

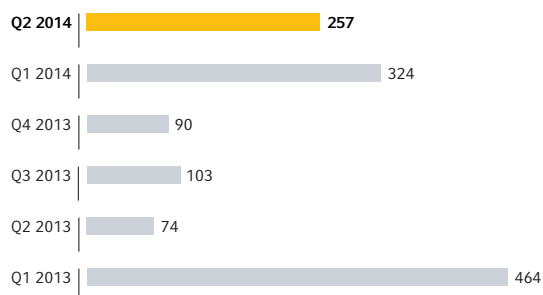
Interim Report as at 30 June 2014



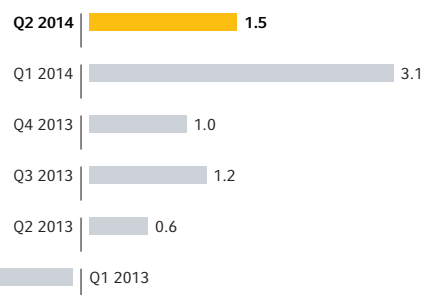
Key figures

Income statement	1.1.–30.6.2014	1.1.–30.6.2013 ¹
Operating profit (€m)	581	538
Operating profit per share (€)	0.51	0.79
Pre-tax profit or loss (€m)	581	45
Consolidated profit or loss ² (€m)	300	-58
Earnings per share (€)	0.26	-0.08
Operating return on equity ³ (%)	4.3	4.1
Cost/income ratio in operating business (%)	76.1	71.8
Return on equity of consolidated profit or loss ^{2,3,4} (%)	2.3	-0.5
Balance sheet	30.6.2014	31.12.2013¹
Total assets (€bn)	582.6	549.7
Risk-weighted assets ⁵ (€bn)	217.0	190.6
Equity as shown in balance sheet (€bn)	27.3	26.9
Total capital as shown in balance sheet (€bn)	40.5	40.6
Capital ratios⁵		
Tier 1 capital ratio (%)	11.7	13.5
Core Tier 1 capital ratio ⁶ (%)	11.7	13.1
Total capital ratio (%)	14.9	19.2
Staff	30.6.2014	30.6.2013
Germany	39,763	41,653
Abroad	12,019	11,890
Total	51,782	53,543
Long-/short-term rating		
Moody's Investors Service, New York	Baa1/P-2	Baa1/P-2
Standard & Poor's, New York	A-/A-2	A-/A-2
Fitch Ratings, New York/London	A+/F1+	A+/F1+

Operating profit¹ (€m)



Return on equity of consolidated profit or loss^{1,2,3,4} (%)



¹ Prior-year figures restated due to the restatement of hedge accounting and credit protection insurance and the tax restatements plus the amended definition of average Group capital attributable to Commerzbank shareholders.

² Insofar as attributable to Commerzbank shareholders.

³ Annualised.

⁴ The capital base comprises the average Group capital attributable to Commerzbank shareholders.

⁵ Preliminary figures as at 30 June 2014 subject to the approval of the supervisory authority for the appropriation of the quarterly profit.

⁶ The core Tier 1 capital ratio is the ratio of core Tier 1 capital (mainly subscribed capital and reserves) 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,

The market environment for banks remained difficult also in the second quarter of 2014. These conditions are both a burden and a challenge: Interest rates are historically low – and in our view will remain so for the foreseeable future – and supervisory requirements are becoming stricter at ever shorter intervals, leading to considerable financial and staffing costs.

The “customer-Bank relationship” is also changing, however. Customers’ expectations and advisory needs vis-à-vis “their Bank” are becoming increasingly more complex. They are focused much more heavily than in previous years on their individual requirements and circumstances, or in the case of corporate customers on their competitive situation and the associated opportunities and risks. These are all challenges facing us, but they are also opportunities that we want to exploit and are addressing in a highly targeted manner through the strategic measures we have initiated and in some cases already implemented.

For example, we are adapting our relationship management model to add new service and advisory functions for private and business customers. The opening of our first completely redesigned flagship branches in Berlin and Stuttgart in the spring was a key milestone and a further step in our branch strategy. The expansion of digital offerings such as online and mobile banking are also important, however, if we are to continue offering our range of products and services as a genuine multi-channel bank. One current focus of our positioning as a fair and expert partner for our customers is investment advisory services. Individual, customised advice is hugely important for such a complex topic – not least as a means of regaining our customers’ trust. We achieve this by creating a tangible experience in consultation with our customers. Our advisors are optimally supported by our Customer Compass, our investment products with open fund architecture, and the most suitable custody account models, in particular the premium custody account.

The Mittelstandsbank is still well positioned. Despite the low interest rates and the ongoing clear reluctance of companies to invest, we were able to increase lending to both German Mittelstand customers and large corporates. In addition to anchor loan products we also provide our corporate customers with custom-fit, efficient solutions geared to their specific requirements. For example, we have launched a five-point programme to help companies structure their payment transactions processes more efficiently and thus improve their competitive position.

Dear shareholders, the bottom line as regards all our strategic measures, investments, products and services, whether already implemented or in the pipeline, is that they must also be reflected in our earnings performance. And the stable to very good half-year results for our core segments show that we are on the right track. In the first six months of this year we posted operating profit of €581m, compared with €538m in the prior-year period. Consolidated profit attributable to Commerzbank shareholders was €300m, after a loss in the prior-year period due to necessary restructuring charges. Taking into account the half year result, the Basel 3 fully-phased-in ratio on the reporting date amounts to 9.4%.

In the Private Customers segment, operating profit was up sharply year-on-year in the first half of 2014, with the efforts to implement the strategic realignment of the private customer business beginning to reap their first rewards. Some areas of Mittelstandsbank are feeling the consequences of the ongoing low level of customer activity and declining income from capital market products. However, earnings were nevertheless up slightly overall due to our product skills and customer-focused approach. Given our ambitious growth targets it is vitally important that we press ahead systematically along this path. Overall, operating profit rose compared to the first half of the previous year. The pleasing and dynamic performance of the Central & Eastern Europe segment continued in the second quarter, with operating profit rising significantly compared to the first six months of the previous year. In Corporates & Markets, operating profit was down on the strong prior-year figure, due in particular to lower Fixed Income & Currencies business caused by ongoing weakness in customer activity. This was not completely offset by the very pleasing performance of the Equity Markets & Commodities division. We continued to run down the Non-Core Assets segment. In mid-June we sold commercial real estate financing portfolios in Spain and Japan and a non-performing loan portfolio in Portugal with a total value of €5.1bn, which had a negative impact of around €71m on the result in the second quarter of 2014. The exposure on the reporting date was €92bn, compared to €116bn at the end of 2013. With our non-strategic portfolio being run down more quickly than planned, we have already achieved our original reduction target for 2016 much earlier than anticipated. We are aiming for a new order of magnitude of €20bn by 2016 for our commercial real estate and shipping portfolios.

Our view given in our March statement that we feel well prepared for the asset quality review currently under way and the subsequent stress test by the European Central Bank has not changed.

Dear shareholders, the remaining months of this year will remain challenging due to the ongoing difficult operating environment for financial institutions. With this in mind, we firmly, however, believe that the systematic implementation of our strategic agenda is a key success factor if we are to meet the targets we have set ourselves for 2014 as a whole.

Yours sincerely



Martin Blessing, Chairman of the Board of Managing Directors

Development of Commerzbank shares

The positive market sentiment evident at the start of 2014 continued into the second quarter, due primarily to the measures initiated by the major central banks. For example, the European Central Bank (ECB) maintained its expansive monetary policy in the second quarter of the year. The ongoing concerns about the conflict in Ukraine and global economic growth had a noticeable impact on the equity markets in April, causing the DAX to briefly hit a quarterly low of 9,173 points. When at its meeting on 5 June 2014 the ECB cut its key lending rate to a record low level of 0.15% and imposed a negative interest rate of 0.1% for bank deposits with the central bank, the stock markets set off towards new record highs.

The DAX subsequently broke through the 10,000-point barrier for the first time in its history on 6 June 2014, going on to achieve several new all-time highs over the following weeks. This performance was supported by the US stock market, which also posted new record highs.

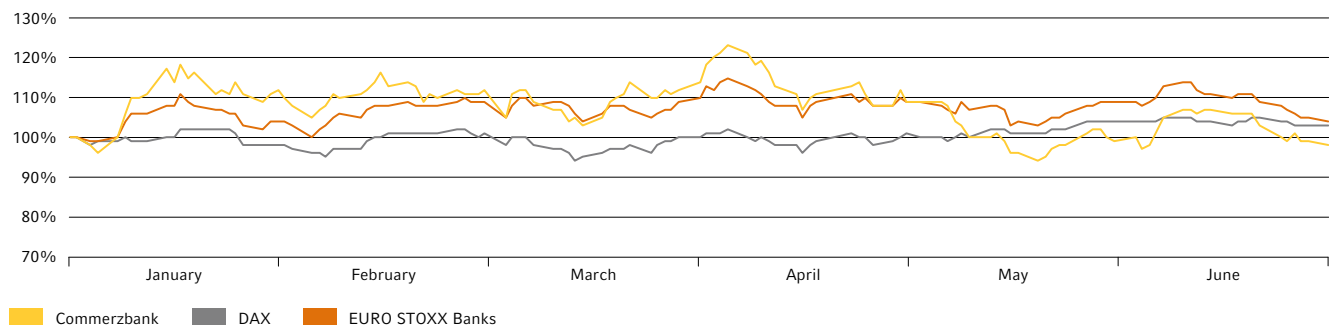
At the end of June 2014, the crisis in Iraq, concerns over shortages in crude oil supplies and profit warnings from a number of companies dampened sentiment, and the DAX fell back below

10,000 points. The record highs also led to repeated profit-taking. The DAX rose by 2.9% overall in the second quarter of 2014.

After sharp price rises in 2013, European bank shares came under pressure towards the end of the second quarter of this year. Uncertainty regarding the Ukraine crisis, doubts over the sustainability of global economic growth, lower earnings power due in part to the ongoing low level of interest rates, and the cost of ever stricter regulatory requirements had a negative impact on the price of bank shares. Prices were also affected by the high fines imposed by the US in connection with breaches of US trade sanctions. The bank index fell by 5.6% to 146.52 points during the second quarter of the year, and the Commerzbank share price was unable to escape the sector trend. Although positive analysts' forecasts and speculation about further quantitative easing by the ECB boosted the share price at the start of the second quarter, pushing it to its quarterly high of €14.48 on 4 April, it was then hit by the factors described above. As at 30 June 2014 the share price stood at €11.48, slightly below the price at the end of 2013. This corresponds to a slight fall of 2.0% in the first half of the year, compared to a rise of 3.6% for the bank index. The Commerzbank share price is still up more than 70% year-on-year, however, and is therefore significantly outperforming the DAX or the bank index (up 44%).

Commerzbank share vs. performance indices in first half of 2014

Daily figures, 30.12.2013 = 100



In the second quarter of 2014, 22 analysts recommended buying or holding Commerzbank shares. Ten analysts recommended selling. One positive aspect highlighted by the analysts was the ongoing value-preserving reduction of the NCA portfolio.

The Capital Group's equity holding exceeded the 5% threshold in the second quarter, while the BlackRock Group's holding was reduced to just under 3%.

The daily turnover of Commerzbank shares – in terms of the number of shares traded – remained stable year-on-year in the first six months of 2014. The average daily trading volume was around 11.3 million shares (first half 2013: 11.3 million shares). At

the peak of trading on 21 March 2014, approximately 24.1 million shares were traded on German stock exchanges. Commerzbank's market capitalisation stood at €13.1bn at the end of the second quarter.

Highlights of the Commerzbank share	1.1.–30.6.2014	1.1.–30.6.2013
Shares issued in million units (30.6.)	1,138.5	1,138.5
Xetra intraday prices in €		
High	14.48	12.96
Low	10.90	6.54
Closing price (30.6.)	11.48	6.70
Daily trading volume ¹ in million units		
High	24.1	67.2
Low	4.6	2.9
Average	11.3	11.3
Index weighting in % (30.6.)		
DAX	1.3	0.9
EURO STOXX Banks	2.4	2.2
Earnings per share in €	0.26	-0.08
Book value per share ² in € (30.6.)	23.18	22.45
Net asset value per share ³ in € (30.6.)	21.61	21.06
Market value/Net asset value (30.6.)	0.53	0.32

¹ Total for German stock exchanges.

² Excluding non-controlling interests.

³ Excluding non-controlling interests and cash flow hedges and less goodwill.

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Business and overall conditions

Overall economic situation

The global economy did not live up to expectations in the first half of 2014, in fact growing somewhat more slowly than in the latter half of the previous year.

The main reason for this was the surprising slump in the US economy at the start of the year. US GDP decreased at an annual rate of 2.9% in the first months of 2014 compared with the final quarter of 2013. This decline did not signal an economic downturn, however, but was largely attributable to one-off effects such as the extremely cold weather and the normalisation of previously high inventories; growth returned to just under 3% in the second quarter of the year. For the first time since 2000 the number of new jobs increased by more than 200,000 for five months in succession, while unemployment was around 6%, its lowest level since 2008. Inflation also appears to be rising slightly of late. Given this backdrop, the US Federal Reserve has continued to cut back its bond purchases and will probably suspend them completely in October. China's economic growth also weakened further in the first half of 2014, slowing to 7.4% year-on-year. There is still further downside risk overall, and the government is already thinking about stimulus measures such as greater investment in the rail network and social housing and a reduction in the minimum reserve ratio.

The eurozone economy is still recovering only slowly, growing at an unchanged rate of just under 1% year-on-year in the first six months of 2014. Unemployment remains well over 11%. Eurozone growth is still being held back by the correction of previous excesses. The correction of excessively high price levels in the crisis countries, the appreciation of the euro and falling prices for fresh foodstuffs have recently driven inflation down to 0.5%. The ECB responded to this in June, announcing a comprehensive package of measures. It reduced the refinancing rate to a new all-time low of 0.15%, while the deposit rate is now actually negative at -0.1%. It is also making special funds available to the banks for a period of four years from September.

