

# Q3/2012



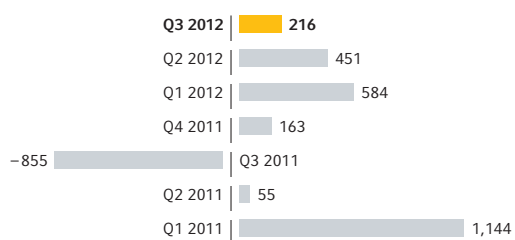
Interim Report as at 30 September 2012

The bank at your side

## Key figures

Income statement	1.1.–30.9.2012	1.1.–30.9.2011
Operating profit (€m)	1,251	344
Operating profit per share (€)	0.20	0.12
Pre-tax profit/loss (€m)	1,125	344
Consolidated profit/loss <sup>1</sup> (€m)	722	322
Earnings per share (€)	0.11	0.11
Operating return on equity <sup>2</sup> (%)	5.7	1.5
Cost/income ratio in operating business (%)	69.6	82.1
Return on equity of consolidated profit/loss <sup>1,2,3</sup> (%)	3.4	1.4
<b>Balance sheet</b>	<b>30.9.2012</b>	<b>31.12.2011</b>
Total assets (€bn)	675.6	661.8
Risk-weighted assets (€bn)	206.3	236.6
Equity as shown in balance sheet (€bn)	27.6	24.8
Own funds as shown in balance sheet (€bn)	41.8	40.3
<b>Capital ratios</b>		
Tier I capital ratio (%)	13.3	11.1
Core Tier I capital ratio <sup>4</sup> (%)	12.2	9.9
Equity Tier I ratio <sup>5</sup> (%)	11.4	9.1
Total capital ratio (%)	18.5	15.5
<b>Staff</b>	<b>30.9.2012</b>	<b>30.9.2011</b>
Germany	43,397	45,035
Abroad	12,890	13,728
Total	56,287	58,763
<b>Long/short-term rating</b>		
Moody's Investors Service, New York	A3/P-2	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<sup>1,2,3</sup> (%)



<sup>1</sup> Insofar as attributable to Commerzbank shareholders. <sup>2</sup> Annualized. <sup>3</sup> The capital base comprises the average Group capital attributable to Commerzbank shareholders without the average revaluation reserve and the cash flow hedge reserve. <sup>4</sup> 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. <sup>5</sup> The equity Tier I ratio is the ratio of Tier 1 capital (core Tier I capital excluding silent participations) to risk-weighted assets.

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## Letter from the Chairman of the Board of Managing Directors



**Martin Blessing**

Chairman of the Board of Managing Directors

*Dear shareholders,*

In addition to publishing our third-quarter figures we are also presenting the findings of the review of the strategic positioning of our segments, as announced at the end of the first half year. In the next few years we will adapt our business model to the changing framework conditions in the financial industry and achieve a sustainable increase in our earnings power. As part of its strategic agenda, the bank is investing in the earnings power of the core business, intensifying its rigorous cost management programme and further optimising its capital base. The key task will be to win back customer confidence. We are therefore repositioning ourselves strategically and operationally, particularly in the Private Customer segment. We will initially aim to regain this customer confidence by offering independent, objective advice and fair products and services. In future, our customers will be able to access Commerzbank's products and services at all times and in all places. To this end we are investing around 1 billion euros in building a modern multi-channel bank and making our branch network more flexible. In the coming years we will further enhance our leading position as a long-term partner for our customers and a reliable lender in the real economy.

In accordance with its clear strategic orientation on the needs of its customers, Commerzbank is also redesigning its international brand image. The current brand promise "Achieving more together" will be replaced by "The bank at your side". This underlines Commerzbank's approach as a fair and competent bank which is rigorously oriented on the needs of its customers. Our objective is clear: We want to create a new way of banking that unites modern technologies, innovative products and traditional values. We

believe that this gives Commerzbank a competitive edge and that we will be able to secure and expand our position as the leading bank for private and corporate customers in Germany and Poland over the long term, even in a difficult environment.

In the first nine months of 2012, Commerzbank's performance continued to be affected by the difficult market environment and a growing crisis in customers' confidence in the banking sector. Two factors had an immediate impact: On the one hand, interest rates – which were already low in the previous year – reached a historical low, and on the other, customers became even more reluctant to undertake business activities. Although the measures implemented by the European Central Bank contributed to a slight recovery on the markets and in customer activity during the third quarter, the debt crisis will remain a key issue for the banking sector.

In this environment we achieved an operating profit of €1.3bn in the first nine months of the year. This is well above the previous year's figure of €344m, which, however, was affected considerably by write-downs on Greek sovereign bonds. Significantly lower interest rates compared with the prior-year period had a noticeable impact on this year's performance. This was compounded by the volatile capital markets and the ongoing cautious attitude shown by our customers. The corresponding effect on earnings was evident both in the business dependent on interest rates and in commission-based activities. We have pursued rigorous cost management in this difficult environment. Operating expenses therefore fell by nearly €1bn to €5.3bn during the reporting period. Despite the ongoing difficult conditions, in the first nine months of 2012 the core bank achieved a result which was almost on a par with that achieved in the prior-year period, adjusted for the effects of capital management and the remeasurement of own liabilities. While the Mittelstandsbank achieved solid results, business in the Private Customer segment was constrained by the low interest rate environment and the cautiousness of our customers especially with respect to capital market transactions. However, in the third quarter, a slight stabilisation could be observed, although at a low level. The Corporates & Markets segment also benefited from a revival in customer activity in the third quarter. In the Central & Eastern Europe segment the performance of our subsidiary BRE Bank in Poland was stable. Outside the core bank, the Non-Core Assets division continued to suffer from high loan loss provisions, although it achieved progress in reducing the assets. Here we will consistently press ahead with our strategy of running down the portfolio while preserving value.

In view of the ongoing challenges in the economic and capital market environment and the subdued earnings performance anticipated up until the end of the year – due in part to seasonal influences – plus a planned increase in risk provisioning, Commerzbank expects the operating profit in the fourth quarter to be below that of the third quarter.

*Yours sincerely*



Martin Blessing, Chairman of the Board of Managing Directors

## Development of Commerzbank shares

In the third quarter the mood on the stock markets – especially for bank stocks – was again marked by ongoing uncertainty. This was principally attributable to the financial situation in the eurozone and a further loss of confidence in the banking sector. While negative influences dominated the share price at the beginning of the quarter, the European Central Bank (ECB) had a positive impact towards the end of the quarter and this had a stabilising effect on the market.

In July a number of regions of Spain that were no longer able to obtain funding on the capital market asked the central government for financial assistance. This put Spanish bonds under heavy selling pressure, and their yields rose to over 7.5% at the long end. Against this background, the Spanish and Italian governments banned short selling of financial stocks. Bank stocks came under additional downward pressure when it was revealed that the benchmark interest rate in the financial system, the Libor, had been manipulated.

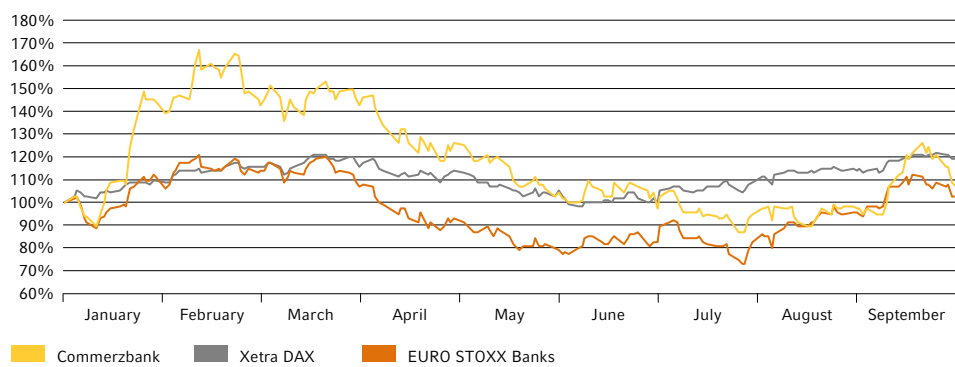
These developments triggered massive losses for financial stocks. In this environment the Commerzbank share fell to an annual low of €1.12 on 23 July. One day later, the EURO STOXX Banks index hit a 20-year low.

At its meeting on 26 July, the European Central Bank declared that it was “ready to do whatever it takes to preserve the euro”. After this clear signal from its president, the bond markets in Spain and Italy eased and the prices of financial securities stabilised again. Additional declarations the next day from Berlin and Paris that they would “do everything possible to protect the eurozone” marked a turning point in the price trend for financial securities.

At the beginning of September the central bank decided to continue buying unlimited amounts of short-term government bonds, provided that the country concerned had already approached the European bailout fund and asked for assistance. This decision sent the stock markets sky-rocketing and the German equity index climbed above 7,000. The Commerzbank share also recovered, reaching a quarterly high of €1.65 on 17 September after the highest German court had also declared the European Stability Mechanism (ESM) to be constitutional on 12 September. The DAX attained an annual high of 7,451 points on 21 September.

### Commerzbank share vs. Performance indices in the first nine months of 2012

Daily figures, 30.12.2011 = 100



The EURO STOXX Banks index rose by 1.2% in the first three quarters of 2012, while the Commerzbank share price climbed 6.9% in the same period. This trend was supported by a 10.2% increase in the Commerzbank share price in September. In comparison, the DAX rose by 22.3% in the first nine months of 2012. This performance growth was primarily attributable to the positive development in the third quarter, during which the DAX gained 21%. The daily turnover of Commerzbank shares – in terms of the number of shares traded – rose sharply in the first nine months of 2012 compared with the same period last year (+41 %). The average daily trading volume was 70.7 million, compared with 50.1 million shares in the first nine months of 2011. At the peak of trading on 12 September 2012, approximately 211 million shares were traded on German stock exchanges. Commerzbank's market capitalisation stood at €8.1bn at the end of the reporting period.

#### Highlights of the Commerzbank share

	1.1.–30.9.2012	1.1.–30.9.2011
<b>Shares issued</b> in million units (30.9.)	5,829.5	5,113.4
<b>Xetra intraday prices<sup>1</sup></b> in €		
High	2.21	5.18
Low	1.12	1.46
Closing price (30.9.)	1.39	1.90
<b>Daily trading volume<sup>2</sup></b> in million units		
High	210.6	165.6
Low	22.2	4.1
Average	70.7	50.1
<b>Index weighting</b> in % (30.9.)		
Xetra DAX	1.0	1.5
EURO STOXX Banks	2.3	3.0
<b>Earnings per share</b> in €	0.11	0.11
<b>Book value per share<sup>3</sup></b> in € (30.9.)	4.17	4.19
<b>Net asset value per share<sup>4</sup></b> in € (30.9.)	3.93	3.95
<b>Market value/Net asset value</b> (30.9.)	0.35	0.48

<sup>1</sup> 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 capital increase.

<sup>2</sup> Total of all German stock exchanges.

<sup>3</sup> Excluding silent participations and non-controlling interests.

<sup>4</sup> Excluding silent participations, non-controlling interests as well as cash flow hedges and less goodwill.

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## Business and overall conditions

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### Overall economic situation

Although the global economy has remained on a growth course during the year to date, impetus slowed significantly. This applies in particular to the emerging markets, where, although growth rates are still above average, the upward trend has lost considerable momentum. The reason for the slowdown is to be found in the significant tightening of monetary policy in many countries during the past year, as well as weaker demand coming from the industrialised countries.

Growth rates in the USA have remained quite stable at 2%, although this is too little to reduce unemployment noticeably. The Federal Reserve responded with a new programme of bond purchases in order to kick-start the economy.

The eurozone is still giving the most cause for concern in the global economy, as it remains in recession. The economy, especially in the periphery nations, is not only being held back by highly restrictive fiscal policies but also by the fact that excesses of the past are having to be corrected in the real estate sector and in consumer and corporate debt levels. The uncertainty about the future of the currency union represents a further burden which is causing many companies to take a more cautious approach to investing.

Germany has not been able to escape the general downward trend in the eurozone. The economy has grown slightly again here in past months. However, the decline in business confidence and the fall in new industrial orders that has been observed in the past few months give cause for concern that the economy may shrink slightly in the fourth quarter. This is less likely to be due to weaker demand from the other eurozone countries, because the decline there is currently still being compensated by robust demand from outside the eurozone, with the result that exports have so far continued to increase noticeably. One cause is still the uncertainty over the further course of the sovereign debt crisis.

Although the signals for the world economy are still pointing to a slowdown, high-risk investments recovered from their spring losses during the third quarter. This is mainly attributable to the measures taken by the central banks. The Federal Reserve, for example, expanded quantitative easing through its bond purchase programme, and the ECB is now ready to buy unlimited amounts of government bonds issued by the peripheral countries if necessary. The latter reduced fears at least on the financial markets regarding a possible breakup of the eurozone. This led to higher equity prices and lower yield mark-ups on the debt of the peripheral countries. Although German Bund yields trended upwards, they remain at a very low level.

## Important business policy events

### **New division of responsibilities within the Board of Managing Directors**

Responsibilities within the Commerzbank Board of Managing Directors were reallocated following the decision to significantly expand the Non-Core Assets (NCA) segment and not to launch the Real Estate and Ship Finance segment. Ulrich Sieber assumed overall responsibility for the expanded NCA segment jointly with Jochen Klösger, in addition to Group Human Resources. In order to concentrate on winding down the portfolios in the new NCA segment while minimising the impact on earnings, Ulrich Sieber handed over responsibility for Central & Eastern Europe to Martin Blessing. In turn, Martin Blessing relinquished the Treasury segment to Michael Reuther, who has now taken over this area in addition to Corporates & Markets. The new division of duties within the Board of Managing Directors took effect on 9 August 2012.

### **Eurohypo AG renamed “Hypotheckenbank Frankfurt AG”**

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

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## Earnings performance, assets and financial position

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In the first three quarters of 2012, Commerzbank's performance continued to be affected by an environment dominated by the European sovereign debt crisis and a growing crisis of confidence on the part of customers towards the banking sector. Two factors had a particularly negative impact: On the one hand, interest rates – which were already low in the previous year – continued to fall, and on the other, customers became even more reluctant to undertake business activities. Both these factors led to a fall in earnings in the core bank, which were only partially offset by the substantial progress made in reducing operating expenses and the ongoing very moderate risk situation. These developments had a significant impact on the core bank segment Private Customers, whereas performance in Mittelstandsbank and the segment Central & Eastern Europe as well as the segment Corporates & Markets was solid in general for the year to date. Overall in the first nine months of 2012 the core bank achieved a result which was almost on a par with that achieved in the prior-year period, adjusted for the effects of capital management and the remeasurement of own liabilities. For the Commerzbank Group, the discontinuation of the large write-downs on Greek government bonds resulted in an operating result of €1,251m, up by €907m on the same period of 2011.

After Commerzbank had prematurely met and even exceeded the EBA capital requirement at the end of the first quarter of 2012, the capital ratios were even higher at the end of the third quarter. This was accompanied by a significant decline in risk assets of €30.3bn to €206.3bn versus year-end 2011. At the end of September the Core Tier I ratio was 12.2% and the Core capital ratio was 13.3%. The Bank's liquidity position was very comfortable.

### Income statement of the Commerzbank Group

Net interest income fell by 18.9% to €4,141m during the first nine months of 2012 compared with the same period of 2011. There were several reasons for this. Firstly, the interest rate environment was at a very low level. This led to lower deposit spreads, especially in the Private Customers and Mittelstandsbank segments, while income from liquidity investments also declined. Secondly, lending volumes decreased as a result of our planned reduction of non-core activities. This applied in particular to the Non-Core Assets segment in commercial real estate financing, as well as the Corporates & Markets segment. In addition, in the second quarter of 2011 income was posted from restructured loans.

The net allocation to loan loss provisions rose slightly year on year by 3.7% to €-1,046m. The core bank was able to maintain its provisions at a very low level, and was even able to keep them below the prior-year figure thanks to good portfolio quality.

This trend was evident in all core bank segments with the exception of CEE, which is negatively impacted by the Ukrainian Bank Forum (now up for sale); Mittelstandsbank achieved a net reduction in provisions in the first nine months of 2012. In the reporting period, a good 80% of the net allocation to loan loss provisions was attributable to the Non-Core Assets segment. However, the composition was altered as compared with the prior-year period: While provisioning requirements in commercial real estate financing were lower, the trend in the shipping markets tended in the other direction due to the continued difficult economic situation there.

Net commission income during the period under review came to €2,440m, which was 12.6% less than in the first nine months of 2011. This was primarily due to the ongoing uncertainty in the financial markets, which led to continued reluctance to invest in securities, especially on the part of private customers, as shown by the decline in transaction-driven securities income. Furthermore, fee and commission income in the Non-Core Assets segment also fell substantially due to the suspension of new business. Income from foreign business increased, however.

Net trading income and net income from hedge accounting in the first three quarters of 2012 amounted to €1,158m, which was 20.0% less than the prior-year figure. This fall in income was attributable to two significant special effects: In the previous year, the refinement of the valuation models for interest rate hedging transactions contributed €324m to income, while the remeasurement of own liabilities to fair value in line with IFRS contributed €209m; the latter had a negative impact of €199m on this year's income. Irrespective of these special effects, Others and Consolidation achieved a significant rise in income in Group Treasury. Outside the core bank, the result of the Non-Core Assets declined because of the valuation of hedging transactions.

Net income from financial investments was €-169m in the first nine months of this year, compared with €-2,209m in the same period of 2011. The results for the reporting period are attributable to the losses on sales of assets incurred through the reduction of the Public Finance portfolio, including Greek government bonds. This also led to the high negative result in the previous year because of high write-downs. These factors also impacted on the Non-Core Assets segment.

Other net income came to €-55m compared with €407m a year earlier. The figure in 2011 came about largely through redemptions of hybrid capital instruments conducted in January 2011 for the purpose of optimising the capital structure, while the figure for the current reporting period primarily reflects provisions made on the basis of our changed loss estimates in connection with litigation risks.

In the reporting period operating expenses fell 15.6% compared with the same period of the previous year, to €5,252m. The decline was particularly marked in other operating expense including depreciation, with a drop of around 23%. This was attributable primarily to the realisation of cost synergies, but also to active implementation of cost-saving measures to achieve the EBA target. Personnel expense was down by 9.0% as a result of lower regular salary payments for the reduced workforce but also because of lower performance-related elements of remuneration.

The Commerzbank Group posted an operating profit of €1,251m in the first three quarters of the current year, compared with €344m in the same period last year. In connection with the European Commission's requirement to wind down Eurohypo AG, now Hypothekenbank Frankfurt AG, and the decision to fully wind down all activities in commercial real estate financing and ship finance, restructuring provisions were recognised for a total amount of €43m in the Non-Core Assets segment. Related to the sale of Bank Forum, a net remeasurement in the amount of €-83m was recognised for the first nine months of 2011 based on the anticipated sale price. Pre-tax profit came to €1,125m, compared with €344m in the same period of 2011.

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Tax expense for the reporting period was €324m, which compares with a tax credit of €54m for the first nine months of 2011. Consolidated profit after tax amounted to €801m, compared with €398m in the prior-year period. €79m of consolidated profit was attributable to non-controlling interests and €722m to Commerzbank shareholders.

Operating earnings per share were €0.20 and earnings per share €0.11. In the prior-year period the comparable figures were €0.12 and €0.11 respectively.

## Consolidated balance sheet

Total assets of the Commerzbank Group amounted to €675.6bn as at 30 September 2012. This slight rise of 2.1% or €13.8bn compared with year-end 2011 was attributable to the higher volume of collateralised money market transactions and the investment of free cash with central banks, which was largely offset by the planned reduction in balance sheet volume and risk assets.

On the assets side, the rise in volume was mainly visible in claims on banks and cash reserves, which at €15.5bn were significantly higher than the €6.1bn posted at the end of the previous year. An increase of €17.9bn to €105.6bn was recorded in claims on banks, particularly in funds with a maturity of up to three months. The main factors here were higher sums placed with central banks as a means of investing cash funds. Claims on customers were down slightly compared to year-end 2011, declining by €3.2bn to €293.4bn. While customer lending business decreased by €16.8bn owing to the focus on the Bank's strategic core business, reverse repos and cash collaterals rose by €13.3bn. Trading assets were down versus year-end 2011 by €5.7bn to €150.0bn. While bonds and notes and other interest rate-related securities decreased by €0.9bn, the positive market values of derivative financial instruments, mainly currency derivatives, declined by €5.5bn. Financial investments fell by €5.2bn to €89.3bn, particularly through the reduction in bonds and notes and other interest-rate-related securities.

On the liabilities side the main effect was an increase in liabilities to banks and customers, which was partially offset by a decrease in securitised liabilities and trading liabilities. Liabilities to banks were up substantially by €28.3bn to €126.7bn, primarily due to a rise in repos and cash collateral business. Liabilities to customers were up compared to year-end 2011, rising by €13.0bn to €268.3bn, particularly at the short end. Just under half of the €21.3bn decrease in securitised liabilities to €84.4bn versus the end of 2011 is attributable to maturing mortgage and public-sector Pfandbriefe of Hypothekbank Frankfurt AG. At €129.5bn, trading liabilities were €8.3bn below the 2011 year-end figure. This was attributable to a decline in negative market values of currency and interest rate derivatives, which was only partially offset by an increase in delivery commitments from securities transactions.

### Capital and reserves

The equity capital reported in the balance sheet at 30 September 2012 was up by 11.3%, or €2.8bn, to €27.6bn compared with year-end 2011. This increase was due mainly to the current profit in the first nine months of the year as well as the capital measures implemented in first-half 2012. The capital structure optimisation measure implemented in the first quarter of 2012 involved the non-cash contribution of hybrid capital instruments, subordinated bonds and other financial instruments to Commerzbank capital against the issuance of shares from authorised capital. In addition, the capital increase for non-cash capital contributions which was carried out in the second quarter to pay the individual variable compensation entitlements of non-pay-scale employees for the 2011 financial year in shares of Commerzbank Aktiengesellschaft also served to strengthen the Bank's equity base. In conjunction with both these measures, the Financial Market Stabilisation Fund (SoFFin) converted a portion of its silent participations into shares in order to maintain its stake in Commerzbank of 25% plus 1 share.

