According to § 322 Abs. 3 Satz 1 HGB we state, that our audit of the group management report has not led to any reservations.

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

Frankfurt am Main, March 1, 2012

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Lothar Schreiber	Peter Goldschmidt
(Wirtschaftsprüfer)	(Wirtschaftsprüfer)
(German Public Auditor)	(German Public Auditor)

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 as well as provide a glossary of the most important financial terms and 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

Dr. Olaf Berlien
Member of the Board
of Managing Directors
ThyssenKrupp AG
Essen
CEO
Division Technologies
Essen
Chairman of the Board
of Managing Directors
ThyssenKrupp Elevator AG
Düsseldorf

Cathrina Claas-Mühlhäuser
Chairwoman of the Supervisory Board
and Deputy Chairwoman of the
Shareholders' Committee
CLAAS KGaA mbH
Harsewinkel

Prof. Dr. Hans Heinrich Driftmann
General and Managing Partner
Peter Kölln KGaA
Elmshorn
President of the Deutscher Industrie-
und Handelskammertag
Berlin

Dr. Hubertus Erlen
Berlin

Dr. Margarete Haase
CFO
Deutz AG
Cologne

Prof. Dr. Johanna Hey
Head of Institute of Fiscal Law
University of Cologne
Cologne

Prof. Dr. Edward G. Krubasik
Member of the Managing Board
Siemens AG (retired)
Munich
Member of the Supervisory Board
Vallourec SA
Paris

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

Dr.-Ing. E.h. Hartmut Mehdorn
CEO
Air Berlin PLC
Berlin

Dr. Christoph M. Müller
Lawyer
Member of the Shareholders'
Committee and the Supervisory Board
Vaillant GmbH
Remscheid

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

Dr. Axel Frhr. v. Ruedorffer
Bad Homburg

Georg F.W. Schaeffler
Chairman of the Supervisory Board
Schaeffler AG
Herzogenaurach

Dr. Ernst F. Schröder
General Partner
Dr. August Oetker KG
Bielefeld

Jürgen Schulte-Laggenbeck
CFO
OTTO (GmbH & Co. KG)
Hamburg

Prof. Dennis J. Snower, Ph.D.
President
Kiel Institute for the World Economy
Kiel

Dr. Dr. h.c. Edmund Stoiber
Bavarian *Ministerpräsident* (retired)
Wolfratshausen

Nicholas Teller
CEO
E.R. Capital Holding GmbH & Cie. KG
Hamburg

Prof. Dr. Klaus Trützschler
Member of the Board
of Managing Directors
Franz Haniel & Cie. GmbH
Duisburg

Dr. Bernd W. Voss
Frankfurt am Main/Kronberg

Dr. Michael Werhahn
Member of the Board
of Managing Directors
Wilh. Werhahn KG
Neuss

Dr. Wendelin Wiedeking
Entrepreneur
Bietigheim-Bissingen

The lists of members of our regional advisory committees North, Northwest, West, East, Central, South and Southwest can be found in the internet under www.commerzbank.com > About us > Group information > Advisory boards.

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 December 31, 2011

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

Martin Blessing

– –

Frank Annuscheit

a) comdirect bank Aktiengesellschaft[1]
Deputy Chairman

Markus Beumer

a) Commerz Real AG[1]

Dr. Achim Kassow
(until 12.7.2011)

a) comdirect bank Aktiengesellschaft[1]
Deputy Chairman
(until 30.6.2011)

Commerzbank Auslandsbanken Holding AG[1]
Chairman
(until 5.7.2011)

b) BRE Bank SA[1]
(until 12.7.2011)

Jochen Klösges

a) Commerz Real AG[1]
Chairman

Commerz Real Investmentgesellschaft mbH[1]
Chairman

Deutsche Schiffsbank Aktiengesellschaft[1]
Chairman

Eurohypo Aktiengesellschaft[1]
Chairman

b) Commerzbank Auslandsbanken Holding Nova GmbH[1]
(until 16.5.2011)