The German economy delivered one of the few positive surprises in the early part of 2014, growing by 0.8% in the first three months of the year compared to the final quarter of 2013 thanks to the unusually mild winter. There will be a correction in the second quarter, however, with currently available data pointing to zero growth at best. This would nevertheless represent considerably stronger growth for the German economy in the first half of the year than for most other eurozone countries.

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

Important business policy events in the second quarter of 2014

Appointment of two new members and one substitute member of the Supervisory Board

As proposed by the Supervisory Board, the Annual General Meeting on 8 May 2014 appointed Dr. Stefan Lippe and Nicholas Teller to the Supervisory Board of Commerzbank Aktiengesellschaft with a clear majority. Solms U. Wittig was also appointed by the Annual General Meeting as a substitute member for the two new members of the Supervisory Board.

The former member of the Supervisory Board Prof. Dr. Dr. Hans-Peter Keitel stepped down from the Supervisory Board at the 2014 Annual General Meeting.

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

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

The commercial real estate financing portfolio in Spain and the non-performing CRE loan portfolio in Portugal, worth a total of €4.4bn, are being sold to a consortium of J. P. Morgan and Lone Star. Commerzbank is retaining the performing CRE loan book in Portugal.

In Japan, the Bank has sold its subsidiary Commerz Japan Real Estate Finance Corporation to the PAG funds Secured Capital REP V and Pacific Alliance Special Situations Fund. The loans of €0.7bn held by the company, mainly subordinated loans, are thus being transferred to the buyer. They are classified by the Bank as higher-risk. The portfolio will in future be managed by PAG's Tokyo-based Secured Capital Investment Management Ltd.

The parties have agreed to maintain confidentiality about the details of the contracts. The transactions had a negative impact of €71m on the result in the second quarter of 2014. The transactions will lead to a positive net capital effect of around €200m due to the large-scale release of €3.4bn of risk-weighted assets (RWA). All in all, therefore, the sales will have a positive impact on Commerzbank's core capital position. The transactions will also bring about a

substantial improvement in the risk profile of the CRE loan portfolio. The portfolio of CRE loans that the Bank classifies as higher-risk will be almost completely repaid following the sales. In addition, the volume of the CRE problem loans will be reduced by around a third as a result of the transactions.

Earnings performance, assets and financial position

In 2014 Commerzbank once again finds itself in a difficult banking environment with continued low interest rates. Regulatory requirements for banks are becoming stricter and have to be implemented at ever shorter intervals, providing growing challenges and weighing correspondingly on earnings. The sale of the commercial real estate financing portfolios in Spain and Japan and the non-performing loan portfolio in Portugal also had a net negative impact of €71m on the result. The ongoing low level of loan loss provisions had a positive impact on earnings performance in the first half of the year.

The operating profit for the first six months for the Commerzbank Group came to €581m. This represents an increase of 8% on the first half of the previous year. Consolidated profit attributable to Commerzbank shareholders for the period under review came to €300m.

Total assets as at 30 June 2014 were €582.6bn, up €32.9bn on year-end 2013. This was due to the higher volume of claims on banks and an increase in trading assets. Risk-weighted assets rose to €217.0bn especially in connection with the first-time application of Basel 3, mainly due to the increase in risk-weighted assets in market and credit risks. As a result, the Common Equity Tier 1 ratio fell to 11.7% at the end of June 2014.

Income statement of the Commerzbank Group

Income before loan loss provisions fell by 5.5% year-on-year to €4,501m in the first half of 2014.

The net interest and net trading result fell 9.9% to €2,964m overall. During the first half of 2014, net interest income fell by 8.6% year-on-year to €2,736m, while net trading income and net income from hedge accounting was down 23.2% year-on-year to €228m. In the Private Customers segment, targeted interest rate management on the liabilities side in previous quarters in response to the worsening low interest rate environment led to a significant improvement in the interest margin and an increase in net interest income. The increase in lending volume in the Mittelstandsbank segment had a positive impact on net interest income, although this was offset by charges in the deposit business. The Central & Eastern Europe segment also recorded a significant increase in net interest income, thanks in particular to a rise in deposit spreads. By contrast, the faster reduction of the lending portfolio in the Non-Core Assets segment cut net interest income sharply from the previous year. The sale of the CRE portfolio resulted in a charge of €191m on net interest income. Further information on the composition of net interest income and the trading result is given in the notes to the interim financial statements on pages 52 and 53.

Net commission income in the reporting period was down 3.2% to €1,597m compared with the same period last year. This was largely due to the reorganisation of the securities business in the Private Customers segment early in the second half of the previous year, which led to a shift from transaction-dependent to portfolio-volume-based commission income. The decline in revenues from the transaction dependent securities business could not yet be compensated for. Mittelstandsbank saw slight growth, especially in payment transactions and documentary business, whereas income from interest rate and currency hedging business was lower year-on-year. In the Central & Eastern Europe segment, cashless payment transactions and intermediary business performed well, so net commission income was up in the period. Net commission income in Non-Core Assets was down, however. For example, the segment incurred restructuring provisions in Commercial Real Estate in the comparative period last year that were not repeated in the reporting period.

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Net investment income in the first six months of 2014 was €3m, after €-126m in the prior-year period. The marked improvement in income was attributable to the impairments included in the prior-year figure, for example those on public finance exposure in the US.

Other net income came to €-86m, compared with €-66m a year earlier. The charges both this year and in the prior-year period resulted primarily from provisions in respect of litigation risks.

The net allocation to loan loss provisions fell by 38.4% to €-495m year-on-year. The decline was the result of both lower provisions in Mittelstandsbank and the impairment reversals of €112m of provisions in connection with the portfolio sales in the Non-Core Assets segment. Corporates & Markets reported a net reversal in the period, but lower than in the previous year.

Operating expenses in the first six months of the year were €3,425m, in line with the prior-year figure. Personnel expenses fell 3.3% to €1,926m, largely because there were fewer employees. Other operating expenses, including depreciation on fixed assets and amortisation of intangibles, were up 4.7% to €1,499m. The €67m rise was primarily the result of higher consultancy costs, due in part to the ECB's asset quality review and the implementation of further regulatory requirements as well as an increase in marketing costs. However, IT costs were lower than in the prior-year period.

As a result of the developments described above, the Commerzbank Group posted an operating profit of €581m in the first half of the current year, compared with €538m in the same period last year.

Profit in the prior-year period was affected by restructuring expenses of €493m.

Pre-tax profit for the first six months of the current year was €581m, after €45m in the prior-year period.

Tax expense for the reporting period was €227m, compared with €55m for the equivalent prior-year period. Consolidated profit after tax amounted to €354m, compared with €-10m in the prior-year period. Net of non-controlling interests of €54m, a consolidated profit of €300m was attributable to Commerzbank shareholders.

Operating earnings per share amounted to €0.51 and earnings per share to €0.26. In the prior-year period the comparable figures were €0.79 and €-0.08 respectively.

Balance sheet of the Commerzbank Group

Total assets of the Commerzbank Group as at 30 June 2014 were €582.6bn. Compared with year-end 2013 this is a rise of 6.0% or €32.9bn, primarily due to higher claims on banks and increased trading assets.

Claims on banks were €105.6bn, up €18.0bn from the year-end. This was primarily due to the increase in claims from secured money market transactions, which rose by €13.1bn. Claims on customers remained at around the previous year's level at €245.6bn. Volume growth at the short-term end was offset by a corresponding fall for longer-dated maturities. This was the result of lower claims on customers – mainly due to a fall in mortgage bank business – which was partially compensated for by a rise in secured money market transactions in the form of reverse repos and cash collaterals. As at the reporting date, total lending to customers and banks stood at €241.6bn, down €5.1bn compared with year-end 2013. Although loans to banks remained at the year-end 2013 level at €22.7bn, customer lending business declined by €5.3bn to €218.9bn. At the same time the increase in lending volume in the core segments was more than compensated for by the reduction in the non-strategic business in the NCA segment.

As at the reporting date, trading assets amounted to €121.7bn, a rise of €18.1bn or 17.4% compared with the end of 2013. This was primarily attributable to the €2.3bn increase in bonds, notes and other interest rate-related securities and in particular – given the positive market environment for equity products and associated high customer demand – to the increase of €12.2bn in holdings of equities, other equity-related securities and investment fund units.

Financial investments came to €84.2bn, up slightly by €2.1bn on year-end 2013, due mainly to the increase in bonds, notes and other interest rate-related securities.

On the liabilities side, liabilities to banks – especially repos and cash collaterals – rose sharply by €45.7bn to €123.4bn. In addition, liabilities from money market transactions increased by €3.1bn. Around 71% of the increase in volume related to foreign bank liabilities. Liabilities to customers fell by 4.6% year-on-year to €263.8bn due to a decrease of €14.2bn in repos and cash collaterals. Securitised liabilities were €9.2bn lower year-on-year at €55.4bn. Bonds and notes issued fell by €9.1bn to €52.2bn. This was due in part to a €3.7bn decline in mortgage Pfandbriefe as a result of maturities at Hypothekenbank Frankfurt AG, and also to a reduction of €4.4bn in the volume of Commerzbank Aktiengesellschaft bonds, especially due to maturities.

Liabilities from trading activities increased in volume by €7.2bn overall to €78.2bn. This was mainly due to an increase in short sales of bonds and equities.

Capital and reserves

The equity capital (before non-controlling interests) reported in the balance sheet as at 30 June 2014 was €26.4bn, €0.4bn above the figure for year-end 2013.

There was no change in the capital reserve compared with year-end 2013. As at the reporting date it stood at €15.9bn. Subscribed capital also remained unchanged at €1.1bn. Retained earnings remained at the 2013 level, at €10.7bn.

The revaluation reserve stood at €-1.0bn as at the reporting date. This was an improvement of around €0.2bn compared with the end of 2013 and was attributable in particular to a rise in the fair values of Italian government bonds. Together with the negative cash flow hedge reserves and the currency translation reserves, this amounted to a deduction of €-1.4bn from equity compared with €-1.7bn at year-end 2013.

Risk-weighted assets were up €26.4bn as at 30 June 2014 to €217.0bn, mainly due to the increase in risk-weighted assets in market and credit risks.

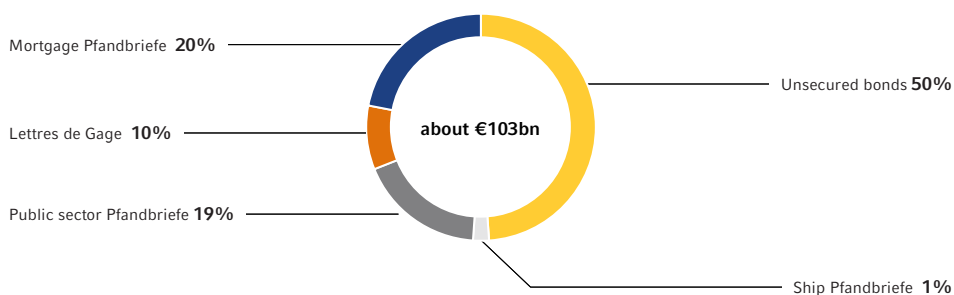
Regulatory Tier 1 capital fell by €0.4bn compared with the year-end 2013, to €25.3bn due to the first time application of Basel 3. In conjunction with the higher level of risk-weighted assets the Tier 1 ratio fell to 11.7 %. Common Equity Tier 1 capital came to €25.3bn. Under Basel 3 phase-in rules it is identical to core capital. The total capital ratio was 14.9% on the reporting date. The decrease of 4.3 percentage points is mainly due to changes regarding the eligibility of supplementary capital under Basel 3. The leverage ratio under the Capital Requirements Directive (CRD IV “phased-in”), which compares Tier 1 capital with leverage exposure, was 4.1% on the reporting date. As the deadline for the preparation of the interim financial statements differs from the reporting deadline, the disclosures as required by law are provisional and subject to the approval of the supervisory authorities.

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 continued to report a comfortable liquidity position in the first half of 2014.

Capital market funding structure

As at 30 June 2014



Commerzbank raised a total of €2.5bn in long-term funding on the capital market in the first half of 2014.

In the collateralised area, Commerzbank Aktiengesellschaft issued a public-sector Pfandbrief at the start of the year with a volume of €500m and a five-year term, funding the long-term core business of Mittelstandsbank. For this reason, export finance eligible for cover fund purposes and guaranteed by the export credit agency (ECA) Euler Hermes was included in the cover pool.

Unsecured private placements totalling €1.5bn with an average maturity of five years were issued. More than 60% were structured bonds. At the end of March, Polish subsidiary mBank issued an unsecured benchmark bond in the amount of €500m with a five-year term. The funding spreads for unsecured bonds have narrowed further in the first half of the year.

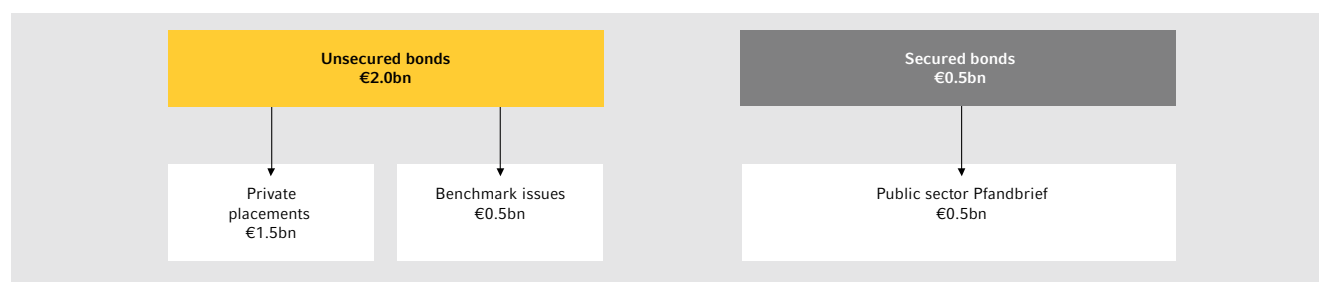
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As part of Group liquidity management, Commerzbank Aktiengesellschaft transferred parts of the NCA public finance portfolio from Hypothekenbank Frankfurt to the Core Bank at current market values. This portfolio is largely made up of high-grade securities eligible for central bank borrowing purposes that count as “highly liquid assets” under the new Basel 3 liquidity rules. The portfolio

transferred in the first half of the year had a volume of around €9bn (exposure at default). The securities are mainly issued by banks and government borrowers in Germany, Austria, the Netherlands and the UK.