As a result of these capital measures and the subsequent conversion of part of the silent participation by SoFFin, subscribed capital rose by €0.7bn to €5.8bn, with capital reserves up by €0.5bn to €11.7bn. Retained earnings increased by €0.8bn to €9.6bn. Total silent participations decreased by €0.3bn to €2.4bn following both of SoFFin's conversions. SoFFin's remaining silent participation in Commerzbank is around €1.6bn. The revaluation reserve, the cash flow hedge reserve and the currency translation reserve were negative at €-2.7bn on the reporting date. This was an improvement of around €0.9bn compared with the end of 2011, attributable in particular to a rise in the fair values of Italian sovereign bonds.

As at 30 September 2012, risk-weighted assets fell by €30.3bn from year-end 2011 to €206.3bn, mainly due to planned reduction measures, securitisations and collateral management and certification of our newly developed and integrated operational risk model by the regulatory authorities. Regulatory Tier I capital increased by €1.3bn compared with the end of 2011 to €27.5bn. In conjunction with the lower level of risk-weighted assets the Tier I ratio rose to 13.3%. Core Tier I capital, which is a key variable in the context of Basel III, came to €25.2bn, or a ratio of 12.2%. The total capital ratio was 18.5% on the reporting date.

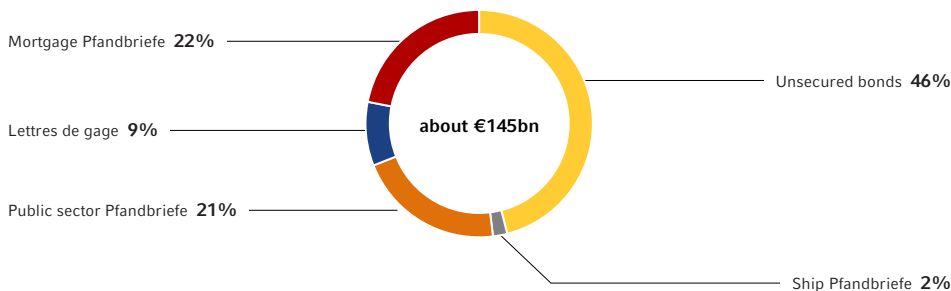
### Funding and liquidity

Commerzbank had unrestricted access to the money and capital markets throughout the reporting period, and its liquidity and solvency were also adequate at all times. It was always able to raise the resources required for a balanced refinancing mix and reported a very comfortable liquidity position in the first nine months of the current year.

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**Capital market funding structure**

as at 30 September 2012



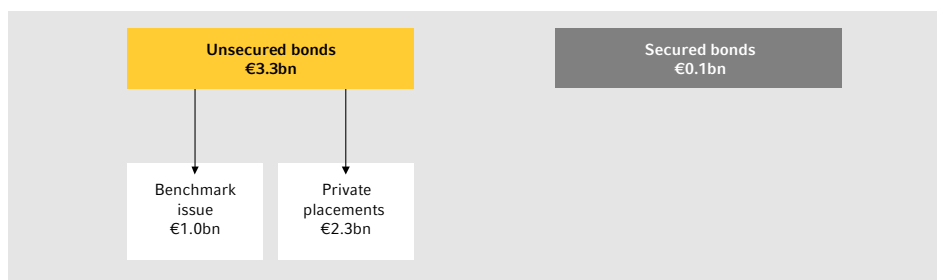
Commerzbank successfully issued a 5 1/2-year unsecured benchmark bond for a volume of €1bn in February. This issue, together with the funding measures completed in 2011 for the current year, meant that the Bank covered its funding requirements on the capital market for the whole of the financial year in the first quarter of 2012. As a result, activities were limited to private placements.

Issues totalling approximately €3.4bn were placed in the capital market in the period ending 30 September 2012. As expected, due to the European Commission’s requirement to wind down business, only a very small volume of Pfandbriefe was issued by Hypothekbank Frankfurt AG, for a total amount of around €100m.

Commerzbank Aktiengesellschaft issued unsecured bonds totalling €3.3bn. In addition to the benchmark bond previously mentioned, unsecured private placements with a volume of €2.3bn were issued, of which around 50% were structured bonds. Subordinate, unsecured bonds with a volume of approximately €400m were issued as part of the private placements. Credit spreads on the capital market tightened further during the year.

**Group capital market funding in the first nine months of 2012**

Volume €3.4bn



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. The liquidity reserve was €89.9bn at the end of the quarter, which represents around 13% of total assets.

The regulatory provisions applicable to liquidity were also exceeded at all times. As at the reporting date of 30 September 2012, Commerzbank Aktiengesellschaft’s key liquidity ratio

calculated using the German Liquidity Regulation's standard approach was 1.30, still significantly higher than the minimum regulatory requirement of 1.00.

Money and capital markets in the eurozone were dominated in the reporting year by the ECB's 3-year tender operations conducted in December 2011 and February 2012 and the 3-month tender operations conducted in March and June 2012. These measures by the central bank helped calm the money and capital markets, offsetting the negative effects of the Greek haircut on the eurozone.

Thanks to its conservative and forward-looking funding strategy, Commerzbank Aktiengesellschaft is not reliant on central bank liquidity facilities. Nevertheless, entities of the Bank took advantage of the opportunities on offer and participated in the ECB's tender operations. Given the measures taken by the European Central Bank, which led to a stabilising trend in Italy, the 3-month tender transactions that had been taken up there were brought down to almost zero.

### **Key figures for the Commerzbank Group**

Despite the decline in revenues described above, the main profitability ratios of the Commerzbank Group for the first nine months of the year improved overall, mainly because of the large write-downs on Greek government bonds in the previous year. The operating return on equity rose from 1.5% in the same period of last year to 5.7%. The return on equity based on the consolidated surplus was 3.4%, compared with 1.4% a year earlier. Significantly lower costs led to a decline in the cost/income ratio to 69.6% from 82.1% in the same period of 2011.



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## Segment reporting

The comments on the segments' results reflect the changes to the segment structure described in the semi-annual report 2012 and implemented on 1 July 2012. On that date, the measures decided by the Board of Managing Directors to restructure Eurohypo AG, which has been trading as "Hypotheckenbank Frankfurt AG" since 31 August, came into force and the Non-Core Assets (NCA) run-off segment was implemented, to replace the former Asset Based Finance segment. Commerz Real and the residential mortgage loans portfolio of the former Eurohypo AG were integrated into Private Customers.

At the same time, the Portfolio Restructuring Unit (PRU) was dissolved as an independent segment and the remaining portfolio – with the exception of the sub-portfolio of public infrastructure financing, which was moved to NCA – was transferred to the Corporates & Markets (CM) core segment. The segment earnings of CM were not adjusted retrospectively. This means that the future contributions to earnings attributable to the CM and NCA segments will be reported separately from the transferred assets of the dissolved PRU segment in the segment reporting of the interim financial statements. In addition, the earnings of the PRU up to 30 June 2012 are reported separately in the table on page 71 of the interim financial statements showing the segment earnings for the 2012 reporting period.

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

The core bank achieved an operating profit of €2.1bn in the reporting period. This was a decrease of €0.9bn compared with the same period of 2011, which was attributable in particular to the income from capital management in the previous year, the remeasurement of own liabilities and the systematic portfolio reduction. The low market interest rates and flagging customer activity resulting from the difficult capital market environment also played a significant role here. In the Non-Core Assets segment, the high losses have more than halved compared with the first nine months of 2011. In the previous year segment earnings still included substantial charges for write-downs on Greek sovereign bonds.

### Private Customers

€m	1.1.–30.9.2012	1.1.–30.9.2011	Change in %/%-points
Income before provisions	2,543	3,145	-19.1
Loan loss provisions	-79	-116	-31.9
Operating expenses	2,249	2,693	-16.5
<b>Operating profit/loss</b>	<b>215</b>	<b>336</b>	<b>-36.0</b>
Average capital employed	3,953	4,134	-4.4
Operating return on equity (%)	7.3	10.8	-3.6
Cost/income ratio in operating business (%)	88.4	85.6	2.8

Earnings levels in the Private Customers segment remained under pressure in the first nine months of the year owing to the impact of persistently low market interest rates and the

continuing cautiousness of our customers, notably with regard to capital market transactions. The operating profit was down 36.0% year on year to €215m.

Income before loan loss provisions was €2,543m for the first nine months, compared with €3,145m in the same period of 2011. Although deposit levels rose slightly, this did not compensate for the decline in interest rates. Net interest income fell accordingly by 12.2% year on year to €1,371m. Net commission income was €1,193m, down €324m year-on-year. This reflected a cautious attitude on the part of our customers as a result of the uncertainty on the financial markets. Other net income in the first nine months of 2012 was negative at €-37m, which compares with €42m in the prior-year period, due partly to net allocations to provisions for legal risks. Income before loan loss provisions rose slightly in the third quarter of 2012.

During the reporting period, loan loss provisions improved year on year by €37m to €-79m.

Operating expenses decreased by 16.5% year on year to €2,249m. Both personnel and other expenses were reduced further thanks to rigorous cost management.

The Private Customers segment reported a pre-tax profit of €215m in the first nine months of the year, compared with €336m in the same period of 2011.

The operating return on equity based on average capital employed of €4.0bn was 7.3% (prior-year period: 10.8%). At 88.4%, the cost/income ratio was higher than in the first nine months of 2011 (85.6%).

## Mittelstandsbank

€m	1.1.–30.9.2012	1.1.–30.9.2011	Change in %/%-points
Income before provisions	2,252	2,510	- 10.3
Loan loss provisions	12	- 41	.
Operating expenses	991	1,171	- 15.4
<b>Operating profit/loss</b>	<b>1,273</b>	<b>1,298</b>	<b>- 1.9</b>
Average capital employed	5,816	6,970	- 16.6
Operating return on equity (%)	29.2	24.8	4.4
Cost/income ratio in operating business (%)	44.0	46.7	- 2.6

Against the backdrop of a relatively stable economic environment in Germany, the Mittelstandsbank segment posted a solid operating profit of €1,273m in the first nine months of 2012, which represents a slight year-on-year decrease of just under 2%.

In the period under review, income before provisions came to €2,252m, which was 10.3% below the prior-year figure. While there was growth in revenues from direct customer business in some categories, this was offset in particular by the low level of interest rates and the discontinuation of income posted from restructured loans in the previous year as well as remeasurement effects. At €1,500m, net interest income was 11.3% lower than in the same period of 2011. Although the volume of deposit business was greater, it contributed significantly less to net interest income due to lower margins caused by low market interest rates. Lending volumes, on the other hand, were stable, and lending margins were higher than last year, which boosted net interest income. This only partially offset the decline in earnings from deposit business, however. The discontinuation of income posted from restructured loans in the previous year was also apparent. Net commission income fell 5.0%

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to €800m. Although income from foreign trade and related product categories increased in the reporting period, the demand from our customers for capital market products was subdued during the reporting period. Net trading income was a negative €-25m, down €36m year-on-year, due largely to remeasurement effects from credit hedge transactions. Net investment income for the reporting period was €-7m compared with €-37m in the same period of the previous year. Other net income came to €-19m compared with €-6m a year earlier.

Thanks to the relatively stable economic environment in Germany, net reversals of €12m for loan loss provisions were recorded during the reporting period, despite net allocations of €32m in the second quarter. In the prior-year period, net allocations of €41m were recognised.

Operating expenses fell to €991m which was 15.4% lower than the previous year's figure of €1,171m. This significant decline in costs was principally attributable to the discontinuation of integration costs incurred in the same period of 2011.

All in all, the Mittelstandsbank segment generated pre-tax earnings of €1,273m in the first nine months of the current year, which represents a decrease of 1.9% on the prior-year period.

The operating return on equity based on average capital employed of €5.8bn was 29.2% (prior-year period: 24.8%). The cost/income ratio was 44.0% compared with 46.7% in the same period of 2011.

## Central & Eastern Europe

€m	1.1.–30.9.2012	1.1.–30.9.2011	Change in %/%-points
Income before provisions	631	689	-8.4
Loan loss provisions	-81	-62	30.6
Operating expenses	352	394	-10.7
<b>Operating profit/loss</b>	<b>198</b>	<b>233</b>	<b>-15.0</b>
Average capital employed	1,793	1,798	-0.3
Operating return on equity (%)	14.7	17.3	-2.6
Cost/income ratio in operating business (%)	55.8	57.2	-1.4

As announced at the beginning of the year, Commerzbank completed the sale of its minority interest of approximately 14.4% in the Russian Promsvyazbank (Central & Eastern Europe segment) in mid-June. Commerzbank also agreed to sell its holding in Bank Forum to the Ukrainian Smart Group. The sale plans resulted in an extraordinary charge in the reporting period in the amount of €-83m, which is recognised in the income statement. Upon conclusion of the transaction, the cumulative currency effects, which presently amount to around €-200m, will be reported in the income statement. This will not additionally burden equity capital, as provisions have already been made in currency reserves to the detriment of equity. Overall, Commerzbank's pre-tax profit will thus be negatively affected by around €-280m until the transaction is concluded.

In the third quarter of this year, the positive economic environment in Poland remained at a stable level. Nevertheless, there was a noticeable slowdown in the construction sector, for example, compared with the previous year. Ukraine saw a further deterioration set in. Overall, the Central & Eastern Europe segment generated an operating profit of €198m in the first nine months of this year compared with €233m in the prior-year period.

In the period under review, income before provisions came to €631m, which was €58m below the figure for the first nine months of 2011. Compared with the previous year, BRE Bank's earnings situation remained stable. The year-on-year decline in Bank Forum's net interest income was reflected in the segment's earnings performance and could not be offset.

Loan loss provisions rose by €19m to €-81m year on year.

Operating expenses fell to €352m which was 10.7% lower than the previous year's figure of €394m. Both personnel and other expenses were reduced thanks to successful cost management.

After the impairment of €-83m in connection with the sale of Bank Forum, the Central & Eastern Europe segment generated pre-tax profit of €115m in the first nine months of 2012, down from €233m in the same period of 2011.

The operating return on equity based on average capital employed of €1.8bn was 14.7% (prior-year period: 17.3%). The cost/income ratio was 55.8% compared with 57.2% in the prior-year period.

## Corporates & Markets

€m	1.1.–30.9.2012	1.1.–30.9.2011	Change in %/%-points
Income before provisions	1,283	1,837	-30.2
Loan loss provisions	-33	-90	-63.3
Operating expenses	984	1,191	-17.4
<b>Operating profit/loss</b>	<b>266</b>	<b>556</b>	<b>-52.2</b>
Average capital employed	3,186	3,825	-16.7
Operating return on equity (%)	11.1	19.4	-8.2
Cost/income ratio in operating business (%)	76.7	64.8	11.9

In the first nine months of 2012 the capital market environment continued to be dominated by the European sovereign debt crisis, although after a difficult first half this improved towards the end of the period following the new policy announcement by the European Central Bank.

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After a weaker first half of 2012 owing to the market and the constraints of remeasurement effects of own liabilities, the third quarter was stronger, such that the Corporates & Markets segment achieved an operating profit of €266m for the first nine months of the year, compared with €556m in the same period of last year. The result includes a loss of €199m from the remeasurement of own liabilities, which compares with a gain of €209m in the same period of 2011.

Revenue in the Corporate Finance division was down in the first nine months year on year reflecting lower transaction activity due to market conditions and a volume reduction in the non-strategic loan book. Moreover, the prior-year period had benefited from one-off effects. Earnings in this division remained stable during the year. Despite a weaker second quarter, income in the Equity Markets & Commodities division was only slightly down year on year in the period under review, thanks to an upsurge in customer demand in the third quarter. In the Fixed Income & Currencies division, revenue from customer business rose year on year thanks to strong first and third quarters with high customer activity in credit and currency products. Overall, however, income was lower than in the prior-year period because the above-mentioned negative effects from remeasurement of own liabilities are booked to this division. Credit Portfolio Management, which has been a separate division since the middle of the year, is responsible for managing and optimising the credit portfolio and counterparty risks of Corporates & Markets. The portfolios of the former Portfolio Restructuring Unit, which have been transferred to the Corporates & Markets segment, are also managed in the legacy structured credit book of Credit Portfolio Management.

In the segment as a whole, income before provisions fell by €554m compared with the first nine months of 2011 to €1,283m. Net interest income also declined due to a reduction in the loan portfolio by €151m to €375m. Net commission income rose by €27m to €245m thanks to positive contributions from the Fixed Income & Currencies division. At €560m, net trading income was down by €468m compared with the first nine months of 2011. This was primarily due to negative effects from the remeasurement of own liabilities.

Loan loss provisions for the first nine months of 2012 totalled €- 33m, as compared with €-90m in the same period of 2011.

Operating expenses decreased substantially by €207m to €984m due to various factors including synergy effects realised in the back office area and reduced costs for performance-related elements of remuneration.

Pre-tax profit amounted to €266m, compared with €556m a year earlier.

With average capital employed down by 16.7% to €3.2bn, the operating return on equity was 11.1% (prior-year period: 19.4%). The cost/income ratio was 76.7%, compared with 64.8% a year earlier. Adjusted for the effects of measurement of own liabilities, the operating return on equity would be 19.4% (prior-year period: 12.1%). The adjusted cost/income ratio would be 66.4%, compared with 73.2% a year earlier.

## Non-Core Assets

€m	1.1.–30.9.2012	1.1.–30.9.2011	Change in %/%-points
Income before provisions	62	-1,565	.
Loan loss provisions	-862	-722	19.4
Operating expenses	278	340	-18.2
<b>Operating profit/loss</b>	<b>-1,078</b>	<b>-2,627</b>	<b>59.0</b>
Average capital employed	10,132	6,662	52.1
Operating return on equity (%)	-14.2	-52.6	38.4
Cost/income ratio in operating business (%)	.	.	.

The new Non-Core Assets (NCA) run-off segment posted a negative operating result of €-1,078m for the first nine months of 2012. The figure for the same period in 2011 was €-2,627m, which included extraordinarily high charges for write-downs on Greek government bonds. NCA faced a very challenging environment in a number of respects and saw the conditions improve only partially. The ECB's confidence-building measures, for example, led to a big decline in the creditworthiness-related interest rate premiums on government bonds issued by the peripheral countries. The picture for the international commercial real estate markets is mixed. Whereas there are clear signs of a recovery in the USA, the downward trend is continuing apace in Spain. The shipping markets remain under pressure because of the economic slowdown in many parts of the world and the associated decline in trading volumes.

Income before loan loss provisions for the reporting period was €62m (previous year: €-1,565m). The year-on-year decline in net interest income by nearly one third to €502m and a decline in net commission income to €74m (-51%) reflect the ongoing portfolio reduction and the cessation of new business activities across all areas of NCA. Net trading income of €-191m (previous year: €-74m) largely reflects the measurement of derivatives in accordance with IAS 39. Net investment income reported a €-336m loss which stemmed chiefly from expenses connected with the reduction of the Public Finance portfolio; this included the sale of the remaining holdings of Greek and other European sovereign debt in the first quarter. In the same period of the previous year, substantial write-downs on our holdings of Greek government bonds contributed to a strongly negative result for investment income.

Loan loss provisions of €-862m were higher than the prior-year figure of €-722m. The level of risk provisioning rose, both in ship financing, where credit quality was negatively impacted by inadequate charter rates and high overcapacity, and in commercial real estate financing, especially in markets with higher risk profiles.

Operating expenses fell by 18.2% to €278m as a result of rigorous cost management. In connection with the European Commission's winding up order for Hypothekbank Frankfurt AG and the decision to fully wind down the commercial real estate financing and ship finance portfolio, restructuring provisions were recognised for a total amount of €43m.

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At the end of the first nine months of 2012 the NCA segment reported a decline of €1.5bn in pre-tax loss to €-1,121m (previous year: €-2,627m).

Average capital employed rose by 52.1% to €10.1bn. The main reason is the intra-group reallocation of the EBA sovereign buffer, which amounts to €4bn, from Others and Consolidation to the NCA segment.

## Others and Consolidation

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

The segment reported operating profit of €193m in the first nine months of 2012, compared with €633m in the prior-year period. Operating income before loan loss provisions fell from €1,008m in the first nine months of 2011 to €562m in the same period of 2012. The decrease of €446m was mainly due to positive one-off effects connected with the measures implemented in the first quarter of 2011 to optimize 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. Operating expenses remained at virtually the same level as last year at €369m. Pre-tax profit for the first nine months of 2012 was €193m, compared with €633m for the same period of 2011.

## Outlook and opportunities report

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The following information should always be read in conjunction with the Business and Economy section of this interim report as well as the Outlook and opportunities report of the 2011 annual report.

### Future economic situation

We expect the global economy to remain on a growth path next year, with the renewed easing of monetary policy in recent months likely to at least stabilise growth rates in the emerging markets. A new recession in the USA is also unlikely given the very expansive monetary policy, although at present it would appear that the recovery of the US economy and reduction of unemployment will advance at only a slow pace in 2013. One risk remains if no political solution is achieved: the mixture of spending cuts and tax increases due to come into effect at the beginning of 2013, to which the parties agreed last year during the dispute over lowering the debt ceiling. However, there are many signs that this “fiscal cliff” may not be as serious as has been feared.

Further economic development in the eurozone depends to a considerable extent on the future progress of the sovereign debt crisis. We are assuming that the ECB’s readiness to buy government bonds will have an increasingly calming influence on the financial markets. Companies, too, should consequently have fewer doubts about the survival of the currency union, so at least this is one brake on the economy which is likely to be lifted in the next six to twelve months.

For Germany and the smaller core countries of the eurozone, this ought to trigger a noticeable revival in the economy, since the other economic framework conditions – especially the very expansive monetary policy – indicate that a significant improvement can be expected. However, the low baseline means that the German economy is likely to grow by an average of only 0.5% in 2013.

The reduction in uncertainty will not yet be enough to prompt an economic recovery in the other eurozone countries, particularly those in southern Europe. Any recovery is still being held up by restrictive financial policies in many cases, as well as by the process of correcting previous excesses in the real estate sector and private sector debt – a process which is in many cases far from complete, and by the lack of competitiveness demonstrated by some countries. It can therefore be assumed that the the economy throughout the eurozone will probably stagnate, at best, over the coming year.