Commerzbank Inlandsbanken Holding GmbH[1]
Deputy Chairman

Michael Reuther

a) Eurohypo Aktiengesellschaft[1]

Dr. Stefan Schmittmann

a) Commerzbank Auslandsbanken Holding AG[1]

Commerz Real AG[1]
Deputy Chairman

Eurohypo Aktiengesellschaft[1]

Schaltbau Holding AG[2]

Verlagsgruppe Weltbild GmbH

b) BRE Bank SA[1]
(until 3.3.2011)

KGAL GmbH & Co. KG
Chairman
(until 8.9.2011)

Ulrich Sieber

a) BVV Pensionsfonds des Bankgewerbes AG
Deputy Chairman

BVV Versicherungsverein des Bankgewerbes a.G.
Deputy Chairman

Commerzbank Auslandsbanken Holding AG[1]
Chairman

b) BRE Bank SA[1]
Deputy Chairman

SWAB Stiftung der Deutschen Wirtschaft für Arbeit und Beschäftigung GmbH
(until 31.8.2011)

Dr. Eric Strutz

a) ABB AG

Commerzbank Auslandsbanken Holding AG[1]
Deputy Chairman

RWE Power AG

b) BRE Bank SA[1]

Commerzbank Auslandsbanken Holding Nova GmbH[1]
Chairman

Commerzbank Inlandsbanken Holding GmbH[1]
Chairman

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

Partners Group Holding AG

SdB-Sicherungseinrichtungsgesellschaft deutscher Banken mbH

Verlagsbeteiligungs- und Verwaltungsgesellschaft mit beschränkter Haftung

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

Martin Zielke

a) Allianz Global Investors Kapitalanlagegesellschaft mbH

comdirect bank Aktiengesellschaft[1]
Chairman

Commerz Real AG[1]

Commerz Real Investment-gesellschaft mbH[1]
Deputy Chairman

b) BRE Bank SA[1]
(until 31.3.2011)

Commerzbank Auslandsbanken Holding Nova GmbH[1]
Deputy Chairman
(until 16.5.2011)

Public Joint Stock Company "Bank Forum"[1]
(until 26.4.2011)

Members of the Supervisory Board of Commerzbank Aktiengesellschaft

Information pursuant to Art. 285, no. 10, of the German Commercial Code (HGB)
As of December 31, 2011

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

Klaus-Peter Müller

a) Fresenius Management SE

Fresenius SE & KGaA
(formerly Fresenius SE)

Linde Aktiengesellschaft

MaschmeyerRürup AG Independent International Consultancy
(until 31.10.2011)

b) Landwirtschaftliche Rentenbank

Parker Hannifin Corporation

Uwe Tschäge

– –

Hans-Hermann Altenschmidt

a) BVV Pensionsfonds des Bankgewerbes AG

BVV Versicherungsverein des Bankgewerbes a.G.

b) BVV Versorgungskasse des Bankgewerbes e. V.

Dott. Sergio Balbinot

a) AachenMünchener Lebensversicherung AG[1]

AachenMünchener Versicherung AG[1]

Deutsche Vermögensberatung AG

Generali Deutschland Holding AG[1]

b) Europ Assistance Holding[1]

Future Generali India Insurance Co. Ltd.[1]

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

Generali Asia N.V.[1]

Generali China Insurance Company Ltd.[1]
Deputy Chairman

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

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

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

Generali Finance B.V.[1]

Generali France S.A.[1]
Deputy Chairman

Generali Holding Vienna AG[1]
Deputy Chairman

Generali Investments SpA[1]

Generali PPF Holding BV[1]
Chairman

Generali (Schweiz) Holding[1]
Deputy Chairman

La Centrale Finanziaria Generale S.p.A.[1]
(until 14.4.2011)

Migdal Insurance & Financial Holdings Ltd.[1]

Participatie Maatschappij Graafschap Holland N.V.[1]

Transocean Holding Corporation[1]

Dr.-Ing. Burckhard Bergmann

a) Allianz Lebensversicherungs-AG
Deputy Chairman

E.ON Energie AG

b) Accumulatorenwerke Hoppecke Carl Zoellner & Sohn GmbH

Jaeger Beteiligungsgesellschaft mbH & Co. KG
Chairman

Nord Stream AG
(until 27.5.2011)

OAO Gazprom
(until 30.6.2011)

OAO Novatek

Telenor

[1] Seat on the board of a consolidated company.