Group capital market funding in the first half of 2014

Volume €2.5bn



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. This centrally managed liquidity portfolio, which is supplemented by freely available cash resources, credit balances with central banks and other liquid securities positions, forms Commerzbank’s liquidity reserve.

At €97.7bn, this liquidity reserve remained close to the high level of €104.7bn recorded at the end of 2013 and thus accounted for around 17% of total assets.

The regulatory liquidity requirements of the German Liquidity Regulation were met at all times in the reporting period. As at the reporting date, Commerzbank Aktiengesellschaft’s key liquidity ratio calculated using the German Liquidity Regulation’s standard approach was 1.31, still significantly higher than the minimum regulatory requirement of 1.00.

Commerzbank’s liquidity situation therefore remains comfortable given its conservative and forward-looking funding strategy. The Bank is not currently drawing on central bank liquidity facilities.

Key figures for the Commerzbank Group

Largely as a result of the rise in revenues described above, the main operating return ratios of the Commerzbank Group for the first six months of 2014 were lower overall than in the same period of 2013.

The operating return on equity rose from 4.1% in the same period last year to 4.3%. The return on equity based on the consolidated surplus was 2.3%, compared with –0.5% a year earlier. The cost/income ratio increased to 76.1% due to the decline in operating income against a stabilisation in costs, compared with 71.8% in the prior-year period.

Segment performance

The comments on the segments' results for the first six months of 2014 are based on the segment structure that was applicable at year-end 2013. Prior-year figures have been restated especially to reflect the changed reporting of hedge accounting and the treatment of credit protection insurance. Explanations on this topic and about the effects of the changes to accounting and measurement policies are given in the interim financial statements on page 49 f.

The Core Bank achieved an operating profit of €936m in the reporting period. This represents a fall of €75m compared with the

prior-year period. While the Private Customers, Mittelstandsbank and Central & Eastern Europe segments could increase their operating result in comparison with the previous year's period, the result of Corporates & Markets was below the previous year's strong level. The development of the operating result in the Others and Consolidation segment was significantly negative.

In the Non-Core Assets segment, operating losses were significantly lower than in the same period in 2013 due to a reduction in loan loss provisions in connection with the ongoing portfolio reduction.

Private Customers

€m	1.1.–30.6.2014	1.1.–30.6.2013	Change in %/%-points
Income before provisions	1,719	1,697	1.3
Loan loss provisions	-52	-62	-16.1
Operating expenses	1,440	1,512	-4.8
Operating profit/loss	227	123	84.6
Average capital employed	4,009	3,961	1.2
Operating return on equity (%)	11.3	6.2	5.1
Cost/income ratio in operating business (%)	83.8	89.1	-5.3

The Private Customers segment profited in the first half of the current year from the systematic implementation of the strategy in the various business areas. Average assets under management – deposits, loans and securities – increased by €9bn to €272bn year-on-year. With almost 140,000 net new customers, the Private Customer business enjoyed very strong customer growth. This pleasing trend thus continued in the first half of the year. In addition to new branch models being piloted at the start of this year, the focus has been on the implementation of the digital strategy. A new online banking platform and apps for mobile devices such as smartphones and tablet PCs offer our customers flexible access to our products and services and have been very well received. The measures represent key milestones on the way to becoming a modern multi-channel bank. Operating profit rose by €104m to €227m in the period under review.

Income before loan loss provisions increased by €22m in the first six months of the current year to €1,719m.

With regard to net interest income, targeted interest rate management on the liabilities side in previous quarters in response to the worsening low interest rate environment led to a significant improvement in the interest margin.

In addition, growth in the volume of low-interest and interest-free deposits had a positive impact on margins. Demand for retail mortgage financing also continued to increase, with new business volumes growing by around 25% year-on-year. Net interest income increased by €55m to €929m compared with the first half of the previous year. The reorganisation of the securities business early in the second half of the previous year led to a shift from transaction-dependent to portfolio-volume-based commission income. The decline in revenues from the transaction-dependent securities business could not yet be compensated for. Overall, net commission income of €769m was generated in the first half of 2014.

Loan loss provisions for private customer business were €-52m in the first half of 2014, down €10m on the same period in 2013.

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Operating expenses fell by 4.8% to €1,440m, with the marked reduction in personnel expenses more than offsetting the slight increase in other operating costs due primarily to investment activity as a key element of our growth strategy.

The Private Customers segment therefore reported an increase of 84.6% in pre-tax profit to €227m in the first six months of this year, compared with €123m in the same period of 2013.

Mittelstandsbank

€m	1.1.–30.6.2014	1.1.–30.6.2013	Change in %/%-points
Income before provisions	1,455	1,422	2.3
Loan loss provisions	-199	-225	-11.6
Operating expenses	652	657	-0.8
Operating profit/loss	604	540	11.9
Average capital employed	6,741	5,866	14.9
Operating return on equity (%)	17.9	18.4	-0.5
Cost/income ratio in operating business (%)	44.8	46.2	-1.4

Against the backdrop of persistently difficult market conditions, the Mittelstandsbank segment posted an operating profit of €604m in the first half of 2014, compared with €540m in the prior-year period. The lending volume continued its pleasing trend, with domestic corporate customer business again growing faster than the market in the second quarter.

In the period under review, income before loan loss provisions came to €1,455m, 2.3% higher than the corresponding prior-year figure. At €886m, net interest income was at the same level as the corresponding period in 2013. While lending volumes increased in all divisions, with interest income rising as a result, the deposit business had a negative impact on net interest income despite higher volumes. At €538m, net commission income was 2.5% lower than in the prior-year period. Despite slight increases in certain areas, in particular payment transactions and documentary business, income from capital market products was down on the previous year.

Net trading income was €17m, compared with €-26m in the prior-year period. The rise was mainly due to positive remeasurement effects on counterparty risks in the derivatives business with our customers.

The operating return on equity based on average capital employed of €4.0bn was 11.3% (prior-year period: 6.2%). At 83.8%, the cost/income ratio was lower than in the first six months of 2013 (89.1%).

Net investment income for the reporting period was €9m, compared with €-21m in the same period of the previous year. The increase of €30m was primarily attributable to value adjustments in the previous year.

Loan loss provisions for the first six months of 2014 were €-199m, compared with €-225m in the same period of 2013. The decline is chiefly due to lower additional loan loss provisions for specific commitments.

At €652m, operating expenses were at the same level as the previous year's figure of €657m. A slight rise in personnel expenses and other operating expenses was offset by lower indirect costs.

All in all, the Mittelstandsbank segment generated pre-tax earnings of €604m in the first half of 2014, which represents an increase of 11.9% on the same period of the previous year.

The operating return on equity based on average capital employed of €6.7bn was 17.9% (prior-year period: 18.4%). The cost/income ratio was 44.8%, compared with 46.2% in the prior-year period.

Central & Eastern Europe

€m	1.1.–30.6.2014	1.1.–30.6.2013	Change in %/%-points
Income before provisions	458	380	20.5
Loan loss provisions	-59	-42	40.5
Operating expenses	217	209	3.8
Operating profit/loss	182	129	41.1
Average capital employed	1,569	1,688	-7.0
Operating return on equity (%)	23.2	15.3	7.9
Cost/income ratio in operating business (%)	47.4	55.0	-7.6

Since the merger of the previously separate brands of the BRE Bank Group, BRE Bank, Multibank and mBank, to form a “new” mBank in the second half of 2013, the Central & Eastern Europe (CEE) segment has been represented by the single mBank brand. CEE comprises the Group’s universal banking and direct banking activities in Central and Eastern Europe.

The brighter economic growth in Poland in the second half of 2013 continued in the first half of this year, while the interest rate environment remained stable. In the first six months of 2014 the segment generated an operating profit of €182m, compared with €129m in the prior-year period.

Income before loan loss provisions was €458m in the period under review, €78m higher than the figure for the first six months of 2013, despite several interest rate cuts at the end of the first half of 2013 to the current level of 2.50%. The positive trends, especially in net interest income and net commission income, can be

put down to active interest rate management, ongoing new customer acquisition (123,000 net new customers in the first half of 2014) and the better economic environment in Poland.

Loan loss provisions rose by €17m year-on-year to €-59m; the first half of 2013 had benefited from the positive effects of reversals.

Operating expenses at €217m were €8m higher than the prior-year figure. The increase reflects the greater focus on projects and advertising measures in connection with the One Bank strategy.

The Central & Eastern Europe segment reported a pre-tax profit of €182m in the first six months of the year, compared with €129m in the same period of 2013.

The operating return on equity based on average capital employed of €1.6bn was 23.2% (prior-year period: 15.3%). The cost/income ratio improved to 47.4%, compared with 55.0% in the prior-year period.

Corporates & Markets

€m	1.1.–30.6.2014	1.1.–30.6.2013	Change in %/%-points
Income before provisions	1,048	1,153	-9.1
Loan loss provisions	14	45	-68.9
Operating expenses	660	672	-1.8
Operating profit/loss	402	526	-23.6
Average capital employed	4,375	3,270	33.8
Operating return on equity (%)	18.4	32.2	-13.8
Cost/income ratio in operating business (%)	63.0	58.3	4.7

The first half of 2014 was challenging due to a still difficult capital market environment characterised by extremely low volatility and weak trading revenues in fixed income securities, with the Fixed Income & Currencies (FIC) business particularly hard hit. At the same time, low interest rates coupled with stable equity markets led to a positive business performance, particularly in Equity Markets & Commodities (EMC).

After an extraordinarily strong previous year’s result of €526m, Corporates & Markets generated an operating profit of €402m in the first six months of 2014. The profit figure includes both a positive measurement effect from counterparty risks of €36m and a negative effect from the measurement of own liabilities of €-32m (net effect of €4m), compared with a positive contribution of €21m last year. In Corporate Finance, the primary market bonds and

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syndicated loans business made a significant contribution to the division. In addition, the revitalisation of primary market business could contribute positively in the share sector. The EMC division continued to benefit from high demand for structured investment solutions from institutional investors and sales of investment products to private investors. Income in the FIC division – excluding measurement effects from own liabilities and counterparty risks in derivatives business – reflected the still difficult market conditions, however, in view of low interest rates and lower volatility leading to significantly weaker income compared with the previous year. Credit trading business only partially made up for the general weakness of earnings in trading currencies and interest rate products compared to the previous year. Income in Credit Portfolio Management, which is responsible for managing and optimising the credit portfolios and counterparty risk, was down year-on-year in the first six months of the current year due to a lower contribution from the structured credit legacy portfolio in the second quarter.

Income before loan loss provisions in the first half of the year was €1,048m, a fall of €105m from the prior-year period. Adjusted

for measurement effects, the change compared to the first six months of 2013 was €–88m. While net interest and trading income was down €48m year-on-year at €871m, net commission income (€177m) remained at the prior-year level.

Net reversals were again reported for loan loss provisions for the first six months of 2014. At €14m these were less than in the same period of the previous year (€45m).

Operating expenses were down €12m on the corresponding prior-year figure at €660m, producing a pre-tax profit of €402m (prior-year period: €526m).

The operating return on equity based on average capital employed of €4.4bn fell – partly in connection with Basel 3 effects – to 18.4% (prior year: 32.2%). The cost/income ratio was 63.0%, compared with 58.3% in the previous year. Adjusted for the effects of measurement of own liabilities and counterparty risks in derivatives business, the operating return on equity would be 18.2% (prior year: 30.9%). The adjusted cost/income ratio would be 63.2%, compared with 59.4% a year earlier.

Non-Core Assets

€m	1.1.–30.6.2014	1.1.–30.6.2013	Change in %/%-points
Income before provisions	8	227	–96.5
Loan loss provisions	–199	–522	–61.9
Operating expenses	164	178	–7.9
Operating profit/loss	–355	–473	–24.9
Average capital employed	8,003	9,854	–18.8
Operating return on equity (%)	–8.9	–9.6	0.7
Cost/income ratio in operating business (%)	.	78.4	.

In the first six months of 2014 the non-strategic Non-Core Assets (NCA) segment posted a negative operating result of €–355m. The operating loss was €118m lower than in the same period of the previous year. Boosted by high-volume portfolio sales, the reduction of on-balance sheet assets and improvement of the risk profile is continuing in all sub-segments. Around €5.1bn of the roughly €10bn reduction in exposure at default in the second quarter is attributable to sales of commercial real estate financing portfolios in Spain, Japan and Portugal. Overall there have been no significant changes to the underlying conditions in the three NCA divisions. Unconventional central bank measures have led investors to step up their hunt for yield, resulting in continued strong demand for commercial real estate and further driving down risk premiums on government bonds issued by European periphery countries. The situation on the international shipping markets remains unchanged in most market segments, however, with no signs of sustainable recovery.

Various opposing effects meant that income before loan loss provisions of just €8m was generated in the period under review, compared with €227m in the prior-year period. The charges from the portfolio sales resulted in a net interest loss of €–50m compared with €352m in the prior-year period. Net commission income fell by 73.0% to €10m due to the downsized portfolio. Net trading income of €100m (previous year: €–20m) largely reflected regular fluctuations in results over the quarter from the measurement of derivatives in accordance with IAS 39 and the measurement of counterparty risks. Net investment income remained negative at €–68m, due largely to effects from the intra-Group sales of public finance portfolios to Treasury in the first quarter of 2014. The prior-year figure of €–149m reflected write-downs on securities classified as loans and receivables.