The gradual easing of the sovereign debt crisis should alleviate the tension on the financial markets slightly. Risk premiums on the government debt of periphery countries may therefore continue to trend downwards while yields on German Bunds gradually rise. If there are also increasing signs that the economic prospects are brightening, this will give the equity market fresh impetus.

### Future situation in the banking sector

The ECB’s longer-term refinancing operations at the end of last year and in February of this year, together with the announcement of possible bond purchases on the secondary markets in the periphery, have succeeded in improving the banks’ refinancing conditions, preventing



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a disorderly unwinding of bank assets and reducing the yields on bonds from the peripheral countries of the eurozone. During the summer collateralised operations between banks therefore became somewhat easier on the money market, and asset managers outside Europe were also clearly more willing to invest in eurozone bank bonds.

All the same, it is still too early to signal the all-clear for the banking environment. The economic situation remains precarious, especially since it will be some time before we can assess the full impact on the real economy of the extraordinary monetary measures taken by the central banks. An end to the uncertainty about the future and stability of the currency union cannot be expected so soon. The risk of serious shocks through a loss of confidence in countries' ability to service their debt over the long term has not gone away. In these conditions, the mood on the financial markets and in the real economy is still one of uncertainty, particularly since any signs of recovery on the markets are of short duration. The banking business still has the impression that finding a joint solution to the debt crisis is evidently proving as difficult as ever.

Against this backdrop, with growing divergences in the positions of individual countries, the earnings situation of European banks is unlikely to improve much in the near future. Restrictive fiscal policy and overall high unemployment in the eurozone are negative factors. The deleveraging process initiated in many countries and households is reducing the demand for credit and putting increased pressure on the deposit business. Corporate investment can also be expected to decline in the next few months. Net interest income is being hit by flatter differentials and the ensuing reduced scope for generating a structural contribution this year. The ECB will remain the most important source of funding for many banks. The banking environment will be dominated by volatility in the capital markets, an ongoing low interest rate environment, high capital requirements and possibly further regulatory measures. Stricter capital adequacy and liquidity requirements will continue to be the main dampers for the sector as regulation increases. Procurement and use of financial resources will challenge the banks along the entire value chain. In the next two years around a dozen new regulations will be implemented affecting the whole financial market, which will elicit some substantial interactions. Many banks in the peripheral eurozone countries will have no long-term access to markets for unsecured financing and will not be able to fully eliminate doubts about the value of their asset positions.

In view of the stricter regulatory requirements, European banks continue to face the challenge of strengthening their capital bases while downsizing their balance sheets. Given the industry-wide pressure, there is still an acute risk that banks will be forced to offer price reductions on asset sales and when raising liable funds. At the same time, high volumes of bank bonds are also due to mature in the coming years, thus competing with the ongoing heavy borrowing requirements by governments.

Over the medium term, banking in Europe will probably be less profitable than it was in the years leading up to 2007, as the major profit drivers of the past, such as lending growth and falling credit default rates, will be available to a significantly smaller extent. Given the weakening momentum in the economy, loan loss provisions will initially have an adverse impact, thus acting as a constraint on growth in Corporate Customer business. In Germany, too, losses on bad debts will normalise again in the corporate sector. Furthermore, demand for new lending with domestic corporate customers will have a dampening effect, since their need for additional liquidity and also investment resources will continue to be low.

In Private Customer business, commission income will remain under pressure due to the uncertain economic situation, the likelihood of volatile markets and the pronounced preference for low-commission, highly liquid forms of investment. Aggressive price competition (particularly for deposits), together with increasing price sensitivity on the part of customers and tougher competition from online banks, are also hampering the expansion of earnings potential. In investment banking, we see a persistently difficult time ahead, given the still subdued levels of activity in IPOs, mergers and takeovers, and globally we expect market adjustments as banks focus on core competencies and their own home region. Uncertainty is being generated by the renewed discussion on introducing a segregated banking system, which would mean that capital market business would be separated from classical deposit and lending business in a different legal organisation.

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

This will further intensify competition for deposits, which are the main way of refinancing independently of the interbank market, and for the comparatively crisis-proof business of German SMEs, which more and more foreign banks are starting to pursue again. For the time being there will be no change in the fragmented market structure, which in some cases is also characterised by overcapacities. This will not make the competitive situation any easier, and it will limit the potential for generating capital from retained profit. In addition, earnings potential is likely to be restricted over the medium term because of the trend towards shifting activities over to low-risk, low-margin business areas. Overall, the outlook – especially in the core business areas – will be largely dependent on how far it is possible to regain the customer confidence that has been lost.

## **Financial outlook for the Commerzbank Group**

### **Financing plans**

Taking into consideration the pre-financing from 2011, the additional reduction in assets as part of the EBA's measures and the placement of an unsecured benchmark bond in February 2012, the Commerzbank Group has already covered its funding requirement in the capital markets for 2012 in good time. However, we intend to launch capital market issues in the future as well: firstly private placements to meet demand from our customers and secondly in the form of products that further diversify our funding base.

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By regularly reviewing and adjusting the assumptions we use for liquidity management and the long-term funding requirement, 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

In the Central & Eastern Europe segment, Commerzbank will place greater emphasis on the successful organic growth of BRE Bank. Here, the primary investment focus is on targeting new customers and cross-selling. The increased cooperation between the corporate customer business and Investment Banking is being directed more clearly towards SMEs. In the private customer business the main focus is on continuing to invest in modern technologies for customer-oriented transaction solutions. BRE Bank is also planning to bring all its activities together under its best-known brand “mBank”.

Furthermore, Commerzbank’s investment activities will be shaped by strategic growth and optimisation measures in the years to come. These measures will take a more concrete form as of the fourth quarter.

### Liquidity outlook

The markets steadied temporarily in the first half of the year, but this was followed by increasing uncertainty on the part of market participants at the start of the third quarter. At the beginning of September 2012 the ECB took decisive action to combat this development by announcing its readiness to purchase unlimited quantities of government bonds. This stabilised the financial markets temporarily. Nevertheless, yields on government bonds in the peripheral eurozone countries widened again recently because of negative economic data. This underlines how sensitively market participants are still reacting to negative news on the economic situation of individual eurozone countries, since the underlying problems of the eurozone remain unresolved. On this point, political leaders still need to find a convincing long-term solution to the euro crisis.

Following the ECB’s latest cut in the leading interest rate in July this year, market participants are expecting another 0.25% rate cut to 0.50% by the end of 2012. In such a scenario, it is probable that the top or main refinancing rate would fall further while the zero percent interest rate would continue to apply to the deposit facility.

In terms of interest rates for the rest of 2012, we expect no significant change in the overnight rate for maturities up to three months and the euro yield curve to continue flattening for maturities between three months and one year, combined with a further narrowing of the spread between the corresponding Euribor and Eonia rates for these maturity bands.

The flattening of the yield curve for maturities of three months to one year is likely to be driven in particular by the decline in Euribor rates. This should then also lead to a further narrowing of the spreads for basis risks at the short end for the euro and other foreign currencies. The basis spread between 6-month and 3-month Euribor basis swaps with short maturities should therefore narrow further and the overall inverse curve should flatten slightly. The same can be expected for foreign currencies such as the US dollar. The Eonia yield curve as a credit risk-free curve is extremely flat from overnight to 18 months and reflects the market’s expectations regarding interest rate cuts.

Risk management at Commerzbank is well prepared to cope with changing market conditions and is set to respond quickly to new market circumstances. The Bank has a comfortable liquidity position which is well above internal limits as well as the currently applicable requirements prescribed by the German Liquidity Regulation and MaRisk. The proportion of short-term capital market refinancing was reduced significantly, and the funding plan was already fulfilled by mid-year. In order to compensate for unexpected outflows of liquidity, the Bank has a liquidity buffer comprising highly liquid assets eligible for central bank borrowing purposes. Our business planning is done such that a liquidity cushion can be maintained commensurate with the prevailing market conditions and related uncertainties as we see them. In this respect the Bank benefits from its stable franchise in private and corporate customer business and its continued access to secured and unsecured money and capital markets.

### **General statement on the outlook for the Group**

Commerzbank does not expect a significant change in the challenging economic and capital market environment before the end of the year. The ECB's announcement that it will do whatever it takes to support the euro has slightly increased people's confidence in the euro-zone's ability to resolve the problems related to the sovereign debt crisis.

We assume that the earnings situation will continue to be subject to negative effects for the rest of the year, especially the low interest rate environment, but also weak turnover in the capital markets and customer reluctance in the securities and new lending business.

We still believe that the very ambitious target of provisions of around €1.7bn for the year as a whole is achievable. Germany's comparatively robust performance is having a positive impact on credit quality, so the write-downs in the corporate sector are not yet showing the increase originally expected in the second half of the year. On the other hand, the deterioration in economic conditions is making itself felt in our NCA run-off segment. The ongoing difficult situation in the global transport markets is continuing to adversely affect Commerzbank's ship finance portfolio, such that the value adjustment forecast of several hundred million euros is likely to prove realistic. Some commercial real estate financing markets are also signalling another increase in their risk profile, which makes it probable that the provisioning requirement will go up. However, for the bank as a whole we expect a noticeable rise in the final quarter.

On the expense side, Commerzbank is still making every effort to counteract the usual asymmetrical cost trend with a higher cost base in the second half of the year. We will significantly undercut the cost target of €7.6bn set for the current year; this figure is now expected to be €7.2bn.

We are no longer expecting any marked upswing in customer and investor activity in the investment and lending business before the end of the year. Net interest and commission income in the core segments will therefore no longer be able to reverse the downward trend by the end of the year. This also applies to the Non-Core Assets segment, where Commerzbank will run down the entire portfolio in the three main areas of Deutsche Schiffsbank, Commercial Real Estate and Public Finance in the next few years while preserving value as far as possible. We expect the trend in Central & Eastern Europe, where BRE Bank is benefiting from the good conditions in the Polish market, at least to remain stable. Upon conclusion of the sale of the Ukrainian Bank Forum to the Ukrainian Smart Group, the cumulative currency effects, which presently amount to around €-200m, will be reported in the income statement. However, this will not additionally burden equity capital, as provisions have already been made in currency reserves to the detriment of equity. Overall, Commerzbank's

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pre-tax profit will thus be negatively affected by around €-280m by the time the transaction is concluded.

In view of the ongoing challenges in the economic and capital market environment and the subdued earnings performance anticipated up until the end of the year – due in part to seasonal influences – plus a planned increase in risk provisioning, Commerzbank expects the operating profit in the fourth quarter to be below that of the third quarter.

Commerzbank is reacting to the changed framework conditions in banking business since the financial markets crisis, with a further improvement of its customer oriented business model, revenue increasing investments and strict customer focus. At the same time the strategy of winding down the segment NCA is aimed at setting free capital over time, which can be used to strengthen capital as well as for growth initiatives in the core bank. After prematurely reaching the Core Tier I ratio of at least 9% according to the EBA definition and clearly over fulfilling the regulatory requirement, Commerzbank has set itself new goals. As a result of the recent progress made, as of the beginning of 2013, Commerzbank expects to attain a Basel III Core Tier I capital ratio of significantly over 9%.

## Report on events after the reporting period

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### **Sale of Bank Forum to the Ukrainian Smart Group completed**

At the end of October Commerzbank concluded the sale of its holding of approximately 96% in the Ukrainian Bank Forum to the Ukrainian Smart Group. The parties have agreed to maintain confidentiality about the contractual details. Commerzbank will continue to be represented in the Ukraine through its representative office in Kiev, and in corporate customer business the Bank will continue to support and be a reliable partner to Ukrainian clients with business relationships in Germany and German companies doing business in the Ukraine.

There have been no other events of material significance since the end of the reporting period.

## Interim Risk Report

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## Risk-oriented overall bank management

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### 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 risks such as reputational and compliance risks.

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, each of which is led by a divisional board member with group-wide responsibility and a direct reporting line to the CRO. The heads of the risk management divisions together with the CRO make up the Risk Management Board within Group Management. In October 2012, Commerzbank's Board of Managing Directors approved changes to the organisational structure of risk management to meet the requirements of the Non-Core Assets (NCA) segment. The risk function is separating the back office functions of the NCA portfolios from those of the core bank. Hence credit risk management for the NCA segment is merged for all portfolios into one unit.

More detailed information on the risk management organisation at Commerzbank can be found in the 2011 Annual Report.

### Risk-bearing capacity and stress testing

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

Commerzbank monitors the risk-bearing capacity using a gone concern approach which seeks primarily to protect unsubordinated lenders. This objective should be achieved even in the event of extraordinarily high losses from an unlikely extreme event. In addition risk-bearing capacity is assessed using macroeconomic stress scenarios. Details of the methodology used can be found in the section "Risk-oriented overall bank management" in the Group Risk Report in the 2011 Annual Report as well as in the first quarter interim report 2012.

The following table shows the changes in risk-bearing capacity during the first nine months of 2012.

<b>Risk-bearing capacity Commerzbank Group   €bn</b>	<b>30.9.2012<sup>1</sup></b>	<b>30.6.2012<sup>1</sup></b>	<b>31.12.2011</b>
<b>Economic risk coverage potential</b>	<b>27</b>	<b>27</b>	<b>27</b>
<b>Economically required capital</b>	<b>18</b>	<b>20</b>	<b>22</b>
thereof for credit risk	13	13	13
thereof for market risk	6	8	8
thereof for OpRisk	2	2	2
thereof for business risk <sup>2</sup>	-	-	2
thereof diversification between risk types	-2	-3	-4
<b>RBC-ratio<sup>3</sup></b>	<b>149%</b>	<b>132%</b>	<b>123%</b>

<sup>1</sup> Based on current methodology; only partially comparable to values for 2011.

<sup>2</sup> Since 2012 business risk is being considered in risk coverage potential.

<sup>3</sup> RBC-ratio = risk coverage potential/economically required capital.

In the following sections, we report in detail on the risks Commerzbank is exposed to, beginning with the most important, namely default risk.

## 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.

### Commerzbank Group by segment

To manage and limit default risks, we use the following risk parameters: exposure at default (EaD)<sup>1</sup>, loss at default (LaD), expected loss (EL), risk density (EL/EaD), credit value at risk (CVaR = economically required capital for credit risk with a confidence level of 99.91% and a holding period of one year) and RWA as well as “all-in” for bulk risk. These credit risk parameters break down across rating levels 1.0 to 5.8 over the segments as follows:

<sup>1</sup> Expected exposure amount taking into account a potential (partial) drawing of open lines and contingent liabilities that will adversely affect risk-bearing capacity at default. For Public Finance holdings the nominal is reported as EaD.



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Credit risk figures by segment as at 30.9.2012	Exposure at default €bn	Expected loss €m	Risk density bp	CVaR €m
<b>Core bank</b>	<b>329</b>	<b>895</b>	<b>27</b>	<b>7,339</b>
Private Customers	76	218	29	813
Residential mortgage loans	46	98	21	
Investment properties	6	13	24	
Individual loans	11	49	43	
Consumer and instalment loans/ credit cards	9	41	43	
Domestic subsidiaries	3	9	34	
Foreign subsidiaries and other	1	8	64	
Mittelstandsbank	114	322	28	3,060
Financial Institutions	19	49	26	
Corporates Domestic	81	236	29	
Corporates International	14	38	27	
Central & Eastern Europe	25	161	64	578
BRE Group	25	153	62	
Corporates & Markets	69	146	21	2,039
Germany	22	42	19	
Western Europe	27	65	24	
Central/Eastern Europe	2	5	30	
North America	11	24	22	
Other	7	11	15	
Others and Consolidation	45	47	10	848
<b>Non-Core Assets</b>	<b>148</b>	<b>861</b>	<b>58</b>	<b>5,402</b>
Commercial Real Estate	49	314	64	
Deutsche Schiffsbank	16	270	173	
Public Finance	80	265	33	
Other Non-Core Assets	4	11	29	
<b>Group</b>	<b>477</b>	<b>1,756</b>	<b>37</b>	<b>12,741</b>

Compared with the end of 2011, the EaD decreased at Group level by €15bn to €477bn while the EL rose by €76m to €1,756m. The risk density rose to 37 basis points.

### 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 and Wealth Management, and Direct Banking.

We meet the financing needs of our customers with a broad and modern product range. The focus of the portfolio is on traditional owner-occupied home financing and the financing of real estate capital investments (with an EaD of €52bn). Another major activity is to ensure the supply of credit services for our business customers (individual loans with an EaD of €11bn). In addition, we meet our customers' short-term lending requirements with consumer loans (consumer loans, instalment loans, and credit cards with a total EaD of €9bn).

The portfolio increase in real estate lending is largely due to the integration of Commerz Real and parts of Hypothekenbank Frankfurt's building finance business into the Private Customers segment. The risk density fell to 29 basis points in the last nine months.

#### **Mittelstandsbank**

This segment comprises all the Group's activities with mainly 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.

The third quarter of 2012 saw incoming orders weaken for core German industries, such as the automotive industry and mechanical engineering. In other sectors such as chemicals, pharmaceuticals and the consumer-oriented retail and food/beverage industries a comparable tendency is not observed so far.

The current economic situation is reflected in the Corporates Domestic sub-portfolio in the form of a slight deterioration in the risk ratios. However, the risk density in this area remained at comparably low 29 basis points as at 30 September 2012.

As at 1 January 2012, Commerzbank Eurasija in Russia, our branches in the Czech Republic and Slovakia as well as Commerzbank Zrt. in Hungary were transferred to Corporates International from the Central & Eastern Europe segment. EaD in this area stood at €14bn and the EL at €38m as at 30 September 2012. The risk density stood at 27 basis points.

Overall, EaD in the Mittelstandsbank remained relatively stable at €114bn in the first nine months of 2012. For details of changes in the Financial Institutions portfolio see page 37f.

#### **Central & Eastern Europe**

The activities in this segment are focused on the BRE Group in Poland, following the transfer of several units to the Mittelstandsbank segment. BRE's main business areas cover private customers and corporates.

After several years of above-average economic growth, the Polish economy is now losing momentum. The predicted economic slowdown is having an impact on the construction industry in particular, leading to slightly increasing defaults in this portfolio. Other sectors such as the automotive and steel industries could also be affected by the end of the year. Despite the weaker economic expectations, we do not foresee any unexpected changes in the portfolio's quality. The risk density for BRE Group was brought down in the third quarter to 62 basis points. We continue to focus on optimising the operational risk management.

#### **Corporates & Markets**

This segment covers client-driven capital market activities (Markets) and commercial business with multinationals, institutional clients and selected large corporate customers (Corporates) of Commerzbank Group. The regional focus of the segment is on Germany and Western Europe, which account for just under three-fourths of exposure; North America accounted for around €11bn at the end of the third quarter.

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The Portfolio Restructuring Unit (PRU) – a run-off unit that was not part of the core bank so far – was dissolved on 1 July and the remaining portfolio integrated into the Corporates & Markets segment's operating business. The Private Finance Initiatives/Infrastructure financings were exempted and are now managed in the NCA segment. The integration of the PRU portfolio was also reflected in a higher EaD for Corporates & Markets as at 30 September 2012. The Corporates & Markets portfolio rose by €8bn to €69bn compared to 31 December 2011. The risk density in Corporates & Markets improved in the first nine months of 2012 by 1 basis point to 21 basis points. However, a careful reduction in exposure, such as to banks, helped to bring down bulk risks.

Since the beginning of 2012, the nominal volume of the structured credit sub-portfolio fell by €7.6bn to €11.7bn and risk values<sup>1</sup> by €4.0bn to €5.9bn (including the default portfolio in each case). The following table shows the composition and changes in the structured credit portfolio.

Structured credit portfolio	30.9.2012			31.12.2011		
	Nominal values €bn	Risk values €bn	Markdown ratio <sup>1</sup> %	Nominal values €bn	Risk values €bn	Markdown ratio <sup>1</sup> %
RMBS	1.7	1.1	32	3.2	1.9	40
CMBS	0.2	0.1	50	0.6	0.3	43
CDO	4.9	3.5	29	9.8	5.9	40
Other ABS	1.4	1.2	20	2.1	1.7	19
CIRC	0.0	0.0	-	0.0	0.0	-
Other structured credit positions	3.4	0.0	-	3.6	0.1	-
<b>Total</b>	<b>11.7</b>	<b>5.9</b>	<b>49</b>	<b>19.3</b>	<b>9.9</b>	<b>49</b>

<sup>1</sup> Markdown ratio = 1 – (risk value/nominal value).

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

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

### Non-Core Assets

In view of the continuing uncertainty on financial markets, the worsening sovereign debt crisis and the increasing regulatory requirements, in August 2012 Commerzbank transferred its commercial real estate financing, ship financing, the public financing portfolio and parts of the retail banking business of Hypothekenbank Frankfurt AG (formerly Eurohypo AG) into the new run-off segment called Non-Core Assets where they will be fully wound down over time.

<sup>1</sup> 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.

**Commercial Real Estate** In the first nine months of 2012, the portfolio was reduced in line with strategy, primarily at Hypothekenbank Frankfurt AG. Total EaD decreased by €8bn to €49bn during the course of the year. The portfolio composition by type of uses remains unchanged. The main components of exposure are the sub-portfolios office (€18bn), retail (€17bn) and residential real estate (€5bn).

The decrease in exposure in the third quarter of 2012 is the result of loan repayments, exchange rate fluctuations and transfers to the default portfolio.

The European sovereign debt crisis is continuing and countries in southern Europe are in deep recession, but other markets such as Germany have also started to show signs of weakness. As a result, the CRE markets have been dominated by still prudent and very risk-averse behaviour of market participants. Overall, the interest in core real estate in liquid markets such as London and central locations in Germany is therefore still high which has largely stabilised market values. There is only very modest market momentum outside this market area, leading to lower market values, particularly in southern European countries.

**Deutsche Schiffsbank** As at 9 August 2012 ship financing was completely transferred to the new segment NCA and is set to be wound down over time in a value-preserving manner.

While US dollar remained nearly unchanged, the ship financing exposure decreased from €18bn on 31 December 2011 to €16bn, especially due to transfers to the default portfolio and repayments. The exposure is divided into three standard types of ship, whose shares are largely unchanged, i.e. containers (32%), tankers (26%) and bulkers (22%). The remaining portfolio consists of various special tonnages which are well diversified across the various ship segments as well as activities of offshore industry.