Dr. Nikolaus von Bomhard

a) ERGO Versicherungsgruppe AG[1]
Chairman

Munich Health Holding AG[1]
Chairman

Karin van Brummelen

– –

Astrid Evers

– –

Uwe Foullong

– –

Daniel Hampel

– –

Dr.-Ing. Otto Happel

– –

Beate Hoffmann
(since 6.5.2011)

– –

Sonja Kasischke
(until 6.5.2011)

– –

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

a) Deutsche Messe AG
(since 24.11.2011)

Hochtief AG
(until 12.5.2011)

National-Bank AG

ThyssenKrupp AG

b) Heitkamp & Thumann Group
(since 11.11.2011)

RAG Stiftung

Alexandra Krieger

– –

Dr. h. c. Edgar Meister

b) DWS Investment GmbH

Standard & Poor's Credit Market Services Europe Limited

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

a) Deutsche Telekom AG

E.ON Ruhrgas AG
(until 30.6.2010)

LANXESS AG

LANXESS Deutschland GmbH

ThyssenKrupp Materials International GmbH[1]
(until 31.12.2011)

ThyssenKrupp Steel Europe AG[1]
(until 31.12.2011)

b) Hoberg & Driesch GmbH
Chairman

Dr. Helmut Perlet

a) Allianz Deutschland AG

GEA GROUP AG

b) Allianz France S.A.

Allianz Life Insurance Company of North America

Allianz of America Inc.

Allianz S.p.A.

Fireman's Fund Ins. Co.

Barbara Priester

– –

Mark Roach
(since 10.1.2011)

a) Fiducia IT AG

Dr. Marcus Schenck

a) AXA S.A.
(since 27.4.2011)

E.ON Ruhrgas AG[1]

b) E.ON Energy Trading SE[1]

E.ON IT GmbH[1]

SMS GmbH

[1] Seat on the board of a consolidated company.

Employees of Commerzbank Aktiengesellschaft

Information pursuant to Art. 340a, (4), no. 1, of the German Commercial Code (HGB)
As of December 31, 2011

Manfred Breuer

Deutsche Edelstahlwerke GmbH

Gerold Fahr

Stadtwerke Ratingen GmbH

Martin Fischedick

Borgers AG

Commerz Real AG

Commerz Real Investmentgesellschaft mbH

Bernd Förster

SE Spezial Electronic Aktiengesellschaft

Jörg van Geffen

Häfen und Güterverkehr Köln AG

NetCologne Gesellschaft für Telekommunikation mit beschränkter Haftung

Sven Gohlke

Bombardier Transportation GmbH

Bernd Grossmann

Textilgruppe Hof AG

Detlef Hermann

Kaiser's Tengelmann GmbH

Ritzenhoff AG

Jochen H. Ihler

Hüttenwerke Krupp Mannesmann GmbH

Karin Katerbau

comdirect bank Aktiengesellschaft

Dr. Gerhard Kebbel

Deutsche Schiffsbank Aktiengesellschaft

Werner Lubeley

TNT Express GmbH

Michael Mandel

Commerz Real AG

Commerz Real Investmentgesellschaft mbH

Annegret Oerder

BVV Pensionsfonds des Bankgewerbes AG

Andreas Schmidt

Goodyear Dunlop Tires Germany GmbH

Dirk Wilhelm Schuh

GEWOBA Aktiengesellschaft Wohnen und Bauen

Berthold Stahl

Maincor AG
Deputy Chairman

Rupert Winter

Klinikum Burgenlandkreis GmbH

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 (ADR) In order to make trading easier in non-US equities, US banks issue depositary receipts for equities, whose originals are kept as a rule in their country of origin. These may be traded like equities on American stock exchanges.