Contrary to net interest income, loan loss provisions benefited through reversals of write-downs resulting from the portfolio sales. Provisions for loan losses amounted overall to €–199m, compared with €–522m in the same period of the previous year. Even exclud-

ing this one-off effect, provisioning fell significantly due to lower additions to problem loans. Operating expenses in the first six months of the year were €164m, a fall of €14m year-on-year. In the first half of 2014, the NCA segment reported an overall pre-tax loss of €-355m (prior-year period: €-473m).

Average capital employed amounted to €8.0bn, compared with €9.9bn in the prior-year period. The reduction of the public finance portfolio and the significantly improved risk situation in the Non-Core Assets segment enabled us to reallocate some €1.5bn of the EBA Sovereign Buffer to Others and Consolidation in the first quarter.

Others and Consolidation

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

An operating result of €-479m was recorded for the first half of 2014, compared with €-307m in the prior-year period. This decrease of €172m was due to the performance of Group Treasury, which was unable to repeat the very good result achieved in the previous year, and also to overarching Group matters and one-off effects. These include the effect of the first-time application of the CVA/DVA concept in the first half of the previous year and net new provisions in respect of litigation risks. Others and Consolidation recorded a pre-tax loss of €-479m for the first half of 2014, compared with a loss of €-800m in the first half of 2013. The prior-year result included restructuring expense of €493m.

Outlook and opportunities report

Future economic situation

The global economy is likely to pick up again in the second half of the year. Average growth for the year will be just over 3%, however, only slightly higher than the 2.9% recorded in 2013. The economies of industrialised countries in particular should see a return to somewhat stronger growth in the second half of the year. US growth is set to stabilise at 3% again. The correction on the real estate market has been completed, private households have reduced their debts to a level that is sustainable over the long term, and the government is not planning any further spending cuts or tax increases that might further curb growth. Despite an improved second six months, however, the US economy will only grow by an average of 1.5% in 2014, slower than the rate of 1.9% achieved in 2013. This is unlikely to dissuade the US Federal Reserve from raising its key interest rate for the first time early in 2015, though, as the economic setback at the start of the year had scarcely any impact on the labour market. Unemployment is likely to have fallen to 5.5% by the end of the year. From the Fed's point of view, a further drop in unemployment could increase the risk of inflation moving above its target value of 2% in the medium term.

The eurozone is still a long way from this point. Its economy is set to grow by 1.25% year-on-year in the second half of 2014, only slightly faster than in the first six months of the year. Average growth for 2014 as a whole is therefore set to be just 1%. Unlike the US, many eurozone countries have not yet corrected past excesses relating to the real estate market and debt. France is now also experiencing similar problems to the crisis countries. As Germany does not have these limiting factors, its economy should continue to outperform the eurozone average. Given the very modest economic recovery and the fact that inflation remains very low, the ECB is likely to keep interest rates extremely low for a long time. If, contrary to our expectations, inflation continues to fall, further ECB measures such as large-scale bond purchases cannot be ruled out.

Although emerging market economies will probably continue to grow faster than those in industrialised countries, unlike in the latter there will be no increase in momentum in the second half of the year. This is because some countries have tightened monetary policy to prevent their local currency coming under heavier pressure in light of Fed tapering. This trend is set to continue in the coming months, offsetting most of the positive effect of improving economies in industrialised countries.

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Even though a number of central banks in industrialised countries are preparing to reverse monetary policy, overall these economies will remain highly expansive for the time being. As a knock-on, the hunt for yield is also set to continue on the capital markets, benefiting, as before, riskier forms of investment such as equities. Yields on top-quality government bonds are likely to increase, though this will be more pronounced with US Treasuries than German Bunds because of divergent trends in monetary policy either side of the Atlantic. This is likely to leave its mark on the Euro/US dollar exchange rate, too, with the euro expected to depreciate considerably against the greenback in the medium term.

Future situation in the banking sector

Our outlook for the future situation in the banking sector has scarcely changed since the last interim report. After brightening considerably in the previous year, the banking environment on the capital markets and in the real economy remained surprisingly robust on the whole in the first half of 2014 – despite new geopolitical tensions and the fact that the global economy has recently lost some of its momentum. Almost all major asset classes and financial markets ended the half-year with strong profits in some areas coupled with very low volatility. There was strong growth in acquisition and IPO business in the corporate sector, while the number of corporate insolvencies in Germany fell to its lowest level since 1999. The general suspicion that still weighed on bank balance sheets in 2013 has now eased somewhat. It is still too soon to sound the all-clear, however, since the euro crisis – with its complex interplay between government debt and financial and structural factors – is not so easily overcome and the eurozone's recovery in real economic terms will be slow. The European and global economies remain highly susceptible, while the international financial arena is now more prone to setbacks.

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

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

The pressure on the banking sector has strengthened as a result of regulation, structural transformation and competition, and this will be even more difficult to deal with because major profit drivers of the past, such as high economic and lending growth and a sharp decline in credit default rates, will be significantly less evident. This year and next, corporate investment should gradually start boosting domestic credit demand, but increased use of internal and alternative external funding sources is impeding a strong revival in lending to corporate customers. In any event, the expected revival in German foreign trade will be positive for corporate customer business. In private customer business, given customers' constant preference for low-commission, highly liquid forms of investment, net commission income will grow only slightly, especially as the outlook for additional price gains on the equity markets is shrouded in growing uncertainty and the bond markets face price falls. Impulses for the sector are coming from employment, which is at an all-time high, and the still good prospects for real estate lending business. Historically low interest rates, together with increasing price sensitivity on the part of customers and tougher competition from online banks and Internet groups with banking licences, are a fundamental hindrance to the expansion of earnings potential. All in all, over the next six months we do not expect the profits of eurozone banks to do much more than continue bottoming out.

The outlook for banking in our second core market, Poland, remains better than in the eurozone. The Polish economy will grow faster in the next two years than in 2013, while the size of the domestic market and the recovery of the labour market make the country an attractive place to invest and sell goods.

In general, the financial crisis will continue to leave its mark in the shape of still relatively low interest rates, moderate growth in lending, and caution and a preference for cash among customers. Against this background, competition in the national banking market will intensify further, both in respect of deposits, which are the main way of refinancing independently of the interbank market, and as regards internationally active corporate customers and German SMEs. For the time being, however, there will be no change in Germany's market structure, which is fragmented and in some cases also characterised by overcapacities.

Financial outlook for the Commerzbank Group

Planned financing measures

Commerzbank forecasts a much lower capital market funding requirement for the coming years. The Bank is able to issue mortgage Pfandbriefe, public-sector Pfandbriefe and structured covered bonds secured by SME loans. These secured funding instruments in particular give us stable access to long-term funding with cost advantages compared with unsecured sources of funding. Such issues are thus a key element of Commerzbank's funding mix. Commerzbank intends to launch unsecured capital market issues in the future as well: mainly private placements to meet demand from customers, and where necessary to further diversify the Bank's funding base. Hypothekbank Frankfurt AG will again have no funding requirements on the capital market in 2014 because of the reduction strategy it has adopted. By regularly reviewing and adjusting the assumptions used for liquidity management and the long-term funding requirement, Commerzbank will continue to respond actively to changes in the market environment and business performance in order to secure a comfortable liquidity cushion and an appropriate funding structure.

Planned investments

The Bank's investment plans have not changed significantly in the first six months of 2014 from the plans set out on pages 92 and 93 of the Annual Report 2013.

Anticipated liquidity trends

In the period under review the eurozone money and capital markets were characterised by the monetary policy measures implemented by the ECB to support the economic recovery in the eurozone. At its meeting of 5 June 2014, the ECB agreed a reduction in key interest rates and the introduction of new long-term tenders.

After a further decline in the short term, larger volumes of liquidity were made available to the money market again through the suspension of the liquidity-absorbing fine-tuning operations. As a result, ECB excess liquidity rose from around €107bn as at 31 March 2014 to just under €170bn as at 30 June 2014. The increase in excess liquidity, the introduction of negative interest rates for deposits for the first time and the planned launch of further long-term tenders have led to a fall in interest rates on the money and capital markets. We initially expect the overnight interest rate to fluctuate around 0% over the rest of the year, possibly even moving into negative territory from time to time. Towards the end of the year, interest rate trends on the money and capital markets will largely be driven by how much liquidity is requested from the banks following the launch of the new long-term tenders in September and December 2014.

The large volume of government bonds from GIIPS countries has so far been funded without any problems. Combined with investment pressure on the part of investors and the hunt for yield, this has resulted in GIIPS credit spreads continuing to flatten out in the second quarter of 2014. The implementation of other regulatory measures such as the liquidity coverage ratio (LCR) and the leverage ratio will continue to affect the markets. For example, funding costs for collateral that generates an LCR outflow have generally become more expensive relative to LCR-eligible securities, and a bilateral repo market has also developed in recent months for more intensive trading in these collateral up/downgrades.

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

The Bank holds a liquidity reserve to provide a cushion against unexpected outflows of cash, made up of highly liquid assets that can be discounted at central banks. Our business planning is done such that a liquidity cushion can be maintained commensurate with the prevailing market conditions and related uncertainties. This is supported by the Bank's stable franchise in private and corporate customer business and its continued access to secured and unsecured loans in the money and capital markets.

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Anticipated performance of Commerzbank Group

2014 has so far been largely in line with our statements on the anticipated performance of Commerzbank Group for 2014 as a whole that we made at the end of 2013.

As we move along the path that should lead to sustainable higher profitability by 2016, we are increasingly seeing successes from the growth initiatives launched by the Core Bank segments. This is evident for example in the growth in customer business compared to the previous year, an indication that Commerzbank is outperforming the banking market. This is taking place against the backdrop of almost unchanged conditions for banking business, with low interest rates and low investment activity continuing to leave their mark on earnings performance. The expected economic upturn in Germany and Europe also appears to be insufficiently robust. The extent of the upward trend is also dependent on the stability of the geopolitical situation, which could be threatened by current events on the eastern edge of Europe. Overall, Commerzbank remains cautiously optimistic for the rest of the year. In the absence of unexpectedly large fluctuations in the economic, capital market and regulatory environment, we still anticipate that both profitability and regulatory capital ratios will improve year on year.

We expect credit growth in excess of the market, especially in private real estate and SME financing, plus changed deposit terms, to boost net interest income in the Core Bank. By contrast, compared with the previous year, profit in the Non-Core Assets segment is weakening significantly due to the reduction of the portfolio and a major negative one-off effect in connection with the sales of CRE portfolios in the second quarter. The flat yield curve also means there will be no sustainable recovery in income from asset-liability management for the foreseeable future. Netting out the opposing effects and excluding interest from trading transactions, we anticipate a slight reduction in net interest income for the current year at Group level.

With regard to net commission income we expect to see a further stabilisation of customer activity, particularly in securities transactions with private customers, due to the changes made to the advisory approach over the course of the year. Our focus is on increasing portfolio-volume-based commission. We can not exclude a slight drop in net commission income for the year as a whole due to lower transaction-dependent revenues and still modest capital market products business in Mittelstandsbank as well as due to uncertainties concerning the geopolitical environment.

It is highly problematical to forecast trading income trends because of the unpredictability of developments on the global financial markets.

Loan loss provisions are likely to be noticeably lower in 2014 than in the previous year. At the Core Bank there will be no repetition of the extent of net reversals seen at Corporates & Markets in 2013, so normalisation is likely here. By contrast, a much lower loan loss provision charge is expected in the NCA segment compared with 2013, thanks in particular to the marked reduction in the commercial real estate financing portfolio. This will be complemented by a positive one-off effect in connection with the portfolio sales. We remain cautious with regard to ship financing, expect however loan loss provisions to remain slightly below the previous year in this sector. We see no overall improvement in the difficult framework conditions before the end of the year.

Despite the significant cost increases associated with implementing regulatory requirements, and the need to invest in order to boost future profitability, ongoing strict cost management will keep administrative expenses below €7.0bn.

The overall statement on the anticipated performance in 2014 as a whole still assumes that the economic and capital market environment will remain challenging. Given the progress already made in implementing the strategic agenda, Commerzbank is still forecasting a significant improvement in consolidated profit overall, both pre-tax and after tax.

We are aiming to further improve our capital base in the current year as part of our stated goal to achieve a Basel 3 core capital ratio of more than 10% by the end of 2016. Temporary deviations from the target path cannot be ruled out due to the ECB's comprehensive assessment, which includes a stress test. At the present time, however, we do not expect this comprehensive assessment to have any material impact on our forecast.

Report on events after the reporting period

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

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Risk-oriented overall bank management

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

Risk management organisation

Commerzbank regards risk management as a task for the whole bank. The Chief Risk Officer (CRO) is responsible for developing and implementing the Group's risk policy guidelines for quantifiable risks laid down by the Board of Managing Directors as well as for their measurement. 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.

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

The organisation of Commerzbank's risk management is presented in detail in the Annual Report 2013.

Risk-bearing capacity and stress testing

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

Commerzbank monitors risk-bearing capacity using a gone concern approach which seeks primarily to protect unsubordinated lenders. This objective should be achieved even in the event of extraordinarily high losses from an unlikely extreme event. The gone concern analysis is supplemented by elements aimed at ensuring the institution's continuing existence (going concern perspective). In addition, risk-bearing capacity is

assessed using macroeconomic stress scenarios. The Annual Report 2013 and Interim Report for the first quarter of 2014 provide further details on the methodology used.

The risk-bearing capacity ratio has increased by 7 percentage points to 186% compared with the year-end 2013.

Risk-bearing capacity Group €bn	30.6.2014	31.12.2013
Economic risk coverage potential¹	29	29
Economically required capital²	16	16
thereof for default risk	11	12
thereof for market risk	3	4
thereof for operational risk	2	2
thereof diversification between risk types	-2	-2
RBC ratio³	186%	179%

¹ Business risk is considered as a deductible amount in risk coverage potential.