All main segments of sea freight register increases in tonnages exceeding growth of demand. The sovereign debt crisis, the uncertain economic situation in the USA and in various European countries, as well as further declining demand in China, have had an ongoing negative impact on shipping markets during the period under review. In the light of further deteriorating shipping markets in the second half-year, we expect impairments in 2012 that will exceed those of 2011.

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

On 30 March 2012, the European Commission informed the Federal Republic of Germany that the requirement dating from 2009 for Eurohypo AG to be sold had been changed into a requirement for it to be wound down. Even before this change in the requirement, it was Commerzbank's strategy to run down the Public Finance portfolio in a value-preserving manner. This is continuing to be implemented consistently.

Borrowers in the Public Finance business (€52bn EaD) are sovereigns, federal states, regions, cities and local authorities as well as supranational institutions. The main exposure is in Germany and Western Europe.

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The remaining Public Finance portfolio in NCA is accounted for by banks (€25bn EaD), where the focus is again on Germany and Western Europe (approximately 93%). Most of the bank portfolio comprises securities/loans which to a large extent are covered by grandfathering, guarantee/maintenance obligations or other public guarantees, or were issued in the form of covered bonds.

The Public Finance EaD, which was cut by €40bn to €89bn in 2010 and 2011, largely by using maturities but also through active portfolio reduction, was further reduced to €80bn during the first nine months of 2012. Following the bond swap as part of the private sector involvement (PSI) in Greece, the holding of Greek bonds was sold in full in the second quarter of 2012.

The future performance of the Public Finance area remains difficult to predict, since it is heavily dependent on how the sovereign debt crisis and the related political decisions will further develop.

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

**Other Non-Core Assets** The private customer portfolio (legacy portfolio) booked in Hypothekbank Frankfurt was transferred for the most part into the Private Customers segment of Commerzbank within the restructuring activities. For the remaining exposure of almost €4bn focus is still on portfolio reduction while minimising the impact on earnings.

## 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

We maintained our risk strategy for the Financial Institutions portfolio in the third quarter of 2012. The focus continued to be both on proactive risk reduction across the whole portfolio, and selective new business with clients with a good rating, either through trade finance activities performed on behalf of our corporate customers at Mittelstandsbank or through capital market activities in Corporates & Markets. Consideration of country risks played a major part in this. Bulk risk in the portfolio was cut back further. The risk trend in the portfolio will still be influenced by the course of the euro and sovereign debt crisis.

FI portfolio by region <sup>1</sup>	30.9.2012			31.12.2011		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	14	10	7	17	10	6
Western Europe	27	49	18	28	81	29
Central/Eastern Europe	8	24	31	8	52	62
North America	2	1	4	3	1	6
Other	15	37	25	16	41	26
<b>Total</b>	<b>66</b>	<b>120</b>	<b>18</b>	<b>72</b>	<b>185</b>	<b>26</b>

<sup>1</sup> Excluding exceptional debtors.

### Non-Bank Financial Institutions portfolio

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

NBFI portfolio by region	30.9.2012			31.12.2011		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	9	26	27	10	22	22
Western Europe	15	34	23	13	22	18
Central/Eastern Europe	2	6	28	1	6	43
North America	4	22	53	5	42	92
Other	2	4	17	3	3	11
<b>Total</b>	<b>32</b>	<b>91</b>	<b>28</b>	<b>32</b>	<b>95</b>	<b>30</b>

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### 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 around 7% to North America. The rest is broadly diversified and is split between a large number of countries where we serve German exporters in particular or where Commerzbank has a local presence.

Overall portfolio by region as at 30.9.2012	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	243	583	24
Western Europe	114	535	47
Central/Eastern Europe	41	231	56
North America	34	64	19
Other	44	343	78
<b>Total</b>	<b>477</b>	<b>1,756</b>	<b>37</b>

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 <sup>1</sup> as at 30.9.2012 €bn	Sovereign	Banks	CRE	Corporates/ Other	Total 30.9.2012	Total 31.12.2011
Greece	0.0	0.0	0.2	0.1	0.2	1.1
Ireland	0.0	0.6	0.1	0.9	1.6	2.0
Italy	8.8	1.0	2.3	2.3	14.3	14.0
Portugal	0.8	0.3	1.6	0.3	3.0	3.4
Spain	2.6	4.2	3.8	2.5	13.0	14.6

<sup>1</sup> Excluding exposure from ship finance.

### Rating classification

The Group's overall portfolio is split into the following internal rating classes based on PD ratings:

Rating breakdown as at 30.9.2012   EaD in %	1.0–1.8	2.0–2.8	3.0–3.8	4.0–4.8	5.0–5.8
Private Customers	28	48	17	4	3
Mittelstandsbank	13	61	19	4	2
Central & Eastern Europe	21	42	26	9	2
Corporates & Markets	42	44	11	2	1
Non-Core Assets	30	36	20	7	6
<b>Group<sup>1</sup></b>	<b>32</b>	<b>44</b>	<b>17</b>	<b>5</b>	<b>3</b>

<sup>1</sup>Including Others and Consolidation.

### Sector classification Corporates

The table below shows the breakdown of the Bank's corporates exposure by sector, irrespective of the existing business segment belonging:

Portfolio corporates by sector	30.9.2012			31.12.2011		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Basic materials/ Energy/Metals	24	83	35	25	96	38
Consumption	21	88	42	21	82	40
Chemicals/Plastics	11	38	35	11	33	29
Technology/ Electrical industry	9	26	28	10	23	23
Automotive	9	21	24	11	26	25
Transport/Tourism	9	23	25	10	38	38
Services/Media	9	48	55	9	50	53
Mechanical engineering	8	21	26	8	25	32
Construction	4	17	39	4	17	41
Other	14	28	20	17	58	34
<b>Total</b>	<b>119</b>	<b>394</b>	<b>33</b>	<b>126</b>	<b>447</b>	<b>36</b>

### Originator positions

Commerzbank Aktiengesellschaft and Hypothekbank Frankfurt AG in recent years securitised loan receivables due from the Bank's customers with a current volume of €8.0bn, primarily for capital management purposes. This also includes the securitisation of loans to small and medium-sized enterprises (SME) with an exposure of €2bn. Compared to the previous quarter two CMBS transactions of Hypothekbank Frankfurt AG in the amount of €0.4bn and €0.6bn were repaid. Moreover, two securitisations of loans to SMEs in the amount of €2.0bn and €1.5bn were paid back. As at the reporting date on 30 September 2012, risk positions of €5.2bn were retained, with by far the largest portion of these positions (€5.0bn) consisting of senior tranches.

Securitisation pool €bn	Maturity	Commerzbank volume <sup>1</sup>			Total volume <sup>1</sup> 30.9.2012	Total volume <sup>1</sup> 31.12.2011
		Senior	Mezzanine	First loss piece		
Corporates	2013–2027	4.5	0.1	<0.1	5.0	4.5
MezzCap	2036	<0.1	<0.1	<0.1	0.2	0.2
RMBS	2048	<0.1	<0.1	<0.1	0.1	0.2
CMBS	2012–2084	0.4	<0.1	<0.1	2.7	4.0
<b>Total</b>		<b>5.0</b>	<b>0.1</b>	<b>0.1</b>	<b>8.0</b>	<b>8.9</b>

<sup>1</sup> Tranches/retentions (nominal): banking and trading book.



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### Conduit exposures and other asset-backed exposures

The conduit exposures reported below mainly consist of liquidity facilities/back-up lines granted to the special purpose vehicle Silver Tower, which Commerzbank's corporate customers can use for interim funding of their own customer receivables. The conduit in turn is usually financed through the issue of asset-backed commercial paper (ABCP). Other asset-backed exposures comprised mainly government guaranteed ABS paper issued by Hypothekenbank Frankfurt AG in the Public Finance segment and Commerz Europe (Ireland).

Conduit and other asset-backed exposure €bn	30.9.2012		31.12.2011	
	Nominal values	Risk values	Nominal values	Risk values
Conduit exposure	3.3	3.3	3.3	3.3
Other asset-backed exposures	5.8	5.5	6.1	5.8
<b>Total</b>	<b>9.1</b>	<b>8.8</b>	<b>9.4</b>	<b>9.1</b>

## Intensive care

### Loan loss provisions

Loan loss provisions stood at €1,046m in the first nine months of 2012, a marginal year-on-year increase of €37m. The key driver of the sustained low level of provisions in the Group was the positive performance at the core bank. After an excellent first half year, provisions of only €47m were reported for the core bank in the third quarter of 2012, which means that they stood at an historically low €181m overall. For the run-off portfolios however, provisions rose substantially year-on-year, thus increasing the overall level to €862m. The changes at segment level were as follows:

Loan loss provisions €m	2012					2011				
	Q1-Q3	Q3	Q2	Q1	Total	Q4	Q1-Q3	Q3	Q2	Q1
Private Customers	79	45	26	8	61	-55	116	33	38	45
Mittelstandsbank	-12	-9	32	-35	190	149	41	58	-28	11
Central & Eastern Europe	81	28	35	18	86	24	62	26	9	27
Corporates & Markets	33	-17	23	27	146	56	90	59	31	0
Others and Consolidation	0	0	0	0	-1	0	-1	-1	0	0
<b>Core bank</b>	<b>181</b>	<b>47</b>	<b>116</b>	<b>18</b>	<b>482</b>	<b>174</b>	<b>308</b>	<b>175</b>	<b>50</b>	<b>83</b>
Non-Core Assets	862	383	301	178	903	181	722	255	231	236
Portfolio Restructuring Unit	3	0	-13	16	5	26	-21	-17	-3	-1
<b>Group</b>	<b>1,046</b>	<b>430</b>	<b>404</b>	<b>212</b>	<b>1,390</b>	<b>381</b>	<b>1,009</b>	<b>413</b>	<b>278</b>	<b>318</b>

In the Private Customers segment, provisions totalled €79m in the first nine months of 2012, and hence were down on the previous year by €37m. This was mainly attributable to a one-off effect in the first quarter from the regular annual parameter update. Operating loan loss provisions rose in the third quarter of 2012 compared to the previous two quarters (which were both very low), but taking all three together, the figure was still below that of the same period last year.

After the first nine months, Mittelstandsbank registered total net income of €12m from loan loss provisions, representing a decline of €53m compared to the same period last year. The main drivers of this excellent result were reversals from loan loss provisions following successful restructurings, a fall in portfolio loan loss provisions and a still moderate number of new cases.

Loan loss provisions for Central & Eastern Europe rose by €19m to €81m in the first nine months of 2012; however, in the same period of 2011, a release of €20m from a portfolio sale by BRE Bank was recognised in provisions.

In Corporates & Markets which was dominated by the progress of individual commitments, the need for provisions fell by €57m in the first nine months compared to the same period in 2011. Net income of €17m was recognised in the third quarter which was due mainly to the successful restructuring of one individual case.

In NCA, loan loss provisions were €862m, making them €140m higher in the first nine months than in the same period of 2011. This was due mainly to a significant year-on-year rise in loan loss provisions in Deutsche Schiffsbank. Charges for Commercial Real Estate were still lower overall after nine months than those in the same period in 2011.

**Outlook** From the current perspective, the loan loss provision charge in the fourth quarter will be higher than in the previous quarters. Firstly, a notable rise is expected for the Corporates portfolios in the core bank compared to the historically low previous quarters. Secondly, loan loss provisions are set to remain again on a high level in the fourth quarter in NCA. Commerzbank Group is still expecting loan loss provisions of around €1.7bn for the full year 2012. Should the economic conditions dramatically and unexpectedly deteriorate or event risks occur, then much higher provisions may be required.

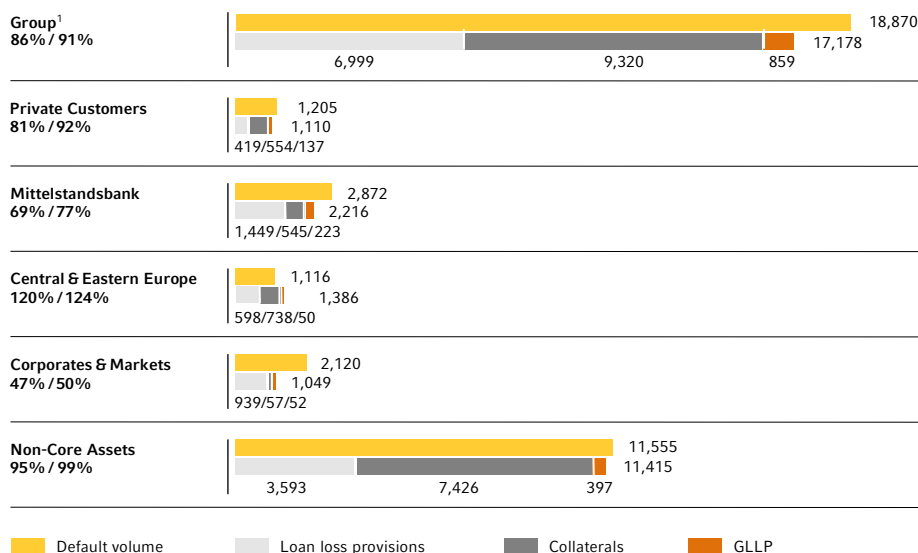
### **Default portfolio**

The default portfolio was down on the previous quarter by €1.2bn and stood at €18.9bn on the reporting date. The portfolio includes receivables categorised as LaR; impaired securities in the amount of €2.6bn are not included. The structure is shown in detail in the following chart:

- 31 Risk-oriented overall bank management
- 32 Default risk
- 41 Intensive care
- 43 Market risk**
- 46 Liquidity risk
- 48 Operational risk
- 49 Other risks

### Default portfolio and coverage ratios by segment

€m – excluding/including GLLP



<sup>1</sup> Including Others and Consolidation.

## 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.

The main feature of 2012 continues to be the European sovereign debt crisis. In the third quarter, the European Central Bank's announcement that it could support struggling euro zone countries through an unlimited buy-back programme of government bonds eased the markets considerably; however, China's shrinking growth and the weaker global economy weighed heavy on the markets.

The structural low-interest rate environment still prevails on bond markets. Given the ECB's zero interest rate policy, investors have to head for long maturities or low credit ratings to avoid negative yields. On the peripheral markets, the announcement of the ECB's unlimited buy-back programme helped bring down risk premiums in the third quarter, but they are likely to remain structurally high and volatile.

The energetic intervention by central banks (the ECB and the Fed) significantly boosted equity markets in the third quarter, but they are expected to come under pressure in the forthcoming reporting season due to lower profit expectations for 2012 and 2013.

On currency markets, the ECB's interventions in the third quarter helped the euro to appreciate against most international currencies. Nevertheless, these interventions do not signal the turning point for the euro crisis. The ECB's expansionary policy will continue to put pressure on the single currency.

Commodity markets were also affected by central bank policies in the third quarter of 2012 leading to clearly noticeable increases of gold and oil prices.

Overall, Commerzbank still finds itself in a challenging market environment. If the unresolved sovereign debt crisis worsens and economic data are still negative, this should again lead to high market fluctuations.

## Market risk in the trading book

Commerzbank has been using a uniform market price risk model to calculate value at risk (VaR) for its internal management. This model is based on historical simulation (HistSim model) and applies to all entities of the Group. It ensures that risk measurement is consistent across the whole Group and takes into account the higher capital requirements for market price risks that were introduced in the wake of the financial market crisis. In particular, the stressed VaR is calculated, which evaluates the risk arising from the current positioning in the trading book with market movements in a crisis period. In addition, incremental risk charge and equity event VaR quantify the risk of a deterioration in creditworthiness and event risks in trading book positions. In December 2011, BaFin approved the use of the internal market risk model, which means that this model can now also be used for the calculation of regulatory capital.

VaR in the trading book had declined significantly by the third quarter of 2012 compared with the end of the previous year. This was largely due to an additional reduction in non-strategic risk positions. A further reduction in VaR came from reclassifying positions according to the allocation rules in force for allocating items to the trading or banking book. A changed interest rate position in Treasury had an opposite effect in the third quarter.

VaR fell by €25.3m to €33.8m. The dominant risk factors are interest rate risk (€13.8m), credit spread risk (€9.5m) and equity price risk (€6.3m).

VaR contribution by risk type in the trading book <sup>1</sup>   €m	30.9.2012	31.12.2011
Credit spreads	9.5	17.6
Interest rates	13.8	31.2
Equities	6.3	3.5
FX	1.9	4.0
Commodities	2.3	2.8
<b>Total</b>	<b>33.8</b>	<b>59.1</b>

<sup>1</sup> 99% confidence level, holding period 1 day, equally-weighted market data, 254 days' history.

The reliability of the market risk model is constantly monitored by backtesting. Apart from meeting supervisory requirements, the particular 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. There had been no negative outliers by the end of the third quarter of 2012.

31	Risk-oriented overall bank management
32	Default risk
41	Intensive care
<b>43</b>	<b>Market risk</b>
46	Liquidity risk
48	Operational risk
49	Other risks

Because the VaR 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. At Group level, the results of the stress tests by the end of the third quarter were within the prescribed limits at all times

## Market risk in the banking book

The key driver of market risk in the banking book is the credit spread risk in the Public Finance portfolio including the positions held by the subsidiaries Hypothekenbank Frankfurt and EEPK. The Treasury portfolios with their credit spread risk, interest rate risk, and basis risk also have a particular impact on market risk in the banking book.

The following chart documents the development of credit spread sensitivities for all securities and derivative positions (excluding loans) in Commerzbank Group. The reduction in credit spread sensitivity from €66m at the end of 2011 to €59m as at 30 September 2012 was mainly due to the Public Finance portfolio. This is largely owing to an additional reduction as part of the de-risking strategy and changes in the market value of existing positions. 79% of credit spread sensitivity 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.

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### Credit spread sensitivities

Downshift 1 bp | €m



## 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 market liquidity.

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. To calculate the market liquidity risk the market risk based on a one-year view is weighted with the market liquidity factor.

At the end of the third quarter of 2012, Commerzbank had earmarked €0.3bn in economic capital to cover market liquidity risk in the trading and banking book. Securities which are more susceptible to market liquidity risk include in particular asset-backed securities.

## Liquidity risk

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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 can be found in the “Funding and liquidity” section in the Interim Management Report. Liquidity risks occurring for periods of up to one 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 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.

### Quantification and stress testing

The internal bank liquidity risk model is the basis for liquidity management and reporting to the Board of Managing Directors. Related to a reference date this risk measurement approach calculates the available net liquidity (ANL) for the next twelve months based on various scenarios. Commerzbank’s available net liquidity is calculated for various stress scenarios using the following three components: deterministic, i.e. contractually agreed cash flows, statistically expected economic cash flows for the relevant scenario, and the realisable assets in the relevant scenario.

The stress scenario 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. The risk strategy also describes scenarios that are no longer covered by risk tolerance. Additional components of liquidity risk management are a survival period calculation in terms of MaRisk and the supplementary analysis of additional inverse stress scenarios.

31	Risk-oriented overall bank management
32	Default risk
41	Intensive care
43	Market risk
46	Liquidity risk
48	Operational risk
49	Other risks

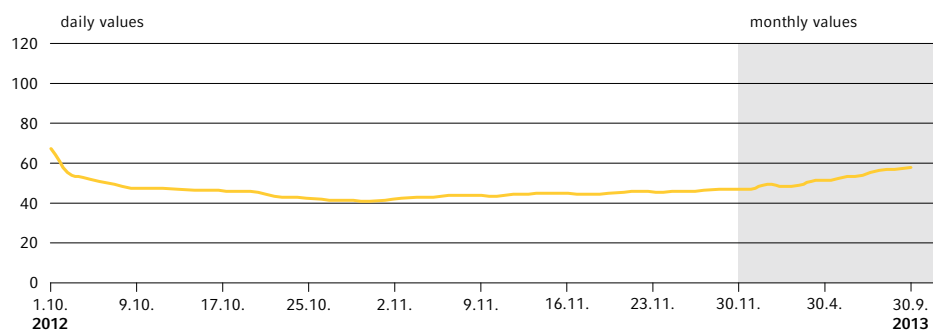
The relevant stress scenarios in the ANL model are run daily and reported to management. The underlying assumptions and the set limits are checked regularly and adjusted to reflect changed market conditions as necessary.

Stress scenarios 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. Liquidity risk contingency planning is an integral component of the recovery plan drawn up by Commerzbank as a systemically important financial institution.

The graph below of ANL shows that, under the stress scenario relevant for the risk management calculated as at 30 September 2012, a sufficient liquidity surplus existed throughout the period analysed.

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

€bn



In the first three quarters of 2012, the growing liquidity surplus in the money market was also reflected in Commerzbank's internal liquidity ratios, which were always significantly above the limits set by the Board of Managing Directors. The same applies to compliance with the external regulatory German Liquidity Regulation and the survival period calculation set down by MaRisk. In this respect we continue to benefit from our core business activities in retail and corporate banking and a widely diversified funding base in terms of products, regions and investors in the money and capital markets. In order to cope with short-term liquidity bottlenecks, the Bank has a liquidity buffer of assets eligible for discounting at the central bank and cash reserves. As at 30 September 2012, the volume of freely available assets eligible for discounting at the central bank after haircut that was included in ANL modelling, including credit balances with central banks, was €89.9bn. The Bank has also taken measures to react to a possible breakup of the euro and mitigate the liquidity impact this would have.

## Further development of liquidity risk management and Basel III

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

## Operational risk

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.

We have continued to pursue our objective of improving the Group OpRisk profile in the current year. The focus is still on optimising our methods and processes as well as the further development of the early warning system to avoid significant OpRisk events. This is also being achieved by integrating the OpRisk management more closely with the internal control system (ICS).

The total charge to Commerzbank at the end of the third quarter of 2012 for OpRisk events<sup>1</sup> was €186m (full-year 2011: €250m).

OpRisk events by segment €m	2012 Q1-Q3	2012 Q3	2012 Q2	2012 Q1	2011 total
Private Customers	83	45	12	26	85
Mittelstandsbank	12	9	1	2	15
Central & Eastern Europe	3	2	0	1	10
Corporates & Markets	17	21	1 <sup>1</sup>	-5	13
Others and Consolidation	67	5	61 <sup>1</sup>	1	113
Non-Core Assets	4	-1	3	2	14
<b>Group</b>	<b>186</b>	<b>81</b>	<b>78</b>	<b>27</b>	<b>250</b>

<sup>1</sup> In the third quarter an OpRisk event was retroactively rededicated from segment Corporates & Markets to Others and Consolidation.