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.

Associated company Associated companies are firms over whose financial and business policies a company included in the consolidated financial statements is able to exert significant influence. A significant influence is assumed to exist where the share in the voting rights is between 20% and 50%. Inclusion in the consolidated financial statements takes place in principle according to the equity method.

Back-testing A procedure for monitoring the quality of value at risk models. For this purpose, actual losses are compared to the forecast loss ceiling over a lengthy period.

Banking book The banking book contains all banking transactions that are not allocated to the trading book.

Benchmarks Reference figures like indices which are used, for instance, in portfolio management. They can determine the direction of an investment strategy by providing the portfolio manager with orientation as regards the composition of portfolios. They also serve as a measure of investment performance.

Cash flow hedge In a cash flow hedge, a derivative is used to insure non-trading balance-sheet transactions, particularly against the risk of a change in future cash flows. These derivatives are measured at fair value.

Cash flow statement The cash flow statement shows the structure of and changes in cash and cash equivalents during the financial year. It is divided up by source into cash flows from operating activities, investing activities and financing activities.

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 (CMBS) A type of ABS secured on commercial mortgages.

Confidence level The probability that a potential loss will not exceed the loss ceiling defined by the value at risk.

Core Tier I capital Core Tier I capital defines the Bank's liable equity capital. It comprises equity capital (common stock and capital reserves), retained earnings and silent participations. Core Tier I capital is the new definition of capital adequacy for banks worldwide.

Core Tier I ratio The core Tier I 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 I 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.

Cost/income ratio This represents the ratio of operating expenses to income before provisioning, indicating the cost-efficiency of the company or of one of its business units.

Coverage ratio The coverage ratio including collateral is the ratio of the sum of risk provisioning and collateral to the default volume.

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 derivative A financial instrument 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 This term stems from the application of the value at risk concept to credit-risk measurement. In substantive terms, the credit VaR is an estimate of the amount by which the losses arising from credit risk might potentially exceed the expected loss within a single year; therefore also known as unexpected loss. This approach is based on the idea that the expected loss merely represents the long-term average value for loan losses, which may differ (positively or negatively) from the actual loan losses in 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 burdens or tax reductions 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. security or loan) of by a market-based reference parameter (e.g. interest rate or currency). Among other things, these instruments offer possibilities for hedging risk.

Economically required capital The amount which is sufficient to cover unexpected losses from risk-bearing items with a high degree of certainty (at Commerzbank currently 99.91%). It is not identical to either equity as shown in the balance sheet or regulatory capital.

Embedded derivatives Also known as hybrid financial instruments, embedded derivatives are components of an original financial instrument, such as reverse convertible bonds (bonds that may be repaid in the form of equities). The derivative and the instrument form a single unit in legal and economic terms.

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 group of specific 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.

Equity Tier I capital Equity Tier I capital comprises core Tier I capital, not including silent participations.

Equity Tier I ratio The equity Tier I ratio is calculated as the ratio of equity Tier I capital to risk-weighted assets.

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 Financial Stability Facility The European Financial Stability Facility (EFSF) was created by the eurozone member states under an intergovernmental agreement. As a public limited company under Luxembourg law, the EFSF is able to issue bonds backed by a pool of guarantees from eurozone member states for on-lending to member states facing funding difficulties. The EFSF has been set up on a temporary basis until June 2013.

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) Expected loan amount taking into consideration a possible (partial) drawing of undrawn lines and contingent liabilities, which will charge the risk-taking capability in the case of default. The EaD of securities in the public finance portfolio is equal to the nominal.