² Including property value change risk, risk of unlisted investments and risk buffer.

³ RBC ratio = economic risk coverage potential/economically required capital.

Commerzbank is taking part in the 2014 EU-wide stress test, which is conducted by the European Banking Authority (EBA) in cooperation with the ECB and national supervisory authorities. The aim of this stress test is, in particular, to analyse the resilience of the European banking sector in a stressed market environment. The results of the stress test are likely to be published in the fourth quarter of 2014.

Default risk

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

Commerzbank Group

Credit risk parameters To manage and limit default risks in the Commerzbank Group, we use the following risk parameters among others: exposure at default (EaD)¹, 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), risk-weighted assets and "all-in" for bulk risk. The credit risk parameters in the Commerzbank Group are distributed in the rating levels 1.0 to 5.8 as follows over the Core Bank and Non-Core Assets:

¹ 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 securities, the nominal is reported as EaD.

Credit risk parameters as at 30.6.2014	Exposure at default €bn	Expected loss €m	Risk density bp	CVaR €m
Core Bank	348	954	27	7,675
Non-Core Assets	85	575	68	3,822
Group	433	1,529	35	11,496

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

Rating breakdown as at 30.6.2014 EaD %	1.0–1.8	2.0–2.8	3.0–3.8	4.0–4.8	5.0–5.8
Core Bank	32	49	14	4	2
Non-Core Assets	28	43	17	8	4
Group	31	47	15	4	2

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 6% to North America. The rest is broadly diversified and is split among a large number of countries where we serve German exporters in particular or where Commerzbank has a local presence. In view of the current developments in Ukraine, the Ukraine and Russia exposures are currently a particular focus of risk management. As at the end of June 2014, the Russia exposure amounted to €5.4bn and the Ukraine exposure to €0.1bn. The expected loss of the portfolio is mainly distributed to Germany and Western Europe. A main driver of the expected loss in the region "Other" is ship finance.

Loan loss provisions €m	2014			2013					
	Q1-Q2	Q2	Q1	Total	Q4	Q3	Q1-Q2	Q2	Q1
Core Bank	296	192	104	665	134	249	282	190	92
Non-Core Assets	199	65	134	1,082	317	243	522	347	175
Group	495	257	238	1,747	451	492	804	537	267

For 2014 we expect loan loss provisions for the Group to be noticeably below the 2013 level.

However, should there be an unexpected massive economic downturn, for instance due to the impact of a negative development of the crisis in Ukraine, significantly higher loan loss provisions may become necessary under certain circumstances.

Group portfolio by region as at 30.6.2014	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	220	554	25
Western Europe	102	315	31
Central and Eastern Europe	40	219	54
North America	25	29	12
Other	45	411	91
Group	433	1,529	35

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

EaD ¹ €bn	30.6.2014					31.12.2013
	Sove-reign ²	Banks	CRE	Corpo-rates/ Other	Total	Total
Greece	0.0	0.1	0.1	0.1	0.4	0.3
Ireland	0.0	0.5	0.0	1.0	1.5	1.7
Italy	9.4	0.6	1.4	2.1	13.5	13.7
Portugal	0.9	0.4	1.1	0.2	2.7	2.8
Spain	3.0	3.6	0.1	2.3	8.9	11.3

¹ Excluding exposure from ship finance.

² Including sub-sovereigns.

Loan loss provisions The loan loss provisions relating to the Group's credit business amounted to €495m in the first half of 2014 and thus were more than €300m below the previous year's figure of €804m. Write-downs on securities are not considered as risk provisions but as income from financial assets. Note (5) of the interim financial statements gives further details on this.

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Default portfolio The default volume of the Group fell by €2.6bn compared with December 2013 and stood at €12.9bn as at the reporting date. This reduction was largely due to successful restructuring measures in the NCA segment; for example, the sale

of the real estate financing portfolio in Spain resulted in a net reduction of €2.4bn. In the Core Bank as well, the default volume was reduced by €0.3bn.

The following table shows defaulted claims in the category LaR.

Default portfolio category LaR €m	30.6.2014			31.12.2013		
	Group	Core Bank	NCA	Group	Core Bank	NCA
Default volume	12,917	5,743	7,174	15,563	6,024	9,540
Loan loss provisions	5,225	2,970	2,255	6,241	3,066	3,175
GLLP	841	540	302	933	523	410
Collaterals	6,276	1,427	4,849	7,407	1,308	6,100
Coverage ratio excluding GLLP (%) ¹	89	77	99	88	73	97
Coverage ratio including GLLP (%) ¹	96	86	103	94	81	102
NPL ratio (%) ²	2.9	1.6	7.8	3.5	1.8	8.2

¹ Coverage ratio: total loan loss provisions, collateral (and GLLP) as a proportion of the default volume.

² NPL ratio: default volume (non-performing loans – NPL) as a proportion of total exposure (EaD including NPL).

Core Bank

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

Credit risk parameters The Core Bank's exposure in the rating classes 1.0 to 5.8 rose to €348bn as at 30 June 2014 (31 December 2013: €323bn), risk density decreased from 29 to 27 basis points.

Credit risk parameters as at 30.6.2014	Exposure at default €bn	Expected loss €m	Risk density bp	CVaR €m
Private Customers	86	200	23	961
Mittelstandsbank	126	389	31	3,487
Central & Eastern Europe	25	148	59	639
Corporates & Markets	65	177	27	1,745
Others and Consolidation ¹	46	39	9	843
Core Bank	348	954	27	7,675

¹ Mainly Treasury positions.

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

Rating breakdown as at 30.6.2014 EaD %	1.0–1.8	2.0–2.8	3.0–3.8	4.0–4.8	5.0–5.8
Private Customers	32	48	16	3	2
Mittelstandsbank	13	60	20	5	2
Central & Eastern Europe	4	61	22	10	3
Corporates & Markets	52	38	7	1	2
Core Bank¹	32	49	14	4	2

¹ Including Others and Consolidation.

Loan loss provisions The Core Bank's loan loss provisions amounted to €296m in the first half of 2014 and thus remained at a low level.

Loan loss provisions €m	2014			2013					
	Q1-Q2	Q2	Q1	Total	Q4	Q3	Q1-Q2	Q2	Q1
Private Customers	52	16	36	108	15	31	62	27	35
Mittelstandsbank	199	142	57	470	139	106	225	147	78
Central & Eastern Europe	59	38	21	119	36	41	42	36	6
Corporates & Markets	-14	-5	-9	-57	-55	43	-45	-19	-26
Others and Consolidation	0	1	-1	25	-1	28	-2	-1	-1
Core Bank	296	192	104	665	134	249	282	190	92

Default portfolio The default portfolio benefited from outflows due to successful restructurings and repayments, especially in the segments Private Customers and Corporates & Markets.

Default portfolio Core Bank €m	30.6.2014	31.12.2013
Default volume	5,743	6,024
Loan loss provisions	2,970	3,066
GLLP	540	523
Collaterals	1,427	1,308
Coverage ratios excluding GLLP (%)	77	73
Coverage ratios including GLLP (%)	86	81
NPL ratio (%)	1.6	1.8

Private Customers

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

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

Credit risk parameters as at 30.6.2014	Exposure at default €bn	Expected loss €m	Risk density bp
Residential mortgage loans	49	96	20
Investment properties	5	9	18
Individual loans	12	40	33
Consumer and instalment loans/credit cards	10	32	34
Domestic subsidiaries	4	8	19
Foreign subsidiaries and other	6	15	25
Private Customers	86	200	23

We meet the financing needs of our customers with a broad and modern product range. The focus of the portfolio is on traditional owner-occupied home financing and the financing of real estate capital investments (residential mortgage loans and investment properties with a total EaD of €54bn). We provide our business customers with credit in the form of individual loans with a volume of €12bn. In addition, we meet our customers' day-to-day demand for credit with consumer loans (consumer and instalment loans, credit cards to a total of €10bn).

There was continued growth in the private customer business, particularly in residential mortgage loans, in the second quarter. Risk density was reduced by 2 basis points to 23 basis points compared to year-end 2013.

The loan loss provisions relating to the Group's private customer business in the first half of 2014 amounted to €52m and thus continued to be at a low level.

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The default portfolio in the Private Customers segment was reduced by around €121m in the first half of 2014.

Default portfolio Private Customers €m	30.6.2014	31.12.2013
Default volume	822	943
Loan loss provisions	268	311
GLLP	124	121
Collaterals	404	445
Coverage ratios excluding GLLP (%)	82	80
Coverage ratios including GLLP (%)	97	93
NPL ratio (%)	0.9	1.1

Mittelstandsbank

This segment comprises all the Group's activities with mainly mid-size corporate customers, the public sector and institutional customers, where they are not assigned to other segments. The segment is also responsible for the Group's relationships with banks and financial institutions in Germany and abroad, as well as with central banks. We are seeking further growth in German corporate customers and international corporate customers connected to Germany through their core business. Thus we are investing in certain new markets. The risk appetite is oriented towards the assessment of the relevant sector, but also towards a company's economic and competitive conditions. For each and every exposure, we analyse the future viability of the company's business model, its strategic direction and its creditworthiness.

Credit risk parameters as at 30.6.2014	Exposure at default €bn	Expected loss €m	Risk density bp
Corporates Domestic	82	260	32
Corporates International	17	45	27
Financial Institutions	27	85	32
Mittelstandsbank	126	389	31

The credit volume has increased in the first half, particularly as a result of the credit initiative initiated by Mittelstandsbank. Thus the EaD in the Mittelstandsbank segment was increased by 6bn to €126bn. The economic environment in Germany remains stable, and this is reflected in the Corporates Domestic sub-portfolio's risk parameters, which remain good. The risk density in this area was at a comparatively low 32 basis points as at 30 June 2014. In Corporates International, EaD totalled €17bn as at 30 June 2014, and risk density was 27 basis points. For details of developments in the Financial Institutions portfolio please see page 32.

In the Mittelstandsbank, loan loss provisions fell by €26m year on year and stood at €199m in the reporting period.

The default portfolio of Mittelstandsbank was nearly unchanged in the first half of 2014.

Default portfolio Mittelstandsbank €m	30.6.2014	31.12.2013
Default volume	2,646	2,655
Loan loss provisions	1,462	1,487
GLLP	280	265
Collaterals	437	387
Coverage ratios excluding GLLP (%)	72	71
Coverage ratios including GLLP (%)	82	81
NPL ratio (%)	2.1	2.2

Central & Eastern Europe

The Central & Eastern Europe segment comprises almost exclusively the operations of mBank in Poland, Commerzbank's second core market. The mBank Group's main areas of business are the private customer business, especially through the direct bank units in Poland, the Czech Republic and Slovakia, and the corporate customers business. mBank offers its corporate customers a broad range of modern products ranging from corporate finance and corporate treasury sales to leasing and factoring services. The Central & Eastern Europe segment's strategic focus lies on organic growth of business with Polish small and medium-sized companies as well as private customers in mBank's core markets.

Credit risk parameters as at 30.6.2014	Exposure at default €bn	Expected loss €m	Risk density bp
Central & Eastern Europe	25	148	59

The economic recovery that began in the second half of 2013 has been consolidated in 2014 to date. In addition to the monetary easing, we believe there is scope on the fiscal side, which should further stimulate domestic demand. The recessionary trends in Russia and Ukraine have not had a noticeably detrimental effect on exports. No inflationary pressures are anticipated in the foreseeable future.

Risk density in the Central & Eastern Europe segment increased by 6 to 59 basis points compared with year-end 2013.

In the first half of 2014, loan loss provisions stood at the expected level of €59m despite a slight rise. The previous year's result was impacted by one-off reversals from successful restructurings, which did not occur to the same extent in the reporting period.

The default volume increased by €61m compared with year-end 2013.

Default portfolio Central & Eastern Europe €m	30.6.2014	31.12.2013
Default volume	1,187	1,126
Loan loss provisions	567	517
GLLP	73	71
Collaterals	570	463
Coverage ratios excluding GLLP (%)	96	87
Coverage ratios including GLLP (%)	102	93
NPL ratio (%)	4.5	4.0

Corporates & Markets

This segment covers client-driven capital market activities (Markets) and commercial business with multinationals, institutional clients and selected large corporate customers (Corporates) of Commerzbank Group.

The regional focus of our activities in this segment is on Germany and Western Europe, which account for just under three-quarters of the exposure. North America accounted for around 14% at the end of June 2014. EaD as at the end of June 2014 was €65bn, around €7bn above the figure as at the end of December 2013.

Credit risk parameters as at 30.6.2014	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	22	82	37
Western Europe	25	66	26
Central and Eastern Europe	2	5	33
North America	9	15	16
Other	7	9	12
Corporates & Markets	65	177	27

Corporates & Markets provides its customers with long-term support in all financial matters, especially through its underwriting and issuances services (e.g. of equities, bonds, or syndicated loans). Stringent guidelines and defined limits keep the

underwriting risk for all product types under control. The positions that remain on the Bank's books through its activity as lead arranger or market maker are closely monitored from market and credit risk perspectives as well as at counterparty and portfolio level.

There is also a focus on close monitoring of counterparties (such as banks and broker dealers) in critical countries, particularly in terms of backed trading activities. The aim is to continue supporting our customers in these countries and to focus on supporting highly flexible business (for example, overnight). The strategy of Corporates & Markets with large corporates in these critical countries remains unchanged.

On the basis of our updated credit risk strategy, selective new business (buildup of the securitisations portfolio) was initiated in the first half of 2014. In the second quarter, the first investments were carried out based on comprehensive market and performance analyses. New business is planned in the asset classes consumer (auto) ABS, RMBS, CMBS and CLO. During the financial crisis, in particular CLO and (auto) ABS remained stable in terms of structure and performance. In general, we invest in bonds of senior tranches of securitisation transactions, the structures of which showed before, during and after the crisis low losses or a moderate risk profile. We take into consideration the development of the macroeconomic environment of the portfolios when we decide on new business as well as in the case of monitoring and prolongation of this portfolio.