As in previous quarters, the events in the third quarter were heavily dominated by product-related losses.

Risk-weighted assets (RWA) from operational risks based on the AMA model amounted to €20.5bn as at the end of the third quarter of 2012 (31 December 2011: €26.3bn). Of this, roughly 58% related to Private Customers and Corporates & Markets alone.

<sup>1</sup> Losses plus changes in provisions for operational risks and ongoing litigation.



31	Risk-oriented overall bank management
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## Other risks

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In terms of all other risks, there were no significant changes in the first nine months of 2012 compared to the position reported in the 2011 Annual Report.

### Disclaimer

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

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## Statement of comprehensive income

### Income statement

€m	Notes	1.1.–30.9.2012	1.1.–30.9.2011	Change in %
Interest income		11,081	12,792	-13.4
Interest expense		6,940	7,686	-9.7
Net interest income	(1)	4,141	5,106	-18.9
Loan loss provisions	(2)	-1,046	-1,009	3.7
Net interest income after loan loss provisions		3,095	4,097	-24.5
Commission income		2,818	3,211	-12.2
Commission expense		378	419	-9.8
Net commission income	(3)	2,440	2,792	-12.6
Net trading income	(4)	1,178	1,510	-22.0
Net income from hedge accounting		-20	-62	-67.7
Net trading income and net income from hedge accounting		1,158	1,448	-20.0
Net investment income	(5)	-169	-2,209	-92.3
Current net income from companies accounted for using the equity method		34	29	17.2
Other net income	(6)	-55	407	.
Operating expenses	(7)	5,252	6,220	-15.6
Impairments of goodwill and brand names		-	-	.
Restructuring expenses	(8)	43	-	.
Net measurement gain or loss on the prospective selling price of disposal groups <sup>1</sup>		-83	-	.
<b>Pre-tax profit or loss</b>		<b>1,125</b>	<b>344</b>	.
Taxes on income	(9)	324	-54	.
<b>Consolidated profit or loss</b>		<b>801</b>	<b>398</b>	.
Consolidated profit or loss attributable to non-controlling interests		79	76	3.9
Consolidated profit or loss attributable to Commerzbank shareholders		722	322	.

<sup>1</sup> As well as a currency translation reserve of €-0.2bn which will only be recognised on disposal in accordance with IAS 21.48 (see page 62).

Earnings per share   €	1.1.–30.9.2012	1.1.–30.9.2011	Change in %
Earnings per share	0.11	0.11	0.0

The earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit attributable to Commerzbank shareholders less the expected dividend on silent participations. No conversion or option rights were

outstanding in the current year or comparable prior-year period. The figure for diluted earnings was therefore identical to the undiluted figure.

## Condensed statement of comprehensive income

€m	1.1.–30.9.2012	1.1.–30.9.2011	Change in %
Consolidated profit or loss	801	398	.
Change in revaluation reserve			
Reclassified to income statement	–5	350	.
Change in value not recognised in income statement	667	–667	.
Change in cash flow hedge reserve			
Reclassified to income statement	137	174	–21.3
Change in value not recognised in income statement	–4	–18	–77.8
Change in currency translation reserve			
Reclassified to income statement	31	1	.
Change in value not recognised in income statement	191	–248	.
Change in companies accounted for using the equity method	2	–2	.
Other comprehensive income	1,019	–410	.
<b>Total comprehensive income</b>	<b>1,820</b>	<b>–12</b>	<b>.</b>
Comprehensive income attributable to non-controlling interests	155	23	.
Comprehensive income attributable to Commerzbank shareholders	1,665	–35	.

3 <sup>rd</sup> quarter   €m	1.7.–30.9.2012	1.7.–30.9.2011	Change in %
Consolidated profit or loss	104	–664	.
Change in revaluation reserve			
Reclassified to income statement	9	180	–95.0
Change in value not recognised in income statement	279	–935	.
Change in cash flow hedge reserve			
Reclassified to income statement	45	51	–11.8
Change in value not recognised in income statement	1	–37	.
Change in currency translation reserve			
Reclassified to income statement	–	1	–100.0
Change in value not recognised in income statement	44	–76	.
Change in companies accounted for using the equity method	1	–1	.
Other comprehensive income	379	–817	.
<b>Total comprehensive income</b>	<b>483</b>	<b>–1,481</b>	<b>.</b>
Comprehensive income attributable to non-controlling interests	62	–38	.
Comprehensive income attributable to Commerzbank shareholders	421	–1,443	.

Other comprehensive income   €m	1.1.–30.9.2012			1.1.–30.9.2011		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Change in revaluation reserve	886	–224	662	–382	65	–317
Change in cash flow hedge reserve	194	–61	133	234	–78	156
Change in currency translation reserve	222	–	222	–247	–	–247
Change in companies accounted for using the equity method	2	–	2	–2	–	–2
<b>Other comprehensive income</b>	<b>1,304</b>	<b>–285</b>	<b>1,019</b>	<b>–397</b>	<b>–13</b>	<b>–410</b>

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Other comprehensive income for the third quarter of 2012 broke down as follows:

Other comprehensive income   €m	1.7.–30.9.2012			1.7.–30.9.2011		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Change in revaluation reserve	395	-107	288	-1,007	252	-755
Change in cash flow hedge reserve	66	-20	46	36	-22	14
Change in currency translation reserve	44	-	44	-75	-	-75
Change in companies accounted for using the equity method	1	-	1	-1	-	-1
<b>Other comprehensive income</b>	<b>506</b>	<b>-127</b>	<b>379</b>	<b>-1,047</b>	<b>230</b>	<b>-817</b>

### Income statement (by quarter)

€m	2012				2011			
	3 <sup>rd</sup> quarter	2 <sup>nd</sup> quarter	1 <sup>st</sup> quarter	4 <sup>th</sup> quarter	3 <sup>rd</sup> quarter	2 <sup>nd</sup> quarter	1 <sup>st</sup> quarter	
Net interest income	1,379	1,333	1,429	1,618	1,589	1,790	1,727	
Loan loss provisions	-430	-404	-212	-381	-413	-278	-318	
Net interest income after loan loss provisions	949	929	1,217	1,237	1,176	1,512	1,409	
Net commission income	840	757	843	703	844	928	1,020	
Net trading income	140	574	464	599	298	664	548	
Net income from hedge accounting	6	-19	-7	-61	55	-88	-29	
Net trading income and net income from hedge accounting	146	555	457	538	353	576	519	
Net investment income	30	-23	-176	-1,402	-1,267	-954	12	
Current net income from companies accounted for using the equity method	16	7	11	13	16	13	0	
Other net income	-33	-43	21	846	59	10	338	
Operating expenses	1,732	1,731	1,789	1,772	2,036	2,030	2,154	
Impairments of goodwill and brand names	-	-	-	-	-	-	-	
Restructuring expenses	-	9	34	-	-	-	-	
Net measurement gain or loss on the prospective selling price of disposal groups <sup>1</sup>	3	-86	-	-	-	-	-	
<b>Pre-tax profit or loss</b>	<b>219</b>	<b>356</b>	<b>550</b>	<b>163</b>	<b>-855</b>	<b>55</b>	<b>1,144</b>	
Taxes on income	115	56	153	-186	-191	2	135	
<b>Consolidated profit or loss</b>	<b>104</b>	<b>300</b>	<b>397</b>	<b>349</b>	<b>-664</b>	<b>53</b>	<b>1,009</b>	
Consolidated profit or loss attributable to non-controlling interests	26	25	28	33	23	29	24	
Consolidated profit or loss attributable to Commerzbank shareholders	78	275	369	316	-687	24	985	

<sup>1</sup> As well as a currency translation reserve of €-0.2bn which will only be recognised on disposal in accordance with IAS 21.48 (see page 62).

## Balance sheet

Assets   €m	Notes	30.9.2012	31.12.2011	Change in %
Cash reserve		15,459	6,075	.
Claims on banks	(11,13,14)	105,645	87,790	20.3
of which pledged as collateral		46	77	-40.3
Claims on customers	(12,13,14)	293,407	296,586	-1.1
of which pledged as collateral		-	-	.
Value adjustment portfolio fair value hedges		198	147	34.7
Positive fair values of derivative hedging instruments		5,881	5,132	14.6
Trading assets	(15)	149,983	155,700	-3.7
of which pledged as collateral		22,548	16,025	40.7
Financial investments	(16)	89,334	94,523	-5.5
of which pledged as collateral		4,275	3,062	39.6
Holdings in companies accounted for using the equity method		730	694	5.2
Intangible assets	(17)	2,990	3,038	-1.6
Fixed assets	(18)	1,407	1,399	0.6
Investment properties		623	808	-22.9
Non-current assets and disposal groups held for sale		1,051	1,759	-40.3
Current tax assets		477	716	-33.4
Deferred tax assets		3,791	4,154	-8.7
Other assets	(19)	4,586	3,242	41.5
<b>Total</b>		<b>675,562</b>	<b>661,763</b>	<b>2.1</b>

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Liabilities and equity   €m	Notes	30.9.2012	31.12.2011	Change in %
Liabilities to banks	(20)	126,736	98,481	28.7
Liabilities to customers	(21)	268,314	255,344	5.1
Securitised liabilities	(22)	84,373	105,673	-20.2
Value adjustment portfolio fair value hedges		1,465	938	56.2
Negative fair values of derivative hedging instruments		11,785	11,427	3.1
Trading liabilities	(23)	129,533	137,847	-6.0
Provisions	(24)	3,388	3,761	-9.9
Current tax liabilities		468	680	-31.2
Deferred tax liabilities		94	189	-50.3
Liabilities from disposal groups held for sale		604	592	2.0
Other liabilities	(25)	7,044	6,568	7.2
Subordinated capital	(26)	12,511	13,285	-5.8
Hybrid capital	(27)	1,634	2,175	-24.9
Equity		27,613	24,803	11.3
Subscribed capital		5,828	5,113	14.0
Capital reserve		11,678	11,158	4.7
Retained earnings		9,622	8,822	9.1
Silent participations		2,376	2,687	-11.6
Other reserves		-2,733	-3,676	-25.7
Total before non-controlling interests		26,771	24,104	11.1
Non-controlling interests		842	699	20.5
<b>Total</b>		<b>675,562</b>	<b>661,763</b>	<b>2.1</b>

## Statement of changes in equity

€m	Subscribed capital	Capital reserve	Retained earnings	Silent participations	Other reserves			Total before non-controlling interests	Non-controlling interests	Equity
					Revaluation reserve	Cash flow hedge reserve	Currency translation reserve			
<b>Equity as at 1.1.2011</b>	<b>3,047</b>	<b>1,507</b>	<b>9,140</b>	<b>17,178</b>	<b>-1,731</b>	<b>-1,005</b>	<b>-263</b>	<b>27,873</b>	<b>785</b>	<b>28,658</b>
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
Change in ownership interests			38					38	-57	-19
Other changes <sup>1</sup>	24	39	-121					-58	-50	-108
<b>Equity as at 31.12.2011</b>	<b>5,113</b>	<b>11,158</b>	<b>8,822</b>	<b>2,687</b>	<b>-2,511</b>	<b>-810</b>	<b>-355</b>	<b>24,104</b>	<b>699</b>	<b>24,803</b>
Total comprehensive income	-	-	722	-	635	133	175	1,665	155	1,820
Consolidated profit or loss			722					722	79	801
Change in revaluation reserve					635			635	27	662
Change in cash flow hedge reserve						133		133		133
Change in currency translation reserve							173	173	49	222
Change in companies accounted for using the equity method							2	2		2
Dividend paid on silent participations								-		-
Dividend paid on shares								-	-16	-16
Change in accounting par value								-		-
Capital increases	717	498						1,215		1,215
Withdrawal from retained earnings								-		-
Decrease in silent participations				-311				-311		-311
Change in ownership interests			-1					-1	-	-1
Other changes <sup>1</sup>	-2	22	79					99	4	103
<b>Equity as at 30.9.2012</b>	<b>5,828</b>	<b>11,678</b>	<b>9,622</b>	<b>2,376</b>	<b>-1,876</b>	<b>-677</b>	<b>-180</b>	<b>26,771</b>	<b>842</b>	<b>27,613</b>

<sup>1</sup> Including change in treasury shares, change in derivatives on own equity instruments and changes in the group of consolidated companies.



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As at 30 September 2012 around €-206m of the currency translation reserve was attributable to assets held for sale and disposal groups, which relate to the subsidiaries in Ukraine.

The changes in ownership interests of €-1m in the first three quarters of 2012 resulted entirely from the disposal of shares in subsidiaries that continue to be consolidated. There was no effect from the purchase of additional shares in already consolidated companies.

In March 2012 we increased our share capital for non-cash contributions from authorised capital by 7% (360,509,967 shares), with shareholders' pre-emptive rights excluded. The new shares were subscribed in their entirety and paid for by non-cash contributions of hybrid, subordinate and other financial instruments issued by Commerzbank Aktiengesellschaft and companies within the Commerzbank Group. The nominal value of the financial instruments returned was €1.0bn. Subscribed capital increased by €0.4bn and the capital reserve by €0.3bn as a result. The costs incurred for the capital increase were €10m, which were recognised in the capital reserve net of tax effects of €3m.

The Financial Market Stabilisation Fund (SoFFin) subsequently converted a portion of its silent participations into shares in order to maintain its stake in Commerzbank of 25% plus 1 share. Thus silent participations with a nominal

value of €0.2bn were converted into 120,169,989 shares from the conditional capital approved by the Annual General Meeting.

In January 2012, Commerzbank approved a package of measures to meet the new higher capital requirements of the European Banking Authority (EBA) by 30 June 2012. These measures included paying employees' individual variable compensation entitlements for 2011 in Commerzbank shares. In June 2012 these payments were made by issuing 176,553,636 shares from authorised capital, with shareholders' pre-emptive rights excluded. This increased the ordinary share capital by 3.2%. Subscribed capital rose by €177m and the capital reserve by €37m.

The Financial Market Stabilisation Fund (SoFFin) subsequently converted a portion of its silent participations into shares in order to maintain its stake in Commerzbank of 25% plus 1 share. Thus silent participations with a nominal value of €80m were converted into 58,851,212 shares from conditional capital.

As at 30 September 2012, the subscribed capital of Commerzbank Aktiengesellschaft pursuant to the Bank's articles of association stood at €5,830m and was divided into 5,829,513,857 no-par-value shares with a notional value of €1.00 per share. The average number of ordinary shares in issue was 5,542,799,072 (30 September 2011: 2,964,190,612 shares).

## For information: Statement of changes in equity from 1 January to 30 September 2011

€m	Subscribed capital	Capital reserve	Retained earnings	Silent participations	Other reserves			Total before non-controlling interests	Non-controlling interests	Equity
					Revaluation reserve	Cash flow hedge reserve	Currency translation reserve			
<b>Equity as at 1.1.2011</b>	<b>3,047</b>	<b>1,507</b>	<b>9,140</b>	<b>17,178</b>	<b>-1,731</b>	<b>-1,005</b>	<b>-263</b>	<b>27,873</b>	<b>785</b>	<b>28,658</b>
Total comprehensive income	-	-	322	-	-318	156	-195	-35	23	-12
Consolidated profit or loss			322					322	76	398
Change in revaluation reserve					-318			-318	1	-317
Change in cash flow hedge reserve						156		156		156
Change in currency translation reserve							-193	-193	-54	-247
Change in companies accounted for using the equity method							-2	-2		-2
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			-875					-875		-875
Decrease in silent participations				-14,491				-14,491		-14,491
Change in ownership interests			4					4	-12	-8
Other changes <sup>1,2</sup>	24	49	-102					-29	-2	-31
<b>Equity as at 30.9.2011</b>	<b>5,113</b>	<b>11,168</b>	<b>8,489</b>	<b>2,687</b>	<b>-2,049</b>	<b>-849</b>	<b>-458</b>	<b>24,101</b>	<b>768</b>	<b>24,869</b>

<sup>1</sup> Including change in treasury shares, change in derivatives on own equity instruments and changes in the group of consolidated companies.

<sup>2</sup> After restatement of treasury shares (see page 212 of our 2011 Annual Report).

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## Cash flow statement (condensed version)

€m	2012	2011
<b>Cash and cash equivalents as at 1.1.</b>	<b>6,075</b>	<b>8,053</b>
Net cash from operating activities	5,163	1,312
Net cash from investing activities	4,669	10,769
Net cash from financing activities	-390	-3,115
<b>Total net cash</b>	<b>9,442</b>	<b>8,966</b>
Effects from exchange rate changes	21	-97
Effects from non-controlling interests	-79	-76
<b>Cash and cash equivalents as at 30.9.</b>	<b>15,459</b>	<b>16,846</b>

The cash flow statement shows the changes in cash and cash equivalents for the Commerzbank Group. These correspond to the cash reserve item in the balance sheet and consist of cash on hand, balances with central banks, as well as debt issues of public sector borrowers and bills of exchange rediscountable at central banks.

The cash flow statement 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.

## Selected notes

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### General information

#### Accounting policies

The interim financial statements of the Commerzbank Group as of 30 September 2012 were prepared in accordance with Art. 315 a (1) of the German Commercial Code (HGB) and Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 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). This report takes particular account of the requirements of IAS 34 relating to interim financial reporting.

Uniform accounting and measurement methods are used throughout the Commerzbank Group in preparing the financial statements. For fully consolidated companies and holdings in companies accounted for using the equity method we predominantly used financial statements prepared as at 30 September 2012. The reporting currency of the consolidated financial statements is the euro. Unless otherwise indicated, all amounts are shown in millions of euros. In the statement of comprehensive income, the balance sheet, the statement of changes in equity and the condensed cash flow statement amounts under €500,000.00 are shown as €0m; where an item is €0.00 this is denoted by a dash. In all other notes both amounts rounded down to €0m and zero items are indicated by a dash.

#### Changes to accounting policies

In preparing these financial statements, we have employed the same accounting policies as in our consolidated financial statements as of 31 December 2011 (see page 31 ff. of our 2011 Annual Report) unless otherwise required by changes in the law. These financial statements take into account the standards and interpretations that must be applied in the EU from 1 January 2012. Significant changes from the previous year are set out below.

To further increase transparency we began reporting commission from intermediary business, which was previously contained in other commission income and expenses, as a separate item with effect from 31 December 2011. In the interests of greater clarity we have also changed the way in which information is reported in the net trading income note. We now break net trading income down into net trading gain or loss and net gain or loss from applying the fair value option.

Translation profits and losses from the consolidation of the capital accounts reported in the currency translation reserve were previously only recognised in profit or loss on the full disposal and related deconsolidation of companies reporting in foreign currencies (see 2011 Annual Report p. 221). In order to achieve a more accurate presentation of

the currency translation reserve in the Commerzbank Group, since 1 April 2012 the currency translation reserve has also been recognised in profit or loss upon partial disposal of companies reporting in a foreign currency. Even if an equity holding in a foreign currency is reduced without being fully deconsolidated, the effect of this partial reduction on the currency translation reserve is recognised in profit or loss, as a rule within net investment income. However, no restatements for the previous quarters and financial years were required, as no partial disposals or partial reductions of equity have taken place to date.

We have restated the prior-year figures – where required – in the notes. However, these restatements had no impact on consolidated profit and earnings per share for the financial year 2011.

In the third quarter of 2012 we made a change to the estimates of valuation parameters for a structured issue. The valuation effect of €35m had a positive impact on net trading income. We also refined our valuation models for collateralised derivatives in line with a change in discounting conventions on the market. This led to an expense of €119m within net trading income in the current financial year.

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## Consolidated companies

The following companies were consolidated for the first time as of 30 September 2012:

Name of company	Equity share and voting rights	Acquisition cost	Assets	Liabilities
	%	€m	€m	€m
ASBERGIA Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf	100.0	0.0	70.7	70.7
Bosporus Investments Ltd., Dublin	0.0	0.0	101.9	101.9
BRE Agent Ubezpieczeniowy, Warsaw	100.0	0.0	1.5	0.0
Brussels Urban Invest S.A., Brussels	100.0	7.6	26.5	20.1
CFS Commerz Funds Solutions S.A., Luxembourg	100.0	5.0	12.3	4.7
Coco Finance II-1 Ltd., Dublin	0.0	0.0	156.8	156.8
Commerzbank Pearl Limited, London	100.0	0.0	0.0	0.0
Commerz Transaction Services Ost GmbH, Halle (Saale)	100.0	0.1	0.1	0.0
ComStage ETF MSCI Emerging Markets Leveraged 2x Daily TRN, Luxembourg <sup>1</sup>	0.0	10.3	10.5	1.3
COSMO Finance II-2 Ltd., Dublin	0.0	0.0	193.1	193.1
Loxodrome Inc. George Town, Grand Cayman	0.0	0.0	43.2	43.2
Number X Real Estate GmbH, Eschborn	100.0	8.8	8.8	0.0
Property Invest Ferdinando di Savoia S.r.l., Milan	100.0	3.1	12.4	8.2
Property Invest Roma S.r.l., Milan	100.0	2.1	1.5	0.8
Riverbank Trustees Limited, London	100.0	0.2	0.2	0.0
Sterling Energy II LLC, New York	100.0	42.6	42.6	0.0

<sup>1</sup> Contained in ComStage ETF SICAV, Luxembourg.

The entities listed above were newly formed or acquired, some in the course of structured financing transactions. The first-time consolidations did not give rise to any goodwill.