Fair value The price at which assets are exchanged between knowledgeable, willing and independent parties. For measurement purposes, either market prices (e.g. stock-exchange prices) or – if these are unavailable – internal measurement models are used.

Fair value hedge In a fair value hedge, derivatives are used to hedge the fair value of assets or liabilities in the balance sheet. Usually a fixed-interest balance sheet item (e.g. a claim or a security) which is hedged against interest rate risk by means of a derivative (e.g. an interest rate swap). These derivatives are measured at fair value.

Financial instruments A financial instrument is a contract that gives rise to financial assets (such as credits, securities or derivatives) for one entity, while at the same time giving rise to financial liabilities (such as deposits from banks and customers, bonds issued or derivatives) or equity instruments for another entity.

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 guarantor's liability of the savings banks and *Landesbanken*, according to which the body responsible for the bank (federal Land, city or administrative district) guarantees deposits and bonds issued, was discontinued in 2001 for competitive reasons. The rules governing specific issues by savings banks and *Landesbanken* remained in force for a transitional period up to 2005; this is known as "grandfathering".

Hedge accounting Hedge accounting is the treatment in the accounts of two or more financial instruments involved in a hedging operation to reflect contrary changes in the value of the hedging transactions (e.g. interest rate swaps) and the hedged items (e.g. loans). Hedge accounting is designed to reduce the impact on the income statement of measuring and recognising changes in the fair value of derivative transactions through profit or loss.

Hedging A strategy under which transactions are effected with the aim of providing cover against the risk of unfavourable price movements (interest rates, prices, commodities).

Hybrid financial instruments Hybrid financial instruments are sources of funding that combine the characteristics of equity and debt. Typical examples of hybrid financial instruments include subordinated loans, silent participations and profit-sharing certificates.

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 information to help them reach a decision with regard to the company's asset and financial position and also its earnings performance. By contrast, financial statements according to the German Commercial Code (HGB) are primarily geared to the principle of prudence (capital preservation and investor protection).

Letter of comfort Usually, the commitment of a parent company to third parties (e.g. banks) to ensure that its subsidiary has sufficient funding to meet current and future liabilities.

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 setting-off of opposing items (amounts or risks).

Operating profit/loss Profit/loss from ordinary operations.

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.

Profit-sharing certificate Securitisation of profit-and-loss-sharing rights that can be issued by companies of any legal form and are introduced to official (stock-exchange) trading. Profit-sharing certificates are normally subordinated liabilities and under certain conditions may be counted as part of banks' liable funds.

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).

Repo transactions Abbreviation for repurchase agreements; these are combinations of spot purchases or sales of securities and the simultaneous forward sale or repurchase of these securities in an agreement involving the same counterparty. While these agreements are known as repo transactions from the buyer's point of view, from the seller's perspective they constitute reverse repo transactions.

Required economic capital The amount which is sufficient to cover unexpected losses from risk-bearing items with a high degree of certainty (at Commerzbank currently 99.91%). It is not identical to either reported equity or regulatory capital.

Residential Mortgage Backed Securities (RMBS) A type of ABS secured with private mortgages.

Return on equity This is calculated as the ratio between profit and average capital employed; it indicates the return achieved by the company on the capital which it employs.

Revaluation reserve The revaluation reserve includes changes in the fair value of securities and equity investments held as available-for-sale financial investments, which are not taken to the income statement. Figures are shown in the revaluation reserve after taking into account deferred taxes.

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 is to be taken into account when calculating the risk-weighted assets 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 is 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 examine the repercussions of extreme credit market events on risk positions. Commerzbank makes a distinction between risk-specific and integrated multi-risk stress tests. When calculating risk-taking capability, a distinction is made 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 risk positions and capital components.

Subsidiary Company controlled by its parent and in principle fully consolidated. If the subsidiary is of minor significance for the group, it is not included in the consolidation. In this case, the company appears in the financial statements at its fair value or, if this cannot be reliably established, at amortised cost.