In contrast, the nominal volume of the structured credit sub-portfolio decreased by €0.7bn to €6.5bn, and risk values¹ fell by €0.5bn to €2.6bn during the first half of 2014. The decrease was mainly the result of amortisations and unplanned repayments. A large part of the structured credit portfolio is still made up of Further structured credit exposure, which mainly comprises total return swap positions, and CDOs, which largely securitise US subprime RMBSs (CDOs of ABSs) and corporate loans in the USA and Europe (CLOs). RMBSs are instruments that securitise private, largely European, real estate loans.

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

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Structured credit portfolio	30.6.2014			31.12.2013		
	Nominal values €bn	Risk values €bn	Markdown ratio ¹ %	Nominal values €bn	Risk values €bn	Markdown ratio ¹ %
RMBS	1.0	0.7	29	1.3	1.0	26
CMBS	0.1	0.1	49	0.1	0.1	45
CDO	2.1	1.2	43	2.4	1.4	42
Other ABS	0.8	0.6	16	0.8	0.7	17
Further structured credit exposure	2.5	0.0		2.5	0.0	
Total	6.5	2.6		7.2	3.1	

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

In the Corporates & Markets segment a net release of €14m in loan loss provisions was booked in the first half of 2014 after a net release of €45m in the first half of 2013. Loan loss provisions in the Corporates & Markets segment are generally influenced by movements in individual exposures.

The Corporates & Markets default portfolio was reduced by €213m. This represents a very significant reduction, also attributable to successful restructuring measures and repayments.

Default portfolio Corporates & Markets €m	30.6.2014	31.12.2013
Default volume	1,010	1,223
Loan loss provisions	644	722
GLLP	62	64
Collaterals	16	14
Coverage ratios excluding GLLP (%)	65	60
Coverage ratios including GLLP (%)	72	65
NPL ratio (%)	1.5	2.0

Non-Core Assets

Commercial Real Estate (CRE), Deutsche Schiffsbank (DSB) and Public Finance are bundled in the Non-Core Assets run-off segment. The intention is that all these portfolios should be completely wound down over time.

Exposure at default for the segment in the performing loan book totalled €85bn as at 30 June 2014, which is €22bn less than at the end of 2013.

Credit risk parameters as at 30.6.2014	Exposure at Default €bn	Expected loss €m	Risk density bp	CVaR €m
Commercial Real Estate	21	120	57	
Deutsche Schiffsbank	9	340	363	
Public Finance	55	116	21	
Non-Core Assets	85	575	68	3,822

Loan loss provisions €m	2014				2013				
	Q1-Q2	Q2	Q1	Total	Q4	Q3	Q1-Q2	Q2	Q1
Commercial Real Estate	-10	-72	62	491	139	73	278	240	38
Deutsche Schiffsbank	210	137	74	596	177	170	248	110	138
Public Finance	-2	0	-2	-5	0	0	-5	-3	-2
Non-Core Assets	199	65	134	1,082	317	243	522	347	175

Loan loss provisions amounted to €199m in the first half of 2014 and therefore fell significantly compared with the first half of the previous year, with a decrease of €323m.

The default volume decreased by €2.4bn compared with year-end 2013. This decline was predominantly attributable to the Commercial Real Estate sub-segment.

Default portfolio NCA category LaR €m	30.6.2014	31.12.2013
Default volume	7,174	9,540
Loan loss provisions	2,255	3,175
GLLP	302	410
Collaterals	4,849	6,100
Coverage ratio excluding GLLP (%)	99	97
Coverage ratio including GLLP (%)	103	102
NPL ratio (%)	7.8	8.2

Commercial Real Estate

Holdings were reduced further in the first half of 2014, primarily at Hypothekbank Frankfurt AG. The EaD in the performing loan book decreased by €9bn to €21bn. The relative portfolio composition by type of uses remains unchanged. The main components of exposure are the sub-portfolios office (€7bn), retail (€7bn) and residential real estate (€4bn). The significant decline in exposure is predominantly attributable to the sale of the real estate financing portfolios in Spain and Japan as well as the sale of the default portfolio in Portugal. The sold loan portfolio, had a volume of €5.1bn in total. The sale resulted in the CRE portfolio being reduced by around 16% in total.

The transactions considerably improved the risk profile of the remaining CRE credit portfolio, because non-performing loans accounted for around €1.4bn of the €5.1bn. In addition, the volume of the CRE problem loans was reduced by around a third as a result of the transactions. At the same time, we have further reduced complexity with the complete withdrawal from Spain and Japan.

The indications from the economy, the CRE rental and investment markets and the capital markets tend to be positive. However, the momentum of the incipient recovery should not be overestimated. Due to the intensity of the recession that has just occurred and the sovereign debt crisis, which is still not completely resolved, the expected recovery will proceed more slowly than in previous cycles.

CRE portfolio by region EaD €bn	30.6.2014	31.12.2013
Germany	12	15
Western Europe	6	10
Central and Eastern Europe	2	3
North America	< 1	1
Other	< 1	1
Commercial Real Estate	21	30

A net release of loan loss provisions of €10m were booked in the Commercial Real Estate division in the first half of 2014. It comprises a net release of €112m due to portfolio transactions.

The default portfolio for Commercial Real Estate fell by €2bn against the end of the previous year due to successful downsizing measures.

Default portfolio CRE €m	30.6.2014	31.12.2013
Default volume	3,663	5,662
Loan loss provisions	967	1,882
GLLP	75	119
Collaterals	2,752	3,847
Coverage ratio excluding GLLP (%)	102	101
Coverage ratio including GLLP (%)	104	103
NPL ratio (%)	15.0	15.9

Deutsche Schiffsbank

Compared with 31 December 2013, exposure to ship finance in the performing loan book fell from €10.5bn to €9.4bn as a result of our asset reduction strategy.

Our portfolio is mainly made up of financings of the following three standard types of ship: containers (€4bn), tankers (€3bn) and bulkers (€2bn). The rest of the portfolio consists of various special tonnages which are well diversified across the various ship segments.

The first half of 2014 saw the markets for container ships, bulkers and tankers still dominated by excess capacity. Ship values, which had still improved slightly by the end of the first quarter of 2014, fell to the end-2013 level over the first half of 2014.

We do not expect an overall, lasting market recovery across the asset classes in 2014. In line with our strategy of reduction while preserving value, we are continuing to steadily reduce risks in this portfolio.

Risk provisions in the Deutsche Schiffsbank division stood at €210m in the first half of 2014, which was a fall of €38m year on year.

The default portfolio was reduced by €366m compared with year-end 2013.

Default portfolio DSB by ship type €m	30.6.2014				31.12.2013
	Container	Tanker	Bulker	Total	Total
Default volume	1,897	693	476	3,505	3,871
Loan loss provisions	725	233	125	1,286	1,291
GLLP	110	52	42	219	281
Collaterals	1,050	445	364	2,097	2,252
Coverage ratio excluding GLLP (%)	94	98	103	97	92
Coverage ratio including GLLP (%)	99	105	111	103	99
NPL ratio (%)	35.6	22.5	19.6	27.2	27.0

Public Finance

In its NCA segment, Commerzbank brings together a large part of its public finance business and secured and unsecured bond issues/loans from banks, held available particularly as substitute cover for Pfandbrief issues. The receivables and securities in the Public Finance portfolio are largely held in our subsidiaries Hypothekenbank Frankfurt, Hypothekenbank Frankfurt International and Erste Europäische Pfandbrief- und Kommunalkreditbank.

The borrowers in the Public Finance portfolio in NCA (€44bn EaD) are sovereigns, federal states, regions, cities and local authorities as well as supranational institutions. The main exposure is in Germany and Western Europe.

The remaining Public Finance portfolio in NCA is accounted for by banks (€11bn EaD), with the focus likewise on Germany and Western Europe. Most of the bank portfolio comprises securities and loans which to a large extent are covered by guarantee/maintenance obligations or other public guarantees, or were issued in the form of covered bonds.

The Public Finance division also includes the private finance initiative (PFI) portfolio. This business comprises the long-term financing of public sector facilities and services, such as hospitals and water utilities. Most of the PFI portfolio is secured, and in accordance with NCA strategy is set to be wound down over time in a value-preserving manner.

The Public Finance portfolio in NCA was further reduced by €11bn EaD in the second quarter of 2014. The reduction included the transfer of €9bn mainly German securities to Core Bank for liquidity management purposes. Besides, the reduction was achieved through active portfolio management and by contractual maturities.

With net reversals of €2m, loan loss provisions in Public Finance were unchanged compared with the same period in 2013. Write-downs on securities are not recognised in loan loss provisions but in net investment income.

The Public Finance default portfolio (€6m) remained nearly unchanged compared to year-end 2013.

Further portfolio analyses

The analyses below are independent of the existing segment allocation. The positions shown are already contained in full in the Group and segment presentations above.

Corporates portfolio by sector

A breakdown of the corporates exposure by sector is shown below:

Corporates portfolio by sector	30.6.2014			31.12.2013		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Energy/Environment	16	100	62	16	93	59
Consumption	12	41	35	13	43	33
Transport/Tourism	11	24	21	11	23	22
Wholesale	11	51	48	10	46	45
Basic materials/Metals	9	38	41	9	33	35
Mechanical engineering	9	22	25	8	19	25
Chemicals/Plastics	9	57	66	8	50	62
Technology/Electrical industry	8	27	33	8	28	34
Services/Media	8	28	34	8	29	38
Automotive	8	22	27	8	23	30
Construction	5	48	105	4	54	125
Pharma/Healthcare	4	8	22	4	6	18
Other	11	26	25	10	31	30
Total	121	493	41	117	480	41

Financial Institutions portfolio

In the first half of 2014 the focus for the Financial Institutions (FI) sub-portfolio continued to be on the reduction of risks, especially in public finance business. In taking on new business, we are selective and continue to give preference to clients with a good

credit rating. Here we would highlight the trade finance activities performed on behalf of our corporate customers in Mittelstandsbank or through capital market activities in Corporates & Markets.

FI portfolio by region ¹	30.6.2014			31.12.2013		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	14	8	6	14	8	5
Western Europe	29	64	22	26	62	24
Central and Eastern Europe	8	27	33	9	28	33
North America	2	1	8	1	1	7
Asia	13	35	27	12	29	24
Other	7	28	38	7	26	37
Total	73	163	22	69	154	22

¹ Excluding exceptional debtors.

Non-Bank Financial Institutions portfolio

Commerzbank is concentrating on the further optimisation of its Non-Bank Financial Institutions (NBFI) portfolio and on attractive new business with clients with good credit ratings. These are, on

the whole, insurance companies, asset managers and regulated funds, with a regional focus on clients in Germany and Western Europe.

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23 Default risk

33 Market risk

36 Liquidity risk

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37 Other risks

NBFI portfolio by region	30.6.2014			31.12.2013		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	9	19	21	9	16	18
Western Europe	14	27	19	15	35	23
Central and Eastern Europe	1	3	40	2	3	15
North America	10	9	9	8	17	23
Other	2	3	15	2	3	13
Total	36	61	17	36	74	20

Originator positions

Commerzbank and Hypothekenbank Frankfurt have in recent years securitised receivables from loans to the Bank's customers with a current volume of €6.7bn, primarily for capital management

purposes. Of these, risk exposures with a value of €5.1bn were retained as at 30 June 2014. By far the largest portion of these positions is accounted for by €4.9bn of senior tranches, which are nearly all rated good or very good.

Securitisation pool €bn	Maturity	Commerzbank volume ¹			Total volume ¹ 30.6.2014	Total volume ¹ 31.12.2013
		Senior	Mezzanine	First loss piece		
Corporates ²	2020–2036	4.5	0.1	< 0.1	5.0	5.0
Banks	2015–2021	0.3	< 0.1	< 0.1	0.4	0.4
RMBS	2048	0.0	< 0.1	0.0	0.1	0.1
CMBS	2014–2084	< 0.1	< 0.1	< 0.1	1.2	2.0
Total		4.9	0.1	0.1	6.7	7.5

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

² Including MezzCAP transaction.

Conduit exposure and other asset-backed exposures

Commerzbank is the sponsor of the multiseller asset-backed commercial paper conduit Silver Tower. We use Silver Tower to securitise receivables – particularly trade and leasing receivables – from customers in the Mittelstandsbank and Corporates & Markets segments. The transactions are financed predominantly through the issue of asset-backed commercial papers (ABCPs) or through the drawing of credit lines (liquidity lines). The volume in the Silver Tower conduit remained stable at €3.6bn over the first half of 2014. The risk values also amounted to €3.6bn.

The other asset-backed exposures comprise mainly government-guaranteed ABSs issued by Hypothekenbank Frankfurt in the Public Finance area. Their volume fell from €4.7bn to €4.4bn and the risk values from €4.5bn to €4.3bn.

Market risk

Market risk is the risk of financial losses due to changes in market prices (interest rates, commodities, credit spreads, exchange rates and equity prices) or in parameters that affect prices such as volatilities and correlations. Losses may impact profit or loss directly, e.g. in the case of trading book positions. However, for banking book positions they would be reflected in the revaluation reserve or in hidden liabilities/reserves.

Risk management

A standardised value at risk model incorporating all positions is used for the internal management of market risk. The VaR quantifies the potential loss from financial instruments as a result of changed market conditions over a predefined time horizon and with a specific probability. For internal management purposes, a confidence level of 97.5% and a holding period of one day are assumed. The value at risk concept makes it possible to compare risks over a variety of business areas. It enables many positions to be aggregated, taking account of correlations between different assets. This ensures a consolidated view of the market risk at all times.

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

In the internal management, all positions relevant to market risk are covered and trading and banking book positions are jointly managed. For regulatory purposes an additional stand-alone management of the trading book is carried out (that is in accordance with regulatory requirements, including currency and commodity risks in the banking book). The VaR for the overall portfolio fell slightly to €78m compared with year-end 2013. The VaR of the trading book portfolio fell slightly to €15m. The changes were largely due to different positioning in Corporates & Markets and Treasury.