The following companies were sold or liquidated and are therefore no longer consolidated:

- Disposals
  - Dresdner Kleinwort Pfandbriefe Investments II, Inc., Wilmington/Delaware
  - Dresdner Kleinwort Wasserstein (Argentina) S.A., Buenos Aires
- 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)
  - CBK SICAV, Luxembourg
  - Commerzbank Leasing December – 7 Limited, Edinburgh
  - Commerzbank Leasing (Guernsey) Limited, St. Peter Port, Guernsey
  - Commerzbank Leasing September – 6 Limited, London
  - Commerzbank (South East Asia) Ltd., Singapore
  - CoSMO Finance 2007– 1 Ltd., Dublin
  - CoSMO Finance 2008– 1 Ltd., Dublin
  - Gresham Bond, Luxembourg
  - Langham Nominees Ltd, St. Peter Port, Guernsey
  - Marlyna Ltd, London
  - Millstone II LLC, Dover/Delaware
  - RCL Securitisation GmbH, Frankfurt am Main
  - Silver Tower 125 Inc., George Town, Grand Cayman
  - TIGNATO Beteiligungsgesellschaft mbH & Co. KölnTurm MediaPark KG, Eschborn
  - Victoria Capital S.A., Luxembourg
  - Victoria Capital Holdings S.A., Luxembourg
  - Victoria Capital (Ireland) Public Limited Company, Luxembourg

The following companies were merged into a Commerzbank Group consolidated company during the current financial year:

- Commerz Real Baumanagement GmbH, Düsseldorf
- Commerz Real Mietkauf GmbH, Düsseldorf
- Deutsche Schiffsbank Aktiengesellschaft, Hamburg/Bremen
- Messestadt Riem “Office am See” II GmbH, Eschborn
- Süddeutsche Industrie-Beteiligungs-GmbH, Frankfurt am Main

In August 2012 our subsidiary Eurohypo Aktiengesellschaft was renamed Hypothekbank Frankfurt Aktiengesellschaft. The change in the brand name resulted from the European Commission’s decision in March 2012 to change its previous requirement for Commerzbank to sell Eurohypo into a requirement to wind the company down.

MM Cogène 2, Paris, RECAP Alta Phoenix Lofts Investment, L.P., New York, Servicing Advisors Deutschland GmbH, Frankfurt am Main, and Southwestern Co-Investment, L.P., New York are no longer accounted for using the equity method.

The following companies:

- CG New Venture 2 Verwaltungsgesellschaft mbH, Wiesbaden
- CG New Venture 4 GmbH & Co. KG, Wiesbaden
- FM LeasingPartner GmbH, Bissendorf
- GO German Office GmbH, Wiesbaden
- Limited Liability Company “ABRIO”, Kiev, Ukraine
- Limited Liability Company “ACUS”, Kiev, Ukraine
- Limited Liability Company “CLIOS”, Kiev, Ukraine
- Limited Liability Company “FESTLAND”, Kiev, Ukraine
- Limited Liability Company “MERUS”, Kiev, Ukraine
- Limited Liability Company “MODUS CAPITAL”, Kiev, Ukraine
- Limited Liability Company “RIDOS”, Kiev, Ukraine
- Limited Liability Company “SANTOS CAPITAL”, Kiev, Ukraine
- Limited Liability Company “VALIDUS”, Kiev, Ukraine,
- Property Invest Italy S.r.l., Milan and
- PUBLIC JOINT STOCK COMPANY “BANK FORUM”, Kiev, Ukraine

are reported as held for sale in accordance with IFRS 5 as there are plans to sell them and their sale is highly probable within one year.

Receivables and fund units are also held for sale in the Mittelstandsbank and Private Customers segments.

We measure non-current assets and disposal groups held for sale and liabilities from disposal groups held for sale in accordance with IFRS 5 and report them separately in the relevant balance sheet items and in the statement of changes in equity. The impairment of €83m on the prospective selling price for the subsidiaries held for sale in Ukraine is reported separately in the income statement. The completion of the sale is planned for the fourth quarter of 2012 – once regulatory approval has been obtained – and will lead to the reclassification of the currency translation reserve, currently €–0.2bn, to profit or loss in accordance with IAS 21.48.

Due to the current global crisis on the shipping market we no longer expect a sale of the following special purpose entities:

- MS “CPO Alicante” Offen Reederei GmbH & Co. KG, Hamburg
- MS “CPO Ancona” Offen Reederei GmbH & Co. KG, Hamburg
- MS “CPO Bilbao” Offen Reederei GmbH & Co. KG, Hamburg
- MS “CPO Marseille” Offen Reederei GmbH & Co. KG, Hamburg
- MS “CPO Palermo” Offen Reederei GmbH & Co. KG, Hamburg
- MS “CPO Toulon” Offen Reederei GmbH & Co. KG, Hamburg and
- MS “CPO Valencia” Offen Reederei GmbH & Co. KG, Hamburg

within the next year. As a result the underlying ships have been reported as leased assets under other assets since 1 January 2012 and are carried at amortised cost in accordance with IAS 17 (see note 17 in the 2011 Annual Report). Most of the associated liabilities are now reported under liabilities to banks at amortised cost.

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### Impact of the European sovereign debt crisis

At the emergency eurozone summit on 21 July 2011, the banks and insurance companies agreed to make a contribution to supporting Greece. After completing their negotiations on 21 February 2012 and reaching agreement with the troika on 24 February 2012 the private-sector creditors were invited by Greece to participate in a debt swap of Greek bonds. Under this Private Sector Involvement (PSI) creditors were asked to waive €535 per €1,000 nominal of their existing Greek bond holdings. The following bonds were offered in exchange for the remaining nominal €465 per €1,000 bond:

- New Greek sovereign bonds with integrated but detachable GDP warrants<sup>1</sup> with a nominal value of €315 each (term from 11 to 30 years)

- EFSF bonds with a nominal value of €150 each (half with a maturity of 1 year and half with a maturity of 2 years)
- EFSF bonds for accrued interest (6-month maturity)

<sup>1</sup> The GDP warrants will lead to an additional payment of 1% of nominal value from 2015 if certain defined GDP growth criteria are met.

The Commerzbank Group took part in the exchange in March 2012 and afterwards sold all of the new Greek bonds including the GDP warrants. The exchange and the subsequent sale resulted in a loss of €69m in the first quarter of 2012.

## Notes to the income statement

### (1) Net interest income

€m	1.1.–30.9.2012	1.1.–30.9.2011	Change in %
Interest income	11,081	12,792	- 13.4
Interest income from lending and money market transactions and from the securities portfolio (available-for-sale)	644	930	- 30.8
Interest income from lending and money market transactions and from the securities portfolio (loans and receivables)	9,879	11,405	- 13.4
Interest income from lending and money market transactions and from the securities portfolio (due to application of fair value option)	82	95	- 13.7
Prepayment penalty fees	94	66	42.4
Gains on the sale of loans and receivables and repurchase of liabilities	166	144	15.3
Dividends from securities	127	40	.
Current net income from equity holdings and non-consolidated subsidiaries	15	29	- 48.3
Current income from properties held for sale and from investment properties	51	83	- 38.6
Other interest income	23	-	.
Interest expense	6,940	7,686	- 9.7
Interest expense from subordinated and hybrid capital and from securitised and other liabilities	6,574	7,084	- 7.2
Interest expense from applying the fair value option	37	27	37.0
Loss on the sale of loans and receivables and repurchase of liabilities	98	47	.
Current expenses from properties held for sale and from investment properties	32	57	- 43.9
Other interest expense	199	471	- 57.7
<b>Total</b>	<b>4,141</b>	<b>5,106</b>	<b>- 18.9</b>

The unwinding effect for the period 1 January to 30 September 2012 was €125m (previous year: €163m).



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## (2) Loan loss provisions

The breakdown of loan loss provisions in the consolidated income statement was as follows:

€m	1.1.–30.9.2012	1.1.–30.9.2011	Change in %
Allocation to loan loss provisions <sup>1</sup>	-2,282	-2,444	-6.6
Reversals of loan loss provisions <sup>1</sup>	1,340	1,625	-17.5
Net balance of direct write-downs, write-ups and amounts recovered on claims written-down	-104	-190	-45.3
<b>Total</b>	<b>-1,046</b>	<b>-1,009</b>	<b>3.7</b>

<sup>1</sup> Gross figures (e.g. migrations between different types of provisions are not netted off).

## (3) Net commission income

€m	1.1.–30.9.2012	1.1.–30.9.2011	Change in %
Securities transactions	656	891	-26.4
Asset management	112	111	0.9
Payment transactions and foreign business	932	855	9.0
Real estate lending business	88	148	-40.5
Guarantees	133	109	22.0
Net income from syndicated business	116	220	-47.3
Intermediary business <sup>1</sup>	187	219	-14.6
Fiduciary transactions	4	4	0.0
Other <sup>1</sup>	212	235	-9.8
<b>Total<sup>2</sup></b>	<b>2,440</b>	<b>2,792</b>	<b>-12.6</b>

<sup>1</sup> Prior-year figure restated (see page 60).

<sup>2</sup> of which commission expense: €378m (prior year: €419m).

## (4) Net trading income

We have split net trading income into two components:

- Net trading gain or loss (this includes trading in securities, promissory note loans, precious metals and derivative instruments plus the net gain or loss on the remeasurement of derivative financial instruments that do not qualify for hedge accounting)
- Net gain or loss from applying the fair value option (including changes in the fair value of related derivatives).

All financial instruments held for trading purposes are measured at fair value. Fair value is derived from both quoted market prices and internal pricing models (primarily net present value and option pricing models). Interest-rate and cross-currency interest-rate derivatives are measured in accordance with standard market practice taking account of the fixing frequency for variable payments. Apart from realised and unrealised gains and losses, the net trading gain or loss also includes the interest and dividend income and funding costs related to trading transactions.

€m	1.1.–30.9.2012	1.1.–30.9.2011	Change in %
Net trading gain or loss <sup>1</sup>	1,331	1,287	3.4
Net gain or loss from applying the fair value option	-153	223	.
<b>Total</b>	<b>1,178</b>	<b>1,510</b>	<b>-22.0</b>

<sup>1</sup> Including net gain or loss on the remeasurement of derivative financial instruments.

## (5) Net investment income

Net investment income contains gains or losses on the disposal and remeasurement of securities in the loans and receivables and available-for-sale categories, equity

holdings, holdings in companies accounted for using the equity method and subsidiaries.

€m	1.1.–30.9.2012	1.1.–30.9.2011	Change in %
<b>Net gain or loss from interest-bearing business</b>	<b>-251</b>	<b>-2,183</b>	<b>-88.5</b>
In the available-for-sale category	24	-364	.
Gain on disposals (including reclassification from revaluation reserve) <sup>1</sup>	223	260	-14.2
Loss on disposals (including reclassification from revaluation reserve) <sup>1</sup>	-197	-361	-45.4
Net remeasurement gain or loss <sup>1</sup>	-2	-263	-99.2
In the loans and receivables category	-275	-1,819	-84.9
Gain on disposals	18	6	.
Loss on disposals	-224	-119	88.2
Net remeasurement gain or loss <sup>2</sup>	-69	-1,706	-96.0
<b>Net gain or loss on equity instruments</b>	<b>82</b>	<b>-26</b>	<b>.</b>
In the available-for-sale category	14	85	-83.5
Gain on disposals (including reclassification from revaluation reserve) <sup>1</sup>	14	96	-85.4
Loss on disposals (including reclassification from revaluation reserve) <sup>1</sup>	-	-11	-100.0
In the available-for-sale category, measured at acquisition cost	124	47	.
Net remeasurement gain or loss <sup>1</sup>	-11	-47	-76.6
Net gain or loss on disposals and remeasurement of companies accounted for using the equity method	-45	-111	-59.5
<b>Total</b>	<b>-169</b>	<b>-2,209</b>	<b>-92.3</b>

<sup>1</sup> Includes a net €81m (previous year: €125m) of reclassifications from the revaluation reserve created in the financial year 2012.

<sup>2</sup> Includes portfolio valuation allowances of €65m (previous year: €32m) for reclassified securities.

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## (6) Other net income

€m	1.1.–30.9.2012	1.1.–30.9.2011	Change in %
<b>Other material items of income</b>	<b>341</b>	<b>247</b>	<b>38.1</b>
Operating lease income	165	98	68.4
Reversals of provisions	176	149	18.1
<b>Other material items of expense</b>	<b>422</b>	<b>226</b>	<b>86.7</b>
Operating lease expenses	127	74	71.6
Allocations to provisions	295	152	94.1
<b>Balance of sundry other income/expenses</b>	<b>26</b>	<b>386</b>	<b>-93.3</b>
<b>Total</b>	<b>-55</b>	<b>407</b>	<b>.</b>

The reversals of provisions and allocations to provisions in other net income have also been impacted in 2012 by changes to our estimates of litigation losses.

## (7) Operating expenses

€m	1.1.–30.9.2012	1.1.–30.9.2011	Change in %
Personnel expenses	3,019	3,317	-9.0
Other operating expenses	1,939	2,550	-24.0
Depreciation/amortisation of fixed assets and other intangible assets	294	353	-16.7
<b>Total</b>	<b>5,252</b>	<b>6,220</b>	<b>-15.6</b>

## (8) Restructuring expenses

€m	1.1.–30.9.2012	1.1.–30.9.2011	Change in %
Expenses for restructuring measures initiated	43	-	.
<b>Total</b>	<b>43</b>	<b>-</b>	<b>.</b>

The Restructuring expenses in the first nine months of 2012 resulted from the realignment of the Group in compliance with the European Commission requirement to wind down

Eurohypo, combined with the decision to exit ship finance and commercial real estate lending. These expenses primarily involved personnel costs.

## (9) Taxes on income

Group tax expense was €324m as at 30 September 2012. With pre-tax profit of €1,125m the Group's effective tax rate was therefore 28.8% (Group income tax rate: 31.17%). In addition to the effects already recorded in the first half of 2012 deriving from the impairment of deferred tax assets on loss carryforwards at Hypothekenbank Frankfurt Aktiengesellschaft (formerly Eurohypo Aktiengesellschaft) and the tax income generated by the repurchase of hybrid financial

instruments, in the third quarter the reduction in tax rates in the UK and write-downs by a foreign subsidiary as part of the recognition of impairments on the remeasurement of deferred tax assets at a foreign subsidiary had a negative impact on the tax expense. However, an increase in temporary differences at Hypothekenbank Frankfurt Aktiengesellschaft had a positive impact.

## (10) Segment reporting

Segment reporting reflects the results of the operating business segments within the Commerzbank Group. The segment information below is based on IFRS 8 Operating Segments, which adopts the so-called management approach. In accordance with this standard, segment information must be prepared on the basis of the internal reporting information that is evaluated by the chief operating decision maker to assess the performance of the operating segments and make decisions regarding the allocation of resources to the operating segments. Within the Commerzbank Group, the function of chief operating decision maker is exercised by the Board of Managing Directors.

Our segment reporting covers five operating segments plus the Others and Consolidation segment. The Portfolio Restructuring Unit (PRU) was closed down on 1 July 2012, and its results up to 30 June 2012 are shown. This reflects the Commerzbank Group's organisational structure and forms the basis for internal management reporting. The business segments are divided up on the basis of distinctions between products, services and/or customer target groups. The Commerzbank Group reorganized some segments in the third quarter of 2012. The structural changes are set out in the reports on the individual segments. Except for the small number of ongoing activities from the closed PRU segment that have been transferred to Corporates & Markets and Non-Core Assets, the prior year figures have been restated accordingly.

- The Private Customers segment was reorganized in several areas in the third quarter of 2012. Its activities now comprise Private Customers, Direct Banking and Asset Management & Leasing. The Private Customers division combines the classic branch business with retail and corporate customers and private banking. The dense national network of local branches offers a full service range of banking products including loan, deposit, security, payments traffic and pension products. Wealth Management provides services to wealthy clients in Germany and abroad and also contains the Group's portfolio management activities. The focus is on services such as securities management/portfolio management, credit management and loans and real estate management. We also provide advice on trust and inheritance issues and corporate investments. Moreover, this segment includes Commerz Direktservice GmbH, which provides call centre services for Commerzbank

customers. The Joint Venture Commerz Finanz, which is focused on the sale of consumer loans, is managed centrally by the Private Customers segment and also shows its results there. Since 1 July 2012 the private real estate portfolio of the Private Customer portfolio of Hypothekenbank Frankfurt Aktiengesellschaft (formerly Eurohypo Aktiengesellschaft) has been part of the Private Customers division. The Direct Banking division comprises the activities of the comdirect Group. The B2B (ebase) and B2C businesses (comdirect) combined there involve standardized advisory and service offerings for customers which are primarily available via the Internet. Asset Management & Leasing has been a division of the Private Customers segment since July 2012 (except for the Warehouse department). The main unit within this division is Commerz Real, whose products range from open-ended real estate funds (hausinvest), to closed-end funds for real estate, aircraft, ships and renewable energy and equipment leasing.

- The Mittelstandsbank segment is divided into the three group divisions Mittelstand Germany, Corporate Banking & International and Financial Institutions. The Mittelstand Germany division serves small and mid-sized customers, the public sector and institutional clients. Our comprehensive service offering includes payments and cash management solutions, flexible financing solutions, interest rate and currency management products, professional investment advisory services and innovative investment banking solutions. In the Corporate Banking & International division we concentrate on serving corporate groups with revenues of over €500m (except for multinational corporates, which are handled by Client Relationship Management within the Corporates & Markets segment). Smaller groups with a strong capital market affinity or significant operations outside Germany are also serviced by this division. With our foreign branch offices we act as a strategic partner for both the international activities of our German corporate customers and for international companies with business activities in our home market of Germany. The Corporate Banking & International division also contains the competence centre for companies from the renewable energy sector. 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

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services. Financial Institutions uses a network of over 7,000 correspondent banks, together with business relationships in emerging markets, to support the financing and settlement of the worldwide foreign trade activities of all of the Commerzbank Group's customers, and thus supports other divisions of the Bank in their international strategies.

- The Central & Eastern Europe segment contains the Group's universal banking and direct banking activities in Central and Eastern Europe. It includes in particular our Polish subsidiary BRE Bank, which offers banking products for corporate customers as well as services for private customers under the mBank and MultiBank brands in Poland, the Czech Republic and Slovakia. Bank Forum in Ukraine and investments in microfinance banks also belong to the CEE segment. In the course of its ongoing review of Group strategy Commerzbank has decided to sell its stake in Bank Forum. The resultant impairment of the prospective selling price of disposal groups is reported under net remeasurement gain or loss.
- Corporates & Markets consists of four main businesses: Equity Markets & Commodities comprises trading and sales of equity and commodity-related financial products. Fixed Income & Currencies handles trading and sales of interest rate, credit and currency instruments. Corporate Finance provides arrangement and advisory services for equity, debt and hybrid instruments, securitisation solutions and mergers & acquisitions. Credit Portfolio Management is responsible for actively managing the credit risk portfolio of Corporates & Markets on a uniform global basis. The assets transferred from the Portfolio Restructuring Unit are also worked out on a value-maximising manner. Corporates & Markets also houses Client Relationship Management, which is responsible for servicing German multinational industrial companies, German and international insurers, private equity investors, sovereign wealth funds and public sector customers.
- The Non-Core Assets (NCA) segment was created with effect from 1 July 2012. The NCA segment groups together the results from the Commercial Real Estate (CRE) Germany, CRE International, Public Finance (including Private Finance Initiatives, which were transferred from the PRU to NCA with effect from 1 July 2012) and Deutsche Schiffsbank. CRE Germany, CRE International and Public Finance belong almost entirely to the Commerzbank subsidiary Hypothekbank Frankfurt Aktiengesellschaft (formerly Eurohypo Aktiengesellschaft), as does the NCA retail portfolio. Finally the

Deutsche Schiffsbank division contains the ship financing business of the Commerzbank Group, including all ship financing activities of the former Deutsche Schiffsbank Aktiengesellschaft, which was merged with Commerzbank Aktiengesellschaft in May 2012, as well as the Warehouse assets of Commerz Real Aktiengesellschaft.

- The Portfolio Restructuring Unit segment was dissolved as of 1 July 2012. The remaining assets were transferred either to the Corporates & Markets segment or to the Non-Core Assets (NCA) segment. The results of this segment in the first half of 2012 will continue to be reported until the end of 2012. The Portfolio Restructuring Unit was responsible for managing down assets related to proprietary trading and investment activities which no longer fitted into Commerzbank's client-centric strategy and were discontinued in 2009. The segment's goal was to reduce the portfolio in a way that optimised the bank's capital position. The positions managed by this segment initially included asset-backed securities (ABSs) without a state guarantee, other structured credit products, proprietary trading positions in corporate or financial bonds and exotic credit derivatives. These positions were primarily transferred from the Corporates & Markets and former Commercial Real Estate segments to the Portfolio Restructuring Unit.
- The Others and Consolidation segment contains the income and expenses which are not attributable to the operational business segments. The Others category within this segment includes equity holdings which are not assigned to the operating segments as well as Group Treasury. The costs of the service units, which – except for integration and restructuring costs – are charged in full to the segments are also shown here. Consolidation includes income and expense items that represent the reconciliation of internal management reporting figures shown in segment reporting with the consolidated financial statements in accordance with IFRS. The costs of the Group management units which are charged in full to the segments, except for integration and restructuring costs, are also reported under this heading.

The performance of each segment is measured in terms of operating profit or loss and pre-tax profit or loss, as well as return on equity and the cost/income ratio. Operating profit or loss is defined as the sum of net interest income after loan loss provisions, net commission income, net trading income and net income from hedge accounting, net investment income, current net income from companies accounted for using the equity method and other net income less operating

expenses. As we report pre-tax profits, non-controlling interests are included in the figures for both profit or loss and average capital employed. All the revenue for which a segment is responsible is thus reflected in the pre-tax profit.

The return on equity is calculated as the ratio of profit (both operating and pre-tax) to average capital employed. It shows the return on the capital employed in a given segment. The 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 is calculated using the Basel II system, based on average risk-weighted assets and the capital charges for market risk positions (risk-weighted asset equivalents). At Group level, investors' capital is shown, which is used to calculate the return on equity. In the light of increased regulatory capital requirements, from 2012 the capital requirement for risk-weighted assets assumed for segment reporting purposes is 9%. We have restated the prior-year figures accordingly. The capital allocation for the risks of EU government bonds required by EBA is shown in the NCA segment.

The segment reporting of the Commerzbank Group shows the segments' pre-tax profit or loss. To reflect the impact on earnings of specific tax-related transactions in the Corpo-

rates & Markets segment, the net interest income of Corporates & Markets includes a pre-tax equivalent of the after-tax income from these transactions. When segment reporting is reconciled with the figures from external accounting this pre-tax equivalent is eliminated in Others and Consolidation.

The operating expenses reported under operating profit/loss contain personnel expenses, other operating expenses as well as write-downs on fixed assets and other intangible assets. Restructuring expenses are reported below the operating profit line in pre-tax profit or loss. Operating expenses are attributed to the individual segments on the basis of cost causation. The indirect expenses arising in connection with internal services are charged to the user of the service and credited to the segment performing the service. The provision of intra-group services is charged at market prices or at full cost.