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 instruments in which the swapping of payment flows (interest and/or currency amounts) is agreed over a fixed period. Through interest-rate swaps, interest payment flows are exchanged (e.g. fixed for floating rate). Currency swaps offer the additional opportunity to eliminate the exchange-rate risk by swapping amounts of capital.

Trading assets Securities, promissory notes, foreign exchange, precious metals, loans and loan commitments held for trading purposes are shown under this balance-sheet item at fair value. The item also includes derivative financial instruments with a positive fair value.

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.

Trading liabilities Trading book issues and delivery obligations from short sales of securities are shown under this balance-sheet item at fair value. The item also includes derivative financial instruments and lending commitments with a negative fair value.

Value at risk model (VaR) VaR refers to a method of quantifying risk. VaR is only meaningful if the holding period (e.g. 1 day) and the confidence level (e.g. 97.5%) are also specified. The VaR figure then indicates the loss ceiling which will not be exceeded within the holding period with a probability corresponding to the confidence level.

Volatility The term volatility is used to characterise the price fluctuation of a security or currency. Frequently, this is calculated from the price history or implicitly from a price-fixing formula in the form of the standard deviation. The greater 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.de

Index of figures and tables

Quarterly results by segment

1st quarter 2011 €m	Private Customers	Mittelstandsbank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restructuring Unit	Others and Consolidation	Group
Net interest income	492	514	157	160	296	5	103	1,727
Loan loss provisions	–41	–8	–30	–	–241	1	1	–318
Net interest income after provisions	451	506	127	160	55	6	104	1,409
Net commission income	569	285	55	48	81	–	–18	1,020
Net trading income and net income on hedge accounting	–1	16	26	456	–86	61	47	519
Net investment income	1	–16	4	4	–42	18	43	12
Current income on companies accounted for using the equity method	6	2	–	–	–8	–	–	–
Other net income	–22	3	10	11	16	–	320	338
Income before provisions	1,045	804	252	679	257	84	495	3,616
Income after provisions	1,004	796	222	679	16	85	496	3,298
Operating expenses	888	381	144	439	154	22	126	2,154
Operating profit/loss	**116**	**415**	**78**	**240**	**–138**	**63**	**370**	**1,144**
Impairments of goodwill and brand names	–	–	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	–	–	–	–
Pre-tax profit/loss	**116**	**415**	**78**	**240**	**–138**	**63**	**370**	**1,144**

2nd quarter 2011 €m	Private Customers	Mittelstandsbank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restructuring Unit	Others and Consolidation	Group
Net interest income	514	585	166	225	256	13	31	1,790
Loan loss provisions	–35	25	–6	–31	–233	3	–1	–278
Net interest income after provisions	479	610	160	194	23	16	30	1,512
Net commission income	455	274	55	92	87	–	–35	928
Net trading income and net income on hedge accounting	–2	–6	22	370	52	72	68	576
Net investment income	1	–17	–	26	–936	–7	–21	–954
Current income on companies accounted for using the equity method	5	5	–	11	–7	–	–1	13
Other net income	–14	–6	10	–14	4	–1	31	10
Income before provisions	959	835	253	710	–544	77	73	2,363
Income after provisions	924	860	247	679	–777	80	72	2,085
Operating expenses	845	363	148	398	144	16	116	2,030
Operating profit/loss	**79**	**497**	**99**	**281**	**–921**	**64**	**–44**	**55**
Impairments of goodwill and brand names	–	–	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	–	–	–	–
Pre-tax profit/loss	**79**	**497**	**99**	**281**	**–921**	**64**	**–44**	**55**