VaR contribution ¹ €m	30.6.2014	31.12.2013
Overall book	78	80
thereof trading book	15	16

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

Trading book

VaR in the trading book was €15m as at the reporting date and was therefore nearly unchanged on the level as at year-end 2013.

VaR of portfolios in the trading book ¹ €m	H1 2014	2013
Minimum	11	13
Mean	15	21
Maximum	19	34
End figure reporting period	15	16

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

The market risk profile is diversified across all asset classes. The dominant asset classes are credit spread risk, followed by currency risk and interest risk. Interest rate risk also contains basis and inflation risk. Basis risk arises if, for example, positions are closed through hedging transactions with a different type of price setting than the underlying transaction. As the table below shows, the VaR contributions of the individual risk types have been quite stable in the first half of 2014.

VaR contribution by risk type in the trading book ¹ €m	30.6.2014	31.12.2013
Credit spreads	6	7
Interest rates	2	3
Equities	2	2
FX	3	3
Commodities	1	1
Total	15	16

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

Further risk ratios are being calculated for regulatory capital adequacy. This includes in particular the calculation of stressed VaR. On the basis of the VaR method described above, stressed VaR measures the present position in the trading book by reference to market movements from a specified crisis period in the past. The stressed VaR was €39m as at the reporting date, which is €14m more than at year-end 2013. The main reasons for the increase are position changes in Corporates & Markets and Treasury. The crisis observation period used is checked regularly through model validation and approval processes and adjusted where necessary. The crisis observation period was not changed in the first half of 2014.

In addition, the incremental risk charge and the equity event VaR ratios quantify the risk of deterioration in creditworthiness and event risks in trading book positions.

The reliability of the internal model is monitored by backtesting on a daily basis. The VaR calculated is set against actually occurring profits and losses. The process draws a distinction between "clean P&L" and "dirty P&L" backtesting. In the former, exactly the same positions in the income statement are used as were used for calculating the VaR, so that the profits and losses result only from the price changes that occurred on the market. In

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dirty P&L-backtesting, by contrast, profits and losses from newly-concluded and prematurely terminated transactions from the day under consideration are also included. If the resulting loss exceeds the VaR, it is described as a negative backtesting outlier.

Analysing the results of backtesting provides important guidance for checking parameters and for improving the market risk model. Backtesting is also used by the supervisory authorities for evaluating internal risk models. Negative outliers are classified by means of a traffic-light system laid down by the supervisory authorities. All negative backtesting outliers on Group level (from both clean P&L and dirty P&L) must be reported to the supervisory authorities, citing their extent and cause. In 2014, we have seen no negative outliers in the clean P&L and dirty P&L process. As such, the results are in line with statistical expectations and confirm the quality of the VaR model.

As the VaR concept gives a prediction of potential losses on the assumption of normal market conditions, it is supplemented by the calculation of stress tests. These stress tests measure the risk to which Commerzbank is exposed, based on unlikely but still plausible events. These events may be simulated using extreme movements on various financial markets. The key scenarios relate to major changes in credit spreads, interest rates and yield curves, exchange rates, share prices and commodities prices. Extensive Group-wide stress tests and scenario analyses are carried out as part of risk monitoring.

The VaR and stress test models are validated regularly. In the first half of 2014, model adjustments were implemented that helped improve the accuracy of risk measurement.

Banking book

The key drivers of market risk in the banking book are the credit spread risks in the area of Non-Core Assets – Public Finance, including the positions held by the subsidiaries Hypothekenbank Frankfurt and Erste Europäische Pfandbrief und Kommunal-kreditbank. We are continuing systematically with the downsizing strategy that we have followed rigorously in this area for many years. The Treasury portfolios with their credit spread risk, interest rate risk, and basis risk also influence the market risk in the banking book.

The diagram below documents the development of credit spread sensitivities for all securities and derivative positions (excluding loans) in the Commerzbank Group's banking book. Credit spread sensitivities rose moderately in the first half of 2014 and stood at €59m at the end of June 2014. The rise was due to

position changes in Corporates & Markets and Treasury. The majority of credit spread sensitivities related to securities positions classified as loans and receivables (LaR). Changes in credit spreads have no impact on the revaluation reserve or the income statement for these portfolios.

Credit spread sensitivities

Downshift 1 bp | €m



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

Market liquidity risk

Market liquidity risk is the risk of the Bank not being able to liquidate or hedge risky positions in a timely manner, to the desired extent and on acceptable terms as a result of insufficient liquidity in the market.

We start calculating market liquidity risk by initially creating a liquidation profile for each and every portfolio, so that the portfolios can be classified in terms of their convertibility into cash using a market liquidity factor. The market risk based on a one-year view is weighted with the market liquidity factor to calculate the market liquidity risk.

At the end of June 2014 Commerzbank earmarked €0.1bn in economic capital to cover market liquidity risk in the trading and banking book. Asset-backed securities and structured products in particular had a higher market liquidity risk.

Liquidity risk

We define liquidity risk in a narrower sense as the risk that Commerzbank will be unable to meet its payment obligations on a day-to-day basis. In a broader sense, liquidity risk describes the risk that future payments cannot be funded to the full amount, in the required currency and at standard market conditions, as and when they are due.

Risk management

Commerzbank uses a wide range of tools to manage and monitor liquidity risks on the basis of its own liquidity risk model. Key decisions on liquidity risk management and monitoring are taken by the central Asset Liability Committee, subject to confirmation by the Board of Managing Directors. There are further sub-committees at the operational level. They consider liquidity risk issues at the local level as well as methodological issues of lesser significance for the Group. Additional information on this can be found in the “Funding and liquidity” section in the Interim Management Report.

Quantification and stress testing

Our Bank’s own liquidity risk model calculates the available net liquidity (ANL) for the next 12 months based on various scenarios at a specified reference date. Commerzbank’s available net liquidity for various stress scenarios comprises 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.

Liquidity risk management is handled centrally, taking into account the existing limit structure and liquidity risk tolerance. The stress scenario underlying the model which is relevant for management purposes allows for the impact of both a bank-specific stress event and a broader market crisis.

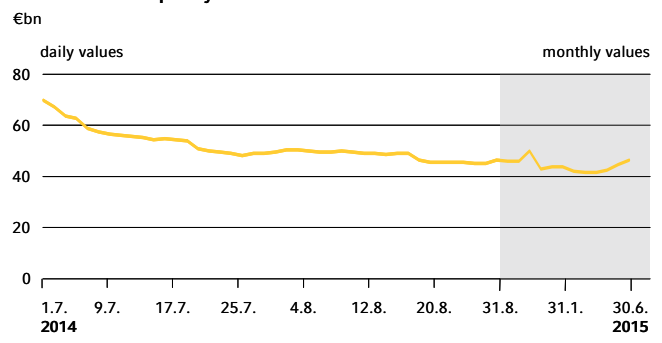
Risk concentrations can lead to increased outflows of liquidity, particularly in a stress situation, and thus to increased liquidity risk. They can, for example, occur with regard to maturities, large individual creditors or currencies. By means of ongoing monitoring and reporting, risk concentrations in funding can be recognised in a timely manner.

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

The stress scenarios relevant for management in the ANL model are run daily and reported to management. The underlying assumptions and the limits set are checked regularly and adjusted to reflect changed market conditions as necessary. In addition, the described stress scenarios form the basis for the detailed contingency plans, in the context of which the central Asset Liability Committee can approve various measures to secure liquidity.

In the stress scenario calculated at the end of June 2014, a comfortable liquidity surplus existed throughout the period under consideration.

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



In the second quarter of 2014, Commerzbank’s internal liquidity risk ratios were once again always significantly higher than the limit set by the Board of Managing Directors. The same was true of 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. Our funding base is widely diversified in terms of products, regions and investors in the money and capital markets. In order to hedge in particular against sudden unexpected payment obligations, the Treasury maintains a portfolio of disposable, highly liquid securities eligible for central bank borrowing purposes which are held by the central bank. This liquidity reserve also remained at a high level in the second quarter, at €98bn (31 December 2014: €105bn). It is analysed regularly to establish the quality of the assets contained in it and the appropriateness of its diversification.

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

Commerzbank is implementing a project to improve its liquidity management processes and infrastructure. The core elements of the project are a revision of the way that liquidity risk is measured, an improvement in the offsetting of liquidity costs taking into account requirements under MaRisk, and the integration of the liquidity coverage ratio (LCR) into liquidity management. In this way, Commerzbank intends to further optimise its liquidity management taking into account the latest regulatory requirements. As part of the project, the ANL concept for liquidity risk measurement will be replaced with a more comprehensive concept of a liquidity progress review in the third quarter of 2014. The project will be completed with the introduction of a new concept for liquidity cost allocation at the end of 2014.

Operational risk

Based on CRR/CRD IV, Commerzbank defines operational risk (OpRisk) as the risk of loss resulting from the inadequacy or failure of internal processes, people and systems or from external events. This definition includes legal risks; it does not cover reputational or strategic risks.

Commerzbank takes an active approach to managing operational risk, based on a Group-wide uniform framework and aiming to systematically identify OpRisk profiles and risk concentrations and to define, prioritise and implement risk mitigation measures. Operational risks are managed pre-emptively by the segments and cross-sectional units on the basis of an overarching risk strategy.

OpRisk management differs systematically from the approach to default or market risk management. It is neither client- nor position- nor portfolio-based but holistic and applicable to all business processes.

Within Commerzbank, OpRisk and governance issues of the Internal Control System (ICS) are closely connected in terms of both organisational structure and methodology. This close connection is due to the fact that the causes of many OpRisk cases are linked to the failure of control mechanisms. It follows that a properly functioning ICS helps to reduce or avoid losses from operational risks. Conversely, the systems for operational risk provide the opportunity to align the ICS consistently with the operational risk management.

OpRisk management includes an annual evaluation of the Bank's ICS and of the risk scenario assessments. Furthermore, OpRisk loss events are subjected to ongoing analysis and to ICS backtesting on an event-driven basis. Where loss events involve $\geq \text{€}1\text{m}$, lessons learned activities are carried out. External OpRisk events at competitors are also systematically evaluated.

Risk-weighted assets for operational risks using the internal advanced measurement approach model amounted to €23.5bn at the end of the first half of 2014 (31 December 2013: €22.9bn).

Other risks

In terms of all other risks, there were no significant changes in the first half of 2014 compared with the position reported in detail in the Annual Report 2013.

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 risk models produce results appropriate to the management of the Bank. The measurement approaches are regularly reviewed by risk control and internal audit, external auditors and the German supervisory authorities. Despite being carefully developed and regularly monitored, models cannot cover all the influencing factors that have an impact in reality or illustrate their complex behaviour and interactions. These limits to risk modelling apply particularly in extreme situations. Supplementary stress tests and scenario analyses can only show examples of the risks to which a portfolio may be exposed in extreme market situations; however, stress testing all imaginable scenarios is not feasible. Stress tests cannot offer a final estimate of the maximum loss should an extreme event occur.

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Statement of comprehensive income

Income statement

€m	Notes	1.1.–30.6.2014	1.1.–30.6.2013 ¹	Change in %
Interest income		6,509	7,399	-12.0
Interest expenses		3,773	4,407	-14.4
Net interest income	(1)	2,736	2,992	-8.6
Loan loss provisions	(2)	-495	-804	-38.4
Net interest income after loan loss provisions		2,241	2,188	2.4
Commission income		1,896	1,916	-1.0
Commission expense		299	267	12.0
Net commission income	(3)	1,597	1,649	-3.2
Net trading income	(4)	238	272	-12.5
Net income from hedge accounting		-10	25	.
Net trading income and net income from hedge accounting		228	297	-23.2
Net investment income	(5)	3	-126	.
Current net income from companies accounted for using the equity method		23	19	21.1
Other net income	(6)	-86	-66	30.3
Operating expenses	(7)	3,425	3,423	0.1
Impairments of goodwill		-	-	.
Restructuring expenses	(8)	-	493	-100.0
Pre-tax profit or loss		581	45	.
Taxes on income	(9)	227	55	.
Consolidated profit or loss		354	-10	.
Consolidated profit or loss attributable to non-controlling interests		54	48	12.5
Consolidated profit or loss attributable to Commerzbank shareholders		300	-58	.

¹ Prior-year figures after the restatements of hedge accounting and credit protection insurance plus other adjustments (see page 49 f.).

Earnings per share €	1.1.–30.6.2014	1.1.–30.6.2013 ¹	Change in %
Earnings per share	0.26	-0.08	.

¹ Prior-year figures after the restatements of hedge accounting and credit protection insurance (see page 49 f.).

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

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

Condensed statement of comprehensive income

€m	1.1.–30.6.2014	1.1.–30.6.2013 ¹	Change in %
Consolidated profit or loss	354	- 10	.
Change from remeasurement of defined benefit plans not recognised in income statement	- 230	76	.
Change in companies accounted for using the equity method	-	-	.
Items not recyclable through profit or loss	- 230	76	.
Change in revaluation reserve			
Reclassified to income statement	3	44	- 93.2
Change in value not recognised in income statement	222	259	- 14.3
Change in cash flow hedge reserve			
Reclassified to income statement	64	95	- 32.6
Change in value not recognised in income statement	3	29	- 89.7
Change in currency translation reserve			
Reclassified to income statement	- 4	4	.
Change in value not recognised in income statement	57	- 220	.
Change in companies accounted for using the equity method	0	2	- 100.0
Items recyclable through profit or loss	345	213	62.0
Other comprehensive income	115	289	- 60.2
Total comprehensive income	469	279	68.1
Comprehensive income attributable to non-controlling interests	66	- 8	.
Comprehensive income attributable to Commerzbank shareholders	403	287	40.4

¹ Prior-year figures after the restatements of hedge accounting and credit protection insurance (see page 49 f.).