The carrying amounts of companies accounted for using the equity method were €730m (previous year: €639m) and are divided over the segments as follows: Private Customers €323m (previous year: €240m), Mittelstandsbank €95m (previous year: €100m), Corporates & Markets €91m (previous year: €31m), Non-Core Assets €136m (previous year: €187m) and Others and Consolidation €85m (previous year: €81m).

Assets of €8.2bn deriving from the dissolved Portfolio Restructuring Unit were attributable to the Corporates & Markets segment as of 30 September 2012 and assets of €0.9bn to Non-Core Assets. The main results drivers for the third quarter were as follows: €28m net trading income, €34m loan loss provisions and €61m pre-tax profit was attributable to the Corporates & Markets segment. €25m net trading income and €21m pre-tax profit was attributable to the NCA segment.

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The tables below contain information on the segments as at 30 September 2012 and on the comparative figures for the previous financial year.

1.1.–30.9.2012	Private Customers	Mittelstands-bank	Central & Eastern Europe	Corporates & Markets <sup>1</sup>	Non-Core Assets <sup>1, 2</sup>	Portfolio Restructuring Unit <sup>3</sup>	Others and Consolidation	Group
€m								
Net interest income	1,371	1,500	361	375	502	42	-10	4,141
Loan loss provisions	-79	12	-81	-33	-862	-3	-	-1,046
Net interest income after loan loss provisions	1,292	1,512	280	342	-360	39	-10	3,095
Net commission income	1,193	800	144	245	74	-	-16	2,440
Net trading income and net income from hedge accounting	2	-25	90	560	-191	146	576	1,158
Net investment income	-2	-7	8	125	-336	28	15	-169
Current net income from companies accounted for using the equity method	16	3	-	12	-	-	3	34
Other net income	-37	-19	28	-34	13	-	-6	-55
<i>Income before loan loss provisions</i>	<i>2,543</i>	<i>2,252</i>	<i>631</i>	<i>1,283</i>	<i>62</i>	<i>216</i>	<i>562</i>	<i>7,549</i>
<i>Income after loan loss provisions</i>	<i>2,464</i>	<i>2,264</i>	<i>550</i>	<i>1,250</i>	<i>-800</i>	<i>213</i>	<i>562</i>	<i>6,503</i>
Operating expenses	2,249	991	352	984	278	29	369	5,252
<b>Operating profit or loss</b>	<b>215</b>	<b>1,273</b>	<b>198</b>	<b>266</b>	<b>-1,078</b>	<b>184</b>	<b>193</b>	<b>1,251</b>
Impairments of goodwill and brand names	-	-	-	-	-	-	-	-
Restructuring expenses	-	-	-	-	43	-	-	43
Net measurement gain or loss on the prospective selling price of disposal groups <sup>4</sup>	-	-	-83	-	-	-	-	-83
<b>Pre-tax profit or loss</b>	<b>215</b>	<b>1,273</b>	<b>115</b>	<b>266</b>	<b>-1,121</b>	<b>184</b>	<b>193</b>	<b>1,125</b>
<b>Assets</b>	<b>66,002</b>	<b>85,723</b>	<b>24,968</b>	<b>230,971</b>	<b>177,300</b>	<b>-</b>	<b>90,598</b>	<b>675,562</b>
<b>Average capital employed</b>	<b>3,953</b>	<b>5,816</b>	<b>1,793</b>	<b>3,186</b>	<b>10,132</b>	<b>1,378</b>	<b>3,113</b>	<b>29,371</b>
<b>Operating return on equity<sup>5</sup> (%)</b>	<b>7.3</b>	<b>29.2</b>	<b>14.7</b>	<b>11.1</b>	<b>-14.2</b>			<b>5.7</b>
<b>Cost/income ratio in operating business (%)</b>	<b>88.4</b>	<b>44.0</b>	<b>55.8</b>	<b>76.7</b>				<b>69.6</b>
<b>Return on equity of pre-tax profit or loss<sup>5</sup> (%)</b>	<b>7.3</b>	<b>29.2</b>	<b>8.6</b>	<b>11.1</b>	<b>-14.8</b>			<b>5.1</b>
Staff (average headcount)	17,242	5,525	8,835	1,876	765	24	18,839	53,106

<sup>1</sup> The remaining assets of the dissolved Portfolio Restructuring Unit segment were transferred as of 1 July 2012 either to the Corporates & Markets segment or to the Non-Core Assets (NCA) segment.

<sup>2</sup> The Non-Core Assets segment (NCA) is the successor to the former Asset Based Finance segment (For further details see the description in the segment report).

<sup>3</sup> The Portfolio Restructuring Unit (PRU) was dissolved with effect from 1 July 2012. The results of this segment in the first half of 2012 will continue to be reported until the end of 2012.

<sup>4</sup> Excludes currency translation reserve of €-0.2bn which will only be recognised on disposal in accordance with IAS 21.48 (see page 62).

<sup>5</sup> Annualised.

<b>1.1.–30.9.2011</b>	Private Customers	Mittelstands-bank	Central & Eastern Europe	Corporates & Markets	Non-Core Assets <sup>1</sup>	Portfolio Restructuring Unit	Others and Consolidation	Group
€m								
Net interest income	1,561	1,691	434	526	734	25	135	5,106
Loan loss provisions	-116	-41	-62	-90	-722	21	1	-1,009
Net interest income after loan loss provisions	1,445	1,650	372	436	12	46	136	4,097
Net commission income	1,517	842	146	218	150	-	-81	2,792
Net trading income and net income from hedge accounting	5	11	78	1,028	-74	-86	486	1,448
Net investment income	3	-37	5	34	-2,350	11	125	-2,209
Current net income from companies accounted for using the equity method	17	9	-	13	-15	-	5	29
Other net income	42	-6	26	18	-10	-1	338	407
<i>Income before loan loss provisions</i>	<i>3,145</i>	<i>2,510</i>	<i>689</i>	<i>1,837</i>	<i>-1,565</i>	<i>-51</i>	<i>1,008</i>	<i>7,573</i>
<i>Income after loan loss provisions</i>	<i>3,029</i>	<i>2,469</i>	<i>627</i>	<i>1,747</i>	<i>-2,287</i>	<i>-30</i>	<i>1,009</i>	<i>6,564</i>
Operating expenses	2,693	1,171	394	1,191	340	55	376	6,220
<b>Operating profit or loss</b>	<b>336</b>	<b>1,298</b>	<b>233</b>	<b>556</b>	<b>-2,627</b>	<b>-85</b>	<b>633</b>	<b>344</b>
Impairments of goodwill and brand names	-	-	-	-	-	-	-	-
Restructuring expenses	-	-	-	-	-	-	-	-
<b>Pre-tax profit or loss</b>	<b>336</b>	<b>1,298</b>	<b>233</b>	<b>556</b>	<b>-2,627</b>	<b>-85</b>	<b>633</b>	<b>344</b>
<b>Assets</b>	<b>69,023</b>	<b>90,519</b>	<b>22,366</b>	<b>258,189</b>	<b>205,815</b>	<b>15,638</b>	<b>76,690</b>	<b>738,240</b>
<b>Average capital employed</b>	<b>4,134</b>	<b>6,970</b>	<b>1,798</b>	<b>3,825</b>	<b>6,662</b>	<b>1,089</b>	<b>6,438</b>	<b>30,916</b>
<b>Operating return on equity<sup>2</sup> (%)</b>	<b>10.8</b>	<b>24.8</b>	<b>17.3</b>	<b>19.4</b>	<b>-52.6</b>			<b>1.5</b>
<b>Cost/income ratio in operating business (%)</b>	<b>85.6</b>	<b>46.7</b>	<b>57.2</b>	<b>64.8</b>				<b>82.1</b>
<b>Return on equity of pre-tax profit or loss<sup>2</sup> (%)</b>	<b>10.8</b>	<b>24.8</b>	<b>17.3</b>	<b>19.4</b>	<b>-52.6</b>			<b>1.5</b>
Staff (average headcount)	17,885	5,559	9,200	1,817	826	34	19,431	54,752

<sup>1</sup> The Non-Core Assets segment (NCA) is the successor to the former Asset Based Finance segment (For further details see the description in the segment report).

<sup>2</sup> Annualised.



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### Details for Others and Consolidation

€m	1.1.–30.9.2012			1.1.–30.9.2011		
	Others	Consolidation	Others and Consolidation	Others	Consolidation	Others and Consolidation
Net interest income	30	-40	-10	117	18	135
Loan loss provisions	-	-	-	1	-	1
Net interest income after loan loss provisions	30	-40	-10	118	18	136
Net commission income	-15	-1	-16	-80	-1	-81
Net trading income and net income from hedge accounting	551	25	576	437	49	486
Net investment income	21	-6	15	125	-	125
Current net income from companies accounted for using the equity method	3	-	3	5	-	5
Other net income	-7	1	-6	333	5	338
<i>Income before loan loss provisions</i>	<i>583</i>	<i>-21</i>	<i>562</i>	<i>937</i>	<i>71</i>	<i>1,008</i>
<i>Income after loan loss provisions</i>	<i>583</i>	<i>-21</i>	<i>562</i>	<i>938</i>	<i>71</i>	<i>1,009</i>
Operating expenses	372	-3	369	379	-3	376
<b>Operating profit or loss</b>	<b>211</b>	<b>-18</b>	<b>193</b>	<b>559</b>	<b>74</b>	<b>633</b>
Impairments of goodwill and brand names	-	-	-	-	-	-
Restructuring expenses	-	-	-	-	-	-
Net measurement gain or loss on the prospective selling price of disposal groups	-	-	-	-	-	-
<b>Pre-tax profit or loss</b>	<b>211</b>	<b>-18</b>	<b>193</b>	<b>559</b>	<b>74</b>	<b>633</b>
<b>Assets</b>	<b>90,598</b>	<b>-</b>	<b>90,598</b>	<b>76,690</b>	<b>-</b>	<b>76,690</b>

Under Consolidation we report consolidation and reconciliation items between the results of the segments and the Others category on the one hand and the consolidated financial statements on the other. This includes the following items among others:

- Remeasurement effects from the application of hedge accounting to intra-bank transactions as per IAS 39 are shown in Consolidation.
- The pre-tax equivalent of tax-related transactions allocated to net interest income in the Corporates & Markets segment is eliminated again under Consolidation.
- Net remeasurement gains or losses on own bonds and shares incurred in the segments are eliminated under Consolidation.
- Other consolidation effects from intra-group transactions are also reported here.
- Integration and restructuring costs of the Group management units are reported under Consolidation.

## Results by geographical markets

Segmentation on the basis of the location of the branch or group company produced the following breakdown:

1.1.–30.9.2012	Germany	Europe excluding Germany	America	Asia	Others	Total
€m						
Net interest income	2,635	1,372	64	70	–	4,141
Loan loss provisions	–532	–486	2	–30	–	–1,046
Net interest income after loan loss provisions	2,103	886	66	40	–	3,095
Net commission income	2,058	322	33	27	–	2,440
Net trading income and net income from hedge accounting	786	315	42	15	–	1,158
Net investment income	–247	69	1	8	–	–169
Current net income from companies accounted for using the equity method	21	9	4	–	–	34
Other net income	–121	51	–12	27	–	–55
<i>Income before loan loss provisions</i>	<i>5,132</i>	<i>2,138</i>	<i>132</i>	<i>147</i>	<i>–</i>	<i>7,549</i>
<i>Income after loan loss provisions</i>	<i>4,600</i>	<i>1,652</i>	<i>134</i>	<i>117</i>	<i>–</i>	<i>6,503</i>
Operating expenses	4,082	987	102	81	–	5,252
<b>Operating profit or loss</b>	<b>518</b>	<b>665</b>	<b>32</b>	<b>36</b>	<b>–</b>	<b>1,251</b>
<b>Credit risk-weighted assets</b>	<b>111,242</b>	<b>54,104</b>	<b>4,618</b>	<b>3,415</b>	<b>–</b>	<b>173,379</b>

In the prior-year period we achieved the following results in the various geographical markets:

1.1.–30.9.2011	Germany	Europe excluding Germany	America	Asia	Others	Total
€m						
Net interest income	3,413	1,452	174	67	–	5,106
Loan loss provisions	–507	–561	60	–1	–	–1,009
Net interest income after loan loss provisions	2,906	891	234	66	–	4,097
Net commission income	2,455	272	37	28	–	2,792
Net trading income and net income from hedge accounting	877	515	31	25	–	1,448
Net investment income	–1,936	–277	5	–1	–	–2,209
Current net income from companies accounted for using the equity method	29	–	–	–	–	29
Other net income	359	51	–8	5	–	407
<i>Income before loan loss provisions</i>	<i>5,197</i>	<i>2,013</i>	<i>239</i>	<i>124</i>	<i>–</i>	<i>7,573</i>
<i>Income after loan loss provisions</i>	<i>4,690</i>	<i>1,452</i>	<i>299</i>	<i>123</i>	<i>–</i>	<i>6,564</i>
Operating expenses	4,861	1,138	143	78	–	6,220
<b>Operating profit or loss</b>	<b>–171</b>	<b>314</b>	<b>156</b>	<b>45</b>	<b>–</b>	<b>344</b>
<b>Credit risk-weighted assets</b>	<b>133,025</b>	<b>62,478</b>	<b>8,559</b>	<b>4,197</b>	<b>19</b>	<b>208,278</b>

Credit risk-weighted assets are shown for the geographical segments rather than assets. In accordance with IFRS 8.32 Commerzbank has decided not to provide a breakdown of

the Commerzbank Group's total profits by products and services. This information is used neither for internal management purposes nor for management reporting.

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## Notes to the balance sheet

### (11) Claims on banks

€m	30.9.2012	31.12.2011	Change in %
Due on demand	35,103	35,867	-2.1
With a residual term	70,701	52,165	35.5
up to three months	47,218	30,236	56.2
over three months to one year	14,841	11,475	29.3
over one year to five years	7,897	8,858	-10.8
over five years	745	1,596	-53.3
<b>Total</b>	<b>105,804</b>	<b>88,032</b>	<b>20.2</b>
of which reverse repos and cash collaterals	63,361	51,606	22.8
of which relate to the category:			
Loans and receivables	65,309	64,253	1.6
Available-for-sale financial assets	-	-	.
At fair value through profit or loss (fair value option)	40,495	23,779	70.3

Claims on banks after deduction of loan loss provisions amounted to € 105,645m (previous year: €87,790m).

### (12) Claims on customers

€m	30.9.2012	31.12.2011	Change in %
With an indefinite residual term	33,487	24,716	35.5
With a residual term	267,324	279,783	-4.5
up to three months	39,023	49,752	-21.6
over three months to one year	46,167	34,677	33.1
over one year to five years	89,875	98,002	-8.3
over five years	92,259	97,352	-5.2
<b>Total</b>	<b>300,811</b>	<b>304,499</b>	<b>-1.2</b>
of which reverse repos and cash collaterals	39,324	26,042	51.0
of which relate to the category:			
Loans and receivables	264,043	280,636	-5.9
Available-for-sale financial assets	-	-	.
At fair value through profit or loss (fair value option)	36,768	23,863	54.1

Claims on customers after deduction of loan loss provisions amounted to €293,407m (previous year: €296,586m).

**(13) Total lending**

€m	30.9.2012	31.12.2011	Change in %
Loans to banks	21,895	26,082	- 16.1
Loans to customers	260,986	277,831	- 6.1
<b>Total</b>	<b>282,881</b>	<b>303,913</b>	<b>- 6.9</b>

We distinguish loans from claims on banks and customers such that only claims for which a special loan agreement has been concluded with the borrower are shown as loans.

Interbank money market transactions and reverse repo transactions, for example, are thus not shown as loans. Acceptance credits are also included in loans to customers.

**(14) Loan loss provisions**

Provisions for loan losses are made in accordance with rules that apply Group-wide and cover all discernible credit risks. For loan losses that have already occurred but are not yet

known, portfolio valuation allowances have been calculated in line with procedures derived from Basel II methodology.

Development of provisioning   €m	2012	2011	Change in %
<b>As at 1.1.</b>	<b>8,663</b>	<b>10,072</b>	<b>- 14.0</b>
Allocations	2,282	2,444	- 6.6
Deductions	2,568	2,911	- 11.8
Utilisation	1,228	1,286	- 4.5
Reversals	1,340	1,625	- 17.5
Changes in group of consolidated companies	-	-	.
Exchange rate changes/reclassifications/unwinding	- 459	- 310	48.1
<b>As at 30.9.</b>	<b>7,918</b>	<b>9,295</b>	<b>- 14.8</b>

With direct write-downs, write-ups and recoveries on written-down claims taken into account, the allocations and

reversals recognised in profit or loss resulted in provisions of €1,046m (30 September 2011: €1,009m) (see Note 2).

Loan loss provisions   €m	30.9.2012	31.12.2011	Change in %
Specific valuation allowances	6,823	7,366	- 7.4
Portfolio-based valuation allowances	740	789	- 6.2
<b>Provisions for on-balance-sheet loan losses</b>	<b>7,563</b>	<b>8,155</b>	<b>- 7.3</b>
Specific loan loss provisions	235	349	- 32.7
Portfolio-based loan loss provisions	120	159	- 24.5
<b>Provisions for off-balance-sheet loan losses</b>	<b>355</b>	<b>508</b>	<b>- 30.1</b>
<b>Total</b>	<b>7,918</b>	<b>8,663</b>	<b>- 8.6</b>

For claims on banks, loan loss provisions amounted to €159m (previous year: €242m) and for claims on customers to €7,404m (previous year: €7,913m).

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## (15) Trading assets

The Group's trading activities include trading in:

- Bonds, notes and other interest-rate-related securities,
- Shares and other equity-related securities and units in investment funds,
- Promissory note loans and other claims,
- Foreign currencies and precious metals,
- Derivative financial instruments and
- Other trading assets.

Other trading assets comprise positive fair values of loans for syndication and emission rights as well as loans and money market trading transactions.

All the items in the trading portfolio are reported at fair value.

The positive fair values also include derivative financial instruments which cannot be used as hedging instruments in hedge accounting.

€m	30.9.2012	31.12.2011	Change in %
Bonds, notes and other interest-rate-related securities	19,944	20,903	-4.6
Promissory note loans	1,286	1,063	21.0
Shares, other equity-related securities and units in investment funds	10,330	9,703	6.5
Positive fair values of derivative financial instruments	118,133	123,607	-4.4
Currency-related derivative transactions	14,217	17,515	-18.8
Interest-rate-related derivative transactions	98,638	98,365	0.3
Other derivative transactions	5,278	7,727	-31.7
Other trading assets	290	424	-31.6
<b>Total</b>	<b>149,983</b>	<b>155,700</b>	<b>-3.7</b>

Other transactions involving positive fair values of derivative financial instruments consisted mainly of €2,417m (previous year: €3,303m) in equity derivatives and €2,455m (previous year: €4,060m) in credit derivatives.

## (16) Financial investments

Financial investments are financial instruments not assigned to any other balance sheet item. They comprise bonds, notes and other interest-rate-related securities, shares and other equity-related securities not used for trading purposes, as

well as units in investment funds, equity holdings (including companies not accounted for using the equity method and joint ventures) and holdings in non-consolidated subsidiaries.

€m	30.9.2012	31.12.2011	Change in %
Bonds, notes and other interest-rate-related securities <sup>1</sup>	87,498	92,526	- 5.4
Shares, other equity-related securities and units in investment funds	1,376	1,506	- 8.6
Equity holdings	307	347	- 11.5
Holdings in non-consolidated subsidiaries	153	144	6.3
<b>Total</b>	<b>89,334</b>	<b>94,523</b>	<b>- 5.5</b>
of which relate to the category:			
Loans and receivables <sup>1</sup>	53,506	60,618	- 11.7
Available-for-sale financial assets	33,717	30,587	10.2
of which measured at amortised cost	217	456	- 52.4
At fair value through profit or loss (fair value option)	2,111	3,318	- 36.4

<sup>1</sup> Reduced by portfolio valuation allowances for reclassified securities of €156m (previous year: €91m).

In its press release of 13 October 2008, the IASB issued an amendment to IAS 39 relating to the reclassification of financial instruments. In accordance with the amendment, securities in the Public Finance portfolio for which there was no active market were reclassified from the IAS 39 available-for-sale financial assets category to the IAS 39 loans and receivables category in the financial years 2008 and 2009. The fair value at the date of reclassification was recognised as the new carrying amount of these securities.

The revaluation reserve after deferred taxes for all the securities reclassified in financial years 2008 and 2009 was €-0.7bn as at 30 September 2012 (previous year: €-0.8bn). Without these reclassifications, the revaluation reserve for these portfolios after deferred taxes would have been €-4.6bn (previous year: €-4.3bn) as at 30 September 2012; the carrying amount of these portfolios on the balance sheet date was €50.9bn (previous year: €57.6bn) and the fair value €45.3bn (previous year: €52.6bn).

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**(17) Intangible assets**

€m	30.9.2012	31.12.2011	Change in %
Goodwill	2,080	2,088	-0.4
Other intangible assets	910	950	-4.2
Customer relationships	450	495	-9.1
Brand names	-	9	.
In-house developed software	284	243	16.9
Other	176	203	-13.3
<b>Total</b>	<b>2,990</b>	<b>3,038</b>	<b>-1.6</b>

**(18) Fixed assets**

€m	30.9.2012	31.12.2011	Change in %
Land and buildings	864	794	8.8
Office furniture and equipment	543	605	-10.2
<b>Total</b>	<b>1,407</b>	<b>1,399</b>	<b>0.6</b>

**(19) Other assets**

€m	30.9.2012	31.12.2011	Change in %
Collection items	8	253	-96.8
Precious metals	1,110	882	25.9
Leased equipment	905	209	.
Accrued and deferred items	379	304	24.7
Initial/variation margins receivable	337	270	24.8
Other assets	1,847	1,324	39.5
<b>Total</b>	<b>4,586</b>	<b>3,242</b>	<b>41.5</b>

**(20) Liabilities to banks**

€m	30.9.2012	31.12.2011	Change in %
Due on demand	42,882	33,841	26.7
With a residual term	83,854	64,640	29.7
up to three months	35,887	23,526	52.5
over three months to one year	6,727	5,023	33.9
over one year to five years	27,460	22,456	22.3
over five years	13,780	13,635	1.1
<b>Total</b>	<b>126,736</b>	<b>98,481</b>	<b>28.7</b>
of which repos und cash collaterals	36,363	18,985	91.5
of which relate to the category:			
Liabilities measured at amortised cost	93,543	85,451	9.5
At fair value through profit or loss (fair value option)	33,193	13,030	.