3rd quarter 2011 €m	Private Customers	Mittel-stands-bank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restruc-turing Unit	Others and Con-solidation	Group
Net interest income	497	528	171	141	240	7	5	1,589
Loan loss provisions	−34	−51	−32	−59	−254	17	–	−413
Net interest income after provisions	463	477	139	82	−14	24	5	1,176
Net commission income	406	264	55	78	69	–	−28	844
Net trading income and net income on hedge accounting	8	−2	33	202	−40	−219	371	353
Net investment income	–	−10	7	4	−1,370	–	102	−1,267
Current income on companies accounted for using the equity method	5	2	–	2	1	–	6	16
Other net income	43	–	1	21	3	–	−9	59
Income before provisions	959	782	267	448	−1,097	−212	447	1,594
Income after provisions	925	731	235	389	−1,351	−195	447	1,181
Operating expenses	854	386	143	354	143	17	139	2,036
Operating profit/loss	**71**	**345**	**92**	**35**	**−1,494**	**−212**	**308**	**−855**
Impairments of goodwill and brand names	–	–	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	–	–	–	–
Pre-tax profit/loss	**71**	**345**	**92**	**35**	**−1,494**	**−212**	**308**	**−855**

4th quarter 2011 €m	Private Customers	Mittel-stands-bank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restruc-turing Unit	Others and Con-solidation	Group
Net interest income	524	547	154	306	229	24	−166	1,618
Loan loss provisions	53	−154	−21	−56	−179	−26	2	−381
Net interest income after provisions	577	393	133	250	50	−2	−164	1,237
Net commission income	324	263	52	82	23	–	−41	703
Net trading income and net income on hedge accounting	−5	−50	170	41	197	−22	207	538
Net investment income	−4	−8	−4	−4	−1,451	−7	76	−1,402
Current income on companies accounted for using the equity method	3	2	–	2	6	–	–	13
Other net income	15	1	13	−30	−52	−6	905	846
Income before provisions	857	755	385	397	−1,048	−11	981	2,316
Income after provisions	910	601	364	341	−1,227	−37	983	1,935
Operating expenses	801	331	150	314	131	8	37	1,772
Operating profit/loss	**109**	**270**	**214**	**27**	**−1,358**	**−45**	**946**	**163**
Impairments of goodwill and brand names	–	–	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	–	–	–	–
Pre-tax profit/loss	**109**	**270**	**214**	**27**	**−1,358**	**−45**	**946**	**163**

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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.

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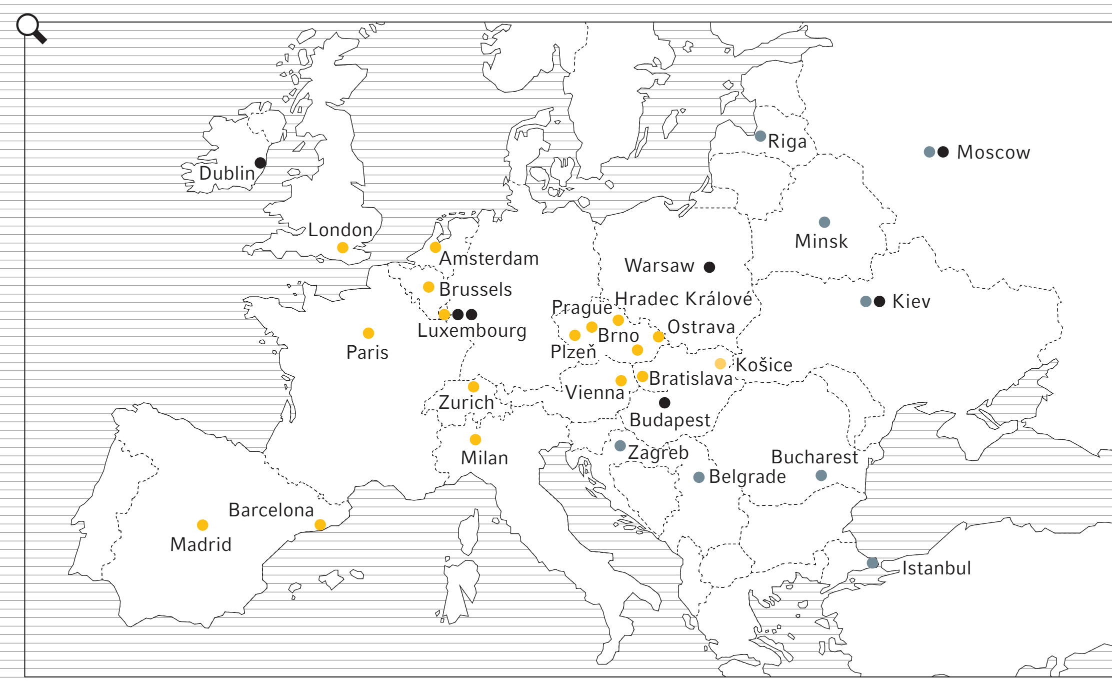