**(21) Liabilities to customers**

€m	30.9.2012	31.12.2011	Change in %
Savings deposits	11,956	6,862	74.2
With an agreed period of notice of			
three months	10,608	6,155	72.3
over three months	1,348	707	90.7
Other liabilities to customers	256,358	248,482	3.2
Due on demand	134,563	129,731	3.7
With a residual term	121,795	118,751	2.6
up to three months	58,065	56,097	3.5
over three months to one year	16,574	16,294	1.7
over one year to five years	16,069	11,996	34.0
over five years	31,087	34,364	-9.5
<b>Total</b>	<b>268,314</b>	<b>255,344</b>	<b>5.1</b>
of which repos und cash collaterals	32,510	28,209	15.2
of which relate to the category:			
Liabilities measured at amortised cost	228,319	223,491	2.2
At fair value through profit or loss (fair value option)	39,995	31,853	25.6

**(22) 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 and

commercial paper), index certificates, own acceptances and promissory notes outstanding.

€m	30.9.2012	31.12.2011	Change in %
Bonds and notes issued	83,131	100,311	-17.1
of which Mortgage Pfandbriefe	24,768	29,353	-15.6
Public Pfandbriefe	28,999	34,990	-17.1
Money market instruments issued	1,238	5,224	-76.3
Own acceptances and promissory notes outstanding	4	138	-97.1
<b>Total</b>	<b>84,373</b>	<b>105,673</b>	<b>-20.2</b>
of which relate to the category:			
Liabilities measured at amortised cost	81,248	102,593	-20.8
At fair value through profit or loss (fair value option)	3,125	3,080	1.5



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Residual maturities of securitised liabilities   €m	30.9.2012	31.12.2011	Change in %
Due on demand	–	–	.
With a residual term	84,373	105,673	– 20.2
up to three months	6,367	17,727	– 64.1
over three months to one year	12,372	10,433	18.6
over one year to five years	51,709	58,921	– 12.2
over five years	13,925	18,592	– 25.1
<b>Total</b>	<b>84,373</b>	<b>105,673</b>	<b>– 20.2</b>

In the first nine months of 2012, material new issues with a total volume of €16.1bn were floated. In the same period the

volume of redemptions and repurchases amounted to €7.4bn and the volume of bonds maturing to €32.6bn.

### (23) Trading liabilities

Trading liabilities show the negative fair values of derivative financial instruments that do not qualify for hedge accounting as well as lending commitments with negative

fair values. Own issues in the trading book and delivery commitments arising from short sales of securities are also included under trading liabilities.

€m	30.9.2012	31.12.2011	Change in %
Currency-related derivative transactions	15,631	20,762	– 24.7
Interest-rate-related derivative transactions	94,023	96,736	– 2.8
Other derivative transactions	6,855	8,433	– 18.7
Certificates and other notes issued	5,199	5,789	– 10.2
Delivery commitments arising from short sales of securities, negative market values of lending commitments and other trading liabilities	7,825	6,127	27.7
<b>Total</b>	<b>129,533</b>	<b>137,847</b>	<b>– 6.0</b>

Other derivative transactions consisted mainly of €3,758m (previous year: €3,714m) in equity derivatives and €2,659m (previous year: €4,305m) in credit derivatives.

### (24) Provisions

€m	30.9.2012	31.12.2011	Change in %
Provisions for pensions and similar commitments	260	437	– 40.5
Other provisions	3,128	3,324	– 5.9
<b>Total</b>	<b>3,388</b>	<b>3,761</b>	<b>– 9.9</b>

**(25) Other liabilities**

€m	30.9.2012	31.12.2011	Change in %
Liabilities attributable to film funds	1,931	1,952	-1.1
Liabilities attributable to non-controlling interests	2,326	2,576	-9.7
Accrued and deferred items	605	484	25.0
Variation margins payable	145	108	34.3
Other liabilities	2,037	1,448	40.7
<b>Total</b>	<b>7,044</b>	<b>6,568</b>	<b>7.2</b>

**(26) Subordinated capital**

€m	30.9.2012	31.12.2011	Change in %
Subordinated liabilities	11,469	12,094	-5.2
Profit-sharing certificates	868	975	-11.0
Accrued interest, including discounts	-176	-165	6.7
Remeasurement effects	350	381	-8.1
<b>Total</b>	<b>12,511</b>	<b>13,285</b>	<b>-5.8</b>
of which relate to the category:			
Liabilities measured at amortised cost	12,503	13,261	-5.7
At fair value through profit or loss (fair value option)	8	24	-66.7

In the first nine months of 2012, there were no material new issues of profit-sharing certificates. The volume of redemptions and repurchases of profit-sharing certificates amounted to €0.1bn. New issues of subordinated liabilities

amounted to €0.3bn. Repurchases of subordinated liabilities amounted to €0.1bn and the volume of maturing subordinated liabilities was €0.4bn.

**(27) Hybrid capital**

€m	30.9.2012	31.12.2011	Change in %
Hybrid capital	2,071	2,830	-26.8
Accrued interest, including discounts	-917	-1,131	-18.9
Remeasurement effects	480	476	0.8
<b>Total</b>	<b>1,634</b>	<b>2,175</b>	<b>-24.9</b>
of which relate to the category:			
Liabilities measured at amortised cost	1,634	2,175	-24.9
At fair value through profit or loss (fair value option)	-	-	.

In the first nine months of 2012 repayments resulting from the capital transaction in March 2012 totalled €0.8bn. There were no other material changes to report.

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### (28) Capital requirements and capital ratios

€m	30.9.2012	31.12.2011	Change in %
Tier I capital	27,510	26,189	5.0
Tier II capital	10,583	10,371	2.0
Tier III capital	–	–	.
<b>Eligible equity</b>	<b>38,093</b>	<b>36,560</b>	<b>4.2</b>

€m	Capital adequacy requirement		Risk-weighted assets <sup>1</sup>		Change in %
	30.9.2012	31.12.2011	30.9.2012	31.12.2011	
Credit risk	13,870	15,182	173,379	189,769	–8.6
Market risk	997	1,640	12,463	20,500	–39.2
Operational risk	1,637	2,106	20,463	26,325	–22.3
<b>Total capital requirement</b>	<b>16,504</b>	<b>18,928</b>	<b>206,305</b>	<b>236,594</b>	<b>–12.8</b>
Eligible equity	38,093	36,560			4.2
Tier I capital ratio (%)	13.3	11.1			
Total capital ratio (%)	18.5	15.5			

<sup>1</sup> Risk-weighted assets are calculated by multiplying the capital requirements by 12.5.

### (29) Contingent liabilities and irrevocable lending commitments

€m	30.9.2012	31.12.2011	Change in %
Contingent liabilities	35,482	37,217	–4.7
from rediscounted bills of exchange credited to borrowers	2	1	100.0
from guarantees and indemnity agreements	35,474	37,160	–4.5
from other commitments	6	56	–89.3
Irrevocable lending commitments	48,460	53,911	–10.1

Provisions for contingent liabilities and irrevocable lending commitments have been deducted from the respective items.

**(30) Derivative transactions**

The nominal amounts and fair values of derivative transactions after netting the fair values of derivatives and any variation margins payable on them were as set out below.

The netting volume as at 30 September 2012 totalled €176,715m (previous year: €194,925m). On the assets side, €173,298m of this was attributable to positive fair values and €3,417m to variation margins received. Netting on the

liabilities side involved negative fair values of €176,540m and liabilities for variation margin payments of €175m.

The decline in the nominal value of interest-rate-related forward transactions in the first nine months of 2012 resulted mainly from the reduction in the derivatives portfolio by entering into offsetting transactions especially with central counterparties.

30.9.2012	Nominal amount by residual term						Fair values	
	due on demand	up to 3 months	over 3 months to 1 year	over 1 to 5 years	over 5 years	Total	positive	negative
€m								
Foreign-currency-based forward transactions	9	347,549	181,604	169,197	117,189	815,548	14,580	15,790
Interest-based forward transactions	13	505,895	2,217,331	2,286,852	1,910,101	6,920,192	277,415	282,151
Other forward transactions	953	74,820	59,456	144,231	23,115	302,575	5,317	6,893
<b>Total</b>	<b>975</b>	<b>928,264</b>	<b>2,458,391</b>	<b>2,600,280</b>	<b>2,050,405</b>	<b>8,038,315</b>	<b>297,312</b>	<b>304,834</b>
<i>of which exchange-traded</i>	–	47,743	97,458	28,593	8,971	182,765		
<b>Net position in the balance sheet</b>							<b>124,014</b>	<b>128,294</b>

31.12.2011	Nominal amount by residual term						Fair values	
	due on demand	up to 3 months	over 3 months to 1 year	over 1 to 5 years	over 5 years	Total	positive	negative
€m								
Foreign-currency-based forward transactions	5	368,485	192,119	169,593	104,667	834,869	17,891	20,805
Interest-based forward transactions	7	657,421	2,046,795	2,807,512	2,410,803	7,922,538	296,597	302,788
Other forward transactions	698	52,128	75,039	181,131	21,356	330,352	7,812	8,518
<b>Total</b>	<b>710</b>	<b>1,078,034</b>	<b>2,313,953</b>	<b>3,158,236</b>	<b>2,536,826</b>	<b>9,087,759</b>	<b>322,300</b>	<b>332,111</b>
<i>of which exchange-traded</i>	–	29,194	64,137	21,634	4,134	119,099		
<b>Net position in the balance sheet</b>							<b>128,739</b>	<b>137,358</b>

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**(31) Fair value of financial instruments**

€bn	Fair value		Carrying amount		Difference	
	30.9.2012	31.12.2011	30.9.2012	31.12.2011	30.9.2012	31.12.2011
<b>Assets</b>						
Cash reserve	15.5	6.1	15.5	6.1	–	–
Claims on banks	105.7	87.6	105.6	87.8	0.1	–0.2
Claims on customers	295.8	292.9	293.4	296.6	2.4	–3.7
Value adjustment portfolio fair value hedges <sup>1</sup>	0.0	0.0	0.2	0.1	–0.2	–0.1
Positive fair values of derivative hedging instruments	5.9	5.1	5.9	5.1	–	–
Trading assets	150.0	155.7	150.0	155.7	–	–
Financial investments	83.6	89.4	89.3	94.5	–5.7	–5.1
<b>Liabilities</b>						
Liabilities to banks	126.8	98.3	126.7	98.5	0.1	–0.2
Liabilities to customers	268.9	255.1	268.3	255.3	0.6	–0.2
Securitised liabilities	87.5	104.6	84.4	105.7	3.1	–1.1
Value adjustment portfolio fair value hedges <sup>1</sup>	0.0	0.0	1.5	0.9	–1.5	–0.9
Negative fair values of derivative hedging instruments	11.8	11.4	11.8	11.4	–	–
Trading liabilities	129.5	137.8	129.5	137.8	–	–
Subordinated and hybrid capital	12.3	11.8	14.1	15.5	–1.8	–3.7

<sup>1</sup> The fair value adjustments on portfolio fair value hedges are contained in the relevant balance sheet line items for the hedged items.

In the tables below the financial instruments reported in the balance sheet at fair value are grouped by balance sheet item and category. They are broken down according to

whether fair value is based on quoted market prices (Level I), observable market data (Level II) or unobservable market data (Level III).

		Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
<b>Financial assets   €bn</b>		<b>30.9.2012</b>				<b>31.12.2011</b>			
Claims on banks	At fair value through profit or loss	–	40.5	–	40.5	–	23.8	–	23.8
Claims on customers	At fair value through profit or loss	–	36.5	0.3	36.8	–	23.7	0.2	23.9
Positive fair values of derivative hedging instruments	Hedge accounting	–	5.9	–	5.9	–	5.1	–	5.1
Trading assets	Held for trading	28.1	119.5	2.4	150.0	29.7	121.8	4.2	155.7
	of which positive fair values from derivatives	–	117.0	1.1	118.1	–	121.1	2.5	123.6
Financial investments	At fair value through profit or loss	2.0	–	0.1	2.1	3.1	–	0.2	3.3
	Available-for-sale	30.2	2.6	0.9	33.7	27.7	2.1	0.8	30.6
<b>Total</b>		<b>60.3</b>	<b>205.0</b>	<b>3.7</b>	<b>269.0</b>	<b>60.5</b>	<b>176.5</b>	<b>5.4</b>	<b>242.4</b>

		Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
<b>Financial liabilities   €bn</b>		<b>30.9.2012</b>				<b>31.12.2011</b>			
Liabilities to banks	At fair value through profit or loss	7.3	25.9	–	33.2	0.1	12.9	–	13.0
Liabilities to customers	At fair value through profit or loss	2.4	37.6	–	40.0	1.5	30.4	–	31.9
Securitised liabilities	At fair value through profit or loss (fair value option)	3.1	–	–	3.1	3.1	–	–	3.1
Negative fair values of derivative hedging instruments	Hedge accounting	–	11.8	–	11.8	–	11.4	–	11.4
Trading liabilities	Held for trading	12.9	115.8	0.8	129.5	11.6	124.8	1.4	137.8
	of which negative fair values from derivatives	–	115.8	0.7	116.5	–	124.7	1.2	125.9
Subordinated capital	At fair value through profit or loss	–	–	–	–	–	–	–	–
<b>Total</b>		<b>25.7</b>	<b>191.1</b>	<b>0.8</b>	<b>217.6</b>	<b>16.3</b>	<b>179.5</b>	<b>1.4</b>	<b>197.2</b>

In the third quarter of 2012 we reclassified €1.1bn of available-for-sale bonds, mostly from private issuers, and €2.2bn of securities held for trading, from Level I to Level II, as no quoted market prices were available. Due to an improvement in the availability and observability of market

data, €0.3bn of negative fair values attributable to derivatives were also reclassified from Level III to Level II. Beyond these, there were no other significant reclassifications between Level I, Level II and Level III.

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### (32) Treasury shares

	Number of shares in units	Notional par value <sup>1</sup> in €1.000	Percentage of share capital
Balance as at 30.9.2012	1,995,422	1,995	0.03
Largest number acquired during the financial year	38,917,378	38,917	0.67
Total shares pledged by customers as collateral as at 30.9.2012	35,611,801	35,612	0.61
Shares acquired during the financial year	1,329,131,126	1,329,131	
Shares disposed of during the financial year	1,327,998,714	1,327,999	

<sup>1</sup> Notional par value per share €1.00.

### (33) Related party transactions

As part of its normal business activities, the Commerzbank Group does business with related parties. These include subsidiaries that are controlled but not consolidated for reasons of materiality, companies accounted for using the equity method, equity holdings, external providers of occupational pensions for employees of Commerzbank Aktiengesellschaft, key management personnel and members of their families as well as companies controlled by these persons. Key management personnel refers exclusively to members of Commerzbank Aktiengesellschaft's Board of Managing Directors and Supervisory Board.

As 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 government-controlled entities) were as follows:

€m	30.9.2012	31.12.2011	Change in %
Claims on banks	205	343	-40.2
Claims on customers	1,497	1,876	-20.2
Trading assets	120	1	.
Financial investments	81	105	-22.9
Other assets	470	426	10.3
<b>Total</b>	<b>2,373</b>	<b>2,751</b>	<b>-13.7</b>
Liabilities to banks	2	2	0.0
Liabilities to customers	1,128	1,236	-8.7
Trading liabilities	96	8	.
Subordinated capital	624	622	0.3
Other liabilities	22	23	-4.3
<b>Total</b>	<b>1,872</b>	<b>1,891</b>	<b>-1.0</b>
<b>Off-balance-sheet items</b>			
Guarantees and collaterals granted	117	146	-19.9
Guarantees and collaterals received	8	7	14.3

The following income and expenses arose from loan agreements with, deposits from and services provided in connection with related parties (excluding federal government-controlled entities):

€m	1.1.–30.9.2012	1.1.–30.9.2011	Change in %
<b>Income</b>			
Interest	92	126	-27.0
Commission	19	5	.
Goods and services	2	-	.
<b>Expenses</b>			
Interest	41	44	-6.8
Commission	29	24	20.8
Operating expenses	6	5	14.3
Goods and services	22	45	-51.1
Write-downs/impairments <sup>1</sup>	81	111	-27.0

<sup>1</sup> Prior-year figures restated.

The Commerzbank Group conducts transactions with federal government-controlled entities as part of its ordinary business activities on standard market terms and conditions.

Assets and liabilities and off-balance-sheet items in connection with federal government-controlled entities changed as follows:

€m	30.9.2012	31.12.2011	Change in %
Cash reserve	7,063	1,179	.
Claims on banks	130	286	-54.5
Claims on customers	2,108	3,349	-37.1
Trading assets	3,011	3,576	-15.8
Financial investments	4,286	3,865	10.9
<b>Total</b>	<b>16,598</b>	<b>12,255</b>	<b>35.4</b>
Liabilities to banks	14,358	13,390	7.2
Liabilities to customers	51	256	-80.1
Trading liabilities	767	299	.
Silent participation	1,626	1,937	-16.1
<b>Total</b>	<b>16,802</b>	<b>15,882</b>	<b>5.8</b>
<b>Off-balance-sheet items</b>			
Guarantees and collaterals granted	313	24	.
Guarantees and collaterals received	-	5,000	-100.0



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Income and expenses for transactions with federal government-controlled entities were as follows:

€m	1.1.–30.9.2012	1.1.–30.9.2011	Change in %
<b>Income</b>			
Interest	291	259	12.4
Commission	5	–	.
Goods and services	2	6	–66.7
<b>Expenses</b>			
Interest <sup>1</sup>	42	65	–35.4
Commission	2	36	–94.4
Goods and services	–	–	.
Write-downs/impairments	–	–	.

<sup>1</sup> Prior-year figures restated.

Frankfurt am Main, 30 October 2012  
The Board of Managing Directors



Martin Blessing



Frank Annuscheit



Markus Beumer



Stephan Engels



Jochen Klösger



Michael Reuther



Stefan Schmittmann



Ulrich Sieber



Martin Zielke

## Boards of Commerzbank Aktiengesellschaft

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### Supervisory Board

**Klaus-Peter Müller**  
Chairman

**Uwe Tschäge**<sup>1</sup>  
Deputy Chairman

**Hans-Hermann Altenschmidt**<sup>1</sup>

**Dott. Sergio Balbinot**  
(until 23 May 2012)

**Dr.-Ing. Burckhard Bergmann**

**Dr. Nikolaus von Bomhard**

**Karin van Brummelen**<sup>1</sup>

**Astrid Evers**<sup>1</sup>

**Uwe Foullong**<sup>1</sup>

**Daniel Hampel**<sup>1</sup>

**Dr.-Ing. Otto Happel**

**Beate Hoffmann**<sup>1</sup>

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

**Alexandra Krieger**<sup>1</sup>

**Dr. h.c. Edgar Meister**

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

**Dr. Helmut Perlet**

**Barbara Priester**<sup>1</sup>

**Mark Roach**<sup>1</sup>

**Dr. Marcus Schenck**

**Dr. Gertrude Tumpel-Gugerell**  
(since 1 June 2012)

**Dr. Walter Seipp**  
Honorary Chairman

<sup>1</sup> Elected by the Bank's employees.

### Board of Managing Directors

**Martin Blessing**  
Chairman

**Frank Annuscheit**

**Markus Beumer**

**Stephan Engels**  
(since 1 April 2012)

**Jochen Klösges**

**Michael Reuther**

**Dr. Stefan Schmittmann**

**Ulrich Sieber**

**Dr. Eric Strutz**  
(until 31 March 2012)

**Martin Zielke**

## Review report

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### To COMMERZBANK Aktiengesellschaft, Frankfurt am Main

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, statement of comprehensive income, condensed statement of cash flows, statement of changes in equity and selected explanatory notes – and the interim group management report of COMMERZBANK Aktiengesellschaft, Frankfurt am Main, for the period from 1 January to 30 September 2012 which are part of the quarterly financial report pursuant to § (Article) 37 x para. 3 WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company’s Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Frankfurt am Main, 31 October 2012

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Peter Goldschmidt

Caroline Gass

Wirtschaftsprüfer  
(German Public Auditor)

Wirtschaftsprüferin  
(German Public Auditor)

## Significant subsidiaries and associates

Germany	Abroad
Atlas Vermögensverwaltungs-Gesellschaft mbH, Frankfurt am Main	BRE Bank SA, Warsaw
comdirect bank AG, Quickborn	Commerzbank (Eurasija) SAO, Moscow
Commerz Real AG, Eschborn	Commerzbank International S.A., Luxembourg
Hypothekenbank Frankfurt AG, Eschborn	Commerzbank Zrt., Budapest
	Commerz Europe (Ireland), Dublin
	Commerz Markets LLC, New York
	Erste Europäische Pfandbrief- und Kommunalkreditbank AG, Luxembourg

### Operative foreign branches

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

### Representative Offices and Financial Institutions Desks

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

## Disclaimer

### Reservation regarding forward-looking statements

This interim 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.

### Cover

Frank A. Bergner  
 Managing Partner  
 Richard Bergner Holding GmbH & Co. KG, Schwabach



#### 2013 Financial calendar

15 February 2013	Annual Results Press Conference
End-March 2013	Annual Report 2012
7 May 2013	Interim Report Q1 2013
22 May 2013	Annual General Meeting
8 August 2013	Interim Report Q2 2013
7 November 2013	Interim Report Q3 2013

#### Commerzbank AG

Head Office  
Kaiserplatz  
Frankfurt am Main  
[www.commerzbank.com](http://www.commerzbank.com)

Postal address  
60261 Frankfurt am Main  
Tel. +49 69 136-20  
[info@commerzbank.com](mailto:info@commerzbank.com)

Investor Relations  
Tel. +49 69 136-22255  
Fax +49 69 136-29492  
[ir@commerzbank.com](mailto:ir@commerzbank.com)

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