Commerzbank worldwide

Operative foreign branches	25
Representative offices	33
Group companies and major foreign holdings	8
Domestic branches in private customer business	1,477
Foreign branches	489
Worldwide staff	58,160
International staff	13,686
Domestic staff	44,474

As of 31.12.2011

Five-year overview

Income statement | €m	**2011**	2010	2009[1]	2008[1,2]	2007[1]
Net interest income	6,724	7,054	7,174	4,689	3,971
Loan loss provisions	–1,390	–2,499	–4,214	–1,855	–479
Net commission income	3,495	3,647	3,773	2,846	3,150
Net trading income and net income on hedge accounting	1,986	1,958	–409	–454	879
Net investment income	–3,611	108	417	–665	126
Current income on companies accounted for using the equity method	42	35	15	40	36
Other income	1,253	–131	–22	–27	196
Operating expenses	7,992	8,786	9,004	4,956	5,366
Operating profit	507	1,386	–2,270	–382	2,513
Impairments of goodwill and brand names	–	–	768	–	–
Restructuring expenses	–	33	1,621	25	8
Pre-tax profit/loss	507	1,353	–4,659	–407	2,505
Taxes on income	–240	–136	–26	–466	580
Profit/loss attributable to non-controlling interests	109	59	–96	59	8
Consolidated profit/loss[3]	**638**	1,430	–4,537	0	1,917

Key figures					
Earnings per share (€)	0.18	1.21	–4.40	0.00	2.92
Dividend total (€m)	–	–	–	–	657
Dividend per share (€)	–	–	–	–	1.00
Operating return on equity (%)	1.7	4.5	–8.0	–2.6	18.7
Return on equity of consolidated profit/loss[3,4] (%)	2.2	4.7	–16.5	0.0	15.4
Cost/income ratio in operating business (%)	80.8	69.3	82.2	77.1	64.2

Balance sheet | €bn	**31.12.2011**	31.12.2010	31.12.2009[1]	31.12.2008[2]	31.12.2007
Total assets	661.8	754.3	844.1	625.2	616.5
Total lending	303.9	330.3	368.4	313.7	316.6
Liabilities	459.5	531.8	567.0	464.5	490.0
Equity	24.8	28.7	26.6	19.8	16.1

Capital ratios | %					
Core capital ratio	11.1	11.9	10.5	10.1	6.9
Own funds ratio	15.5	15.3	14.8	13.9	10.8

Long/short-term rating					
Moody's Investors Service, New York	A2/P-1[5]	A2/P-1	Aa3/P-1	Aa3/P-1	Aa3/P-1
Standard & Poor's, New York	A/A-1	A/A-1	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] Restatement due to harmonization of reporting structure.
[2] After counterparty default adjustments.
[3] Insofar as attributable to Commerzbank shareholders.
[4] The capital base comprises the average Group capital attributable to Commerzbank shareholders without the average revaluation reserve and the cash flow hedge reserve.
[5] Rating since January 2012 "Review for Downgrade".

2012/2013 Financial calendar	
May 9, 2012	Interim Report Q1 2012
May 23, 2012	Annual General Meeting
August 9, 2012	Interim Report Q2 2012
November 8, 2012	Interim Report Q3 2012
End-March 2013	Annual Report 2012

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