The condensed statement of comprehensive income for the second quarter was as follows:

2nd quarter €m	1.4.–30.6.2014	1.4.–30.6.2013 ¹	Change in %
Consolidated profit or loss	125	63	98.4
Change from remeasurement of defined benefit plans not recognised in income statement	- 40	- 74	- 45.9
Change in companies accounted for using the equity method	-	-	.
Items not recyclable through profit or loss	- 40	- 74	- 45.9
Change in revaluation reserve			
Reclassified to income statement	-	76	- 100.0
Change in value not recognised in income statement	83	114	- 27.2
Change in cash flow hedge reserve			
Reclassified to income statement	28	48	- 41.7
Change in value not recognised in income statement	- 1	24	.
Change in currency translation reserve			
Reclassified to income statement	- 3	4	.
Change in value not recognised in income statement	80	- 164	.
Change in companies accounted for using the equity method	-	1	- 100.0
Items recyclable through profit or loss	187	103	81.6
Other comprehensive income	147	29	.
Total comprehensive income	272	92	.
Comprehensive income attributable to non-controlling interests	38	- 14	.
Comprehensive income attributable to Commerzbank shareholders	234	106	.

¹ Prior-year figures after the restatements of hedge accounting and credit protection insurance (see page 49 f.).

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The breakdown of other comprehensive income for the first half of 2014 was as follows:

Other comprehensive income €m	1.1.-30.6.2014			1.1.-30.6.2013		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Change from remeasurement of defined benefit plans	-358	128	-230	110	-34	76
of which companies accounted for using the equity method	-	-	-	-	-	-
Change in revaluation reserve	320	-95	225	437	-134	303
Change in cash flow hedge reserve	97	-30	67	168	-44	124
Change in currency translation reserve	53	-	53	-216	-	-216
Change in companies accounted for using the equity method	0	-	0	2	-	2
Other comprehensive income	112	3	115	501	-212	289

Other comprehensive income for the second quarter broke down as follows:

Other comprehensive income €m	1.4.-30.6.2014			1.4.-30.6.2013		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Change from remeasurement of defined benefit plans	-69	29	-40	-90	16	-74
of which companies accounted for using the equity method	-	-	-	-	-	-
Change in revaluation reserve	112	-29	83	284	-94	190
Change in cash flow hedge reserve	40	-13	27	95	-23	72
Change in currency translation reserve	77	-	77	-160	-	-160
Change in companies accounted for using the equity method	0	-	0	1	-	1
Other comprehensive income	160	-13	147	130	-101	29

Income statement (by quarter)

€m	2014		2013 ¹			
	2 nd quarter	1 st quarter	4 th quarter	3 rd quarter	2 nd quarter	1 st quarter
Net interest income	1,606	1,130	1,683	1,486	1,633	1,359
Loan loss provisions	-257	-238	-451	-492	-537	-267
Net interest income after loan loss provisions	1,349	892	1,232	994	1,096	1,092
Net commission income	782	815	773	784	805	844
Net trading income	-184	422	-289	-79	-4	276
Net income from hedge accounting	4	-14	-13	2	-11	36
Net trading income and net income from hedge accounting	-180	408	-302	-77	-15	312
Net investment income	41	-38	7	136	-120	-6
Current net income from companies accounted for using the equity method	10	13	10	31	11	8
Other net income	-18	-68	58	-79	-4	-62
Operating expenses	1,727	1,698	1,688	1,686	1,699	1,724
Impairments of goodwill	-	-	-	-	-	-
Restructuring expenses	-	-	-	-	-	493
Pre-tax profit or loss	257	324	90	103	74	-29
Taxes on income	132	95	7	4	11	44
Consolidated profit or loss	125	229	83	99	63	-73
Consolidated profit or loss attributable to non-controlling interests	25	29	19	24	23	25
Consolidated profit or loss attributable to Commerzbank shareholders	100	200	64	75	40	-98

¹ Prior-year figures after the restatements of hedge accounting and credit protection insurance (see page 49 f.).

Balance sheet

Assets €m	Notes	30.6.2014	31.12.2013 ¹	Change in %	1.1.2013 ²
Cash reserve		7,067	12,397	-43.0	15,755
Claims on banks	(11,13,14)	105,575	87,545	20.6	88,028
of which pledged as collateral		-	29	-100.0	45
Claims on customers	(12,13,14)	245,627	245,938	-0.1	278,519
of which pledged as collateral		-	-	.	-
Value adjustment portfolio fair value hedges		260	74	.	202
Positive fair values of derivative hedging instruments		4,157	3,641	14.2	6,057
Trading assets	(15)	121,677	103,616	17.4	144,144
of which pledged as collateral		14,577	3,601	.	12,680
Financial investments	(16)	84,172	82,051	2.6	89,142
of which pledged as collateral		4,248	1,921	.	2,495
Holdings in companies accounted for using the equity method		670	719	-6.8	744
Intangible assets	(17)	3,236	3,207	0.9	3,051
Fixed assets	(18)	1,811	1,768	2.4	1,372
Investment properties		638	638	0.0	637
Non-current assets and disposal groups held for sale		518	1,166	-55.6	757
Current tax assets		567	812	-30.2	758
Deferred tax assets		3,076	3,146	-2.2	3,278
Other assets	(19)	3,539	2,936	20.5	3,571
Total		582,590	549,654	6.0	636,015

¹ Prior-year figures after the restatement of credit protection insurance and the tax restatements (see page 49 f.).

² 1 January 2013 is equivalent to 31 December 2012 (as published in the 2013 annual report) after the restatement of credit protection insurance and the tax restatements (see page 49 f.).

Liabilities and equity €m	Notes	30.6.2014	31.12.2013 ¹	Change in %	1.1.2013 ²
Liabilities to banks	(20)	123,358	77,694	58.8	110,242
Liabilities to customers	(21)	263,782	276,486	-4.6	265,905
Securitised liabilities	(22)	55,429	64,670	-14.3	79,357
Value adjustment portfolio fair value hedges		1,034	714	44.8	1,467
Negative fair values of derivative hedging instruments		8,409	7,655	9.8	11,739
Trading liabilities	(23)	78,179	71,010	10.1	116,111
Provisions	(24)	4,057	3,875	4.7	4,099
Current tax liabilities		294	245	20.0	324
Deferred tax liabilities		96	83	15.7	91
Liabilities from disposal groups held for sale		68	24	.	2
Other liabilities	(25)	7,355	6,551	12.3	6,523
Subordinated debt instruments	(26)	13,213	13,714	-3.7	13,913
Equity		27,316	26,933	1.4	26,242
Subscribed capital		1,139	1,139	0.0	5,828
Capital reserve		15,928	15,928	0.0	8,730
Retained earnings		10,737	10,660	0.7	10,781
Silent participations		-	-	.	2,376
Other reserves		-1,411	-1,744	-19.1	-2,353
Total before non-controlling interests		26,393	25,983	1.6	25,362
Non-controlling interests		923	950	-2.8	880
Total		582,590	549,654	6.0	636,015

¹ Prior-year figures after the restatement of credit protection insurance and the tax restatements (see page 49 f.).

² 1 January 2013 is equivalent to 31 December 2012 (as published in the 2013 annual report) after the restatement of credit protection insurance and the tax restatements (see page 49 f.).

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Statement of changes in equity

€m	Subscribed capital	Capital reserve	Retained earnings	Silent participations	Other reserves			Total before non-controlling interests	Non-controlling interests	Equity
					Revaluation reserve	Cash flow hedge reserve	Currency translation reserve			
Equity as at 31.12.2012	5,828	8,730	10,783	2,376	-1,699	-616	-38	25,364	886	26,250
Change due to retrospective adjustments			-2					-2	-6	-8
Equity as at 1.1.2013	5,828	8,730	10,781	2,376	-1,699	-616	-38	25,362	880	26,242
Total comprehensive income	-	-	44	-	504	259	-152	655	69	724
Consolidated profit or loss			81					81	91	172
Change from remeasurement of defined benefit plans			-36					-36		-36
Change in revaluation reserve					504			504	-8	496
Change in cash flow hedge reserve						259		259		259
Change in currency translation reserve							-149	-149	-14	-163
Change in companies accounted for using the equity method			-1				-3	-4		-4
Dividend paid on silent participations								-		-
Dividend paid on shares								-	-43	-43
Reverse stock split	-5,247	5,247						-		-
Capital increases	556	1,951						2,507		2,507
Withdrawal from retained earnings			-88					-88		-88
Decrease in silent participations				-2,376				-2,376		-2,376
Changes in ownership interests			-2					-2	1	-1
Other changes ¹	2	-	-75				-2	-75	43	-32
Equity as at 31.12.2013	1,139	15,928	10,660	-	-1,195	-357	-192	25,983	950	26,933

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

€m	Subscribed capital	Capital reserve	Retained earnings	Silent participations	Other reserves			Total before non-controlling interests	Non-controlling interests	Equity
					Revaluation reserve	Cash flow hedge reserve	Currency translation reserve			
Equity as at 31.12.2013	1,139	15,928	10,660	–	–1,195	–357	–192	25,983	950	26,933
Total comprehensive income	–	–	70	–	213	67	49	399	66	465
Consolidated profit or loss			300					300	54	354
Change from remeasurement of defined benefit plans			–230					–230		–230
Change in revaluation reserve					213			213	12	225
Change in cash flow hedge reserve						67		67	–	67
Change in currency translation reserve							49	49	–	49
Change in companies accounted for using the equity method								–		–
Dividend paid on silent participations								–		–
Dividend paid on shares								–	–62	–62
Reverse stock split								–		–
Capital increases								–		–
Withdrawal from retained earnings								–		–
Decrease in silent participations								–		–
Changes in ownership interests			1					1	–29	–28
Other changes ¹			6				4	10	–2	8
Equity as at 30.6.2014	1,139	15,928	10,737	–	–982	–290	–139	26,393	923	27,316

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

The restatement of retained earnings as at 1 January 2013 (as published in the 2013 annual report) resulted from the retrospective restatement of credit protection insurance and the tax restatements (see page 49 f.).

As at 30 June 2014, the subscribed capital of Commerzbank Aktiengesellschaft pursuant to the Bank's articles of association was therefore €1,139m and was divided into 1,138,506,941 no-par-value shares (accounting value per share of €1.00). The average number of ordinary shares in issue was 1,138,506,941 (30 June 2013: 684,104,923).

As at 30 June 2014 €–3m of the revaluation reserve within other reserves was accounted for by assets and disposal groups held for sale.

The change in ownership interests of €1m in the first six months of 2014 resulted from the purchase of additional shares in already consolidated companies. There was no effect from the disposal of shares in companies that continue to be consolidated.

For information: Statement of changes in equity from 1 January to 30 June 2013

€m	Sub-scribed capital	Capital reserve	Retained earnings	Silent participations	Other reserves			Total before non-controlling interests	Non-controlling interests	Equity
					Revaluation reserve	Cash flow hedge reserve	Currency translation reserve			
Equity as at 31.12.2012	5,828	8,730	10,783	2,376	-1,699	-616	-38	25,364	886	26,250
Change due to retrospective adjustments ¹			-2					-2	-6	-8
Equity as at 1.1.2013	5,828	8,730	10,781	2,376	-1,699	-616	-38	25,362	880	26,242
Total comprehensive income	-	-	18	-	316	124	-175	283	-8	275
Consolidated profit or loss			-58					-58	48	-10
Change from remeasurement of defined benefit plans			76					76		76
Change in revaluation reserve					317			317	-14	303
Change in cash flow hedge reserve						124		124		124
Change in currency translation reserve							-178	-178	-42	-220
Change in companies accounted for using the equity method					-1		3	2		2
Dividend paid on silent participations								-		-
Dividend paid on shares								-	-43	-43
Reverse stock split	-5,247	5,247						-		-
Capital increases	556	1,951						2,507		2,507
Withdrawal from retained earnings			-88					-88		-88
Decrease in silent participations				-2,376				-2,376		-2,376
Changes in ownership interests								-		-
Other changes ²	2	10	-142				4	-126	-6	-132
Equity as at 30.6.2013	1,139	15,938	10,569	-	-1,383	-492	-209	25,562	823	26,385

¹ After restatement of 1 January 2013 (as published in the 2013 annual report) due to the restatement of credit protection insurance and the tax restatements (see page 49 f.).

² Including change in treasury shares, change in derivatives on own equity instruments and changes in the group of consolidated companies.

Cash flow statement (condensed version)

€m	2014	2013 ¹
Cash and cash equivalents as at 1.1.	12,397	15,755
Net cash from operating activities	-2,530	-5,717
Net cash from investing activities	-2,348	2,640
Net cash from financing activities	-500	-606
Total net cash	-5,378	-3,683
Effects from exchange rate changes	102	-87
Effects from non-controlling interests	-54	-48
Cash and cash equivalents as at 30.6.	7,067	11,937

¹ Prior-year figures after the restatements of hedge accounting and credit protection insurance (see page 49 f.).

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.

With regard to the Commerzbank Group the cash flow statement is not very informative. For us the cash flow statement replaces neither liquidity planning nor financial planning, nor is it employed as a management tool.

Selected notes

General information

Accounting policies

The interim financial statements of the Commerzbank Group as at 30 June 2014 were prepared in accordance with Art. 315 a (1) of the German Commercial Code (HGB) and Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (the IAS Regulation), together with other regulations for adopting certain international accounting standards on the basis of the International Financial Reporting Standards (IFRS) approved and published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). This report takes particular account of the requirements of IAS 34 relating to interim financial reporting.

Uniform accounting and measurement methods are used throughout the Commerzbank Group in preparing the financial statements. For fully consolidated companies and holdings in companies accounted for using the equity method we predominantly used financial statements prepared as at 30 June 2014. The reporting currency of the Group financial statements is the euro. Unless otherwise indicated, all amounts are shown in millions of euros. In the statement of comprehensive income, the balance sheet, the statement of changes in equity and the condensed cash flow statement amounts under €500,000.00 are shown as €0m; where an item is €0.00 this is denoted by a dash. In all other notes amounts rounded down to €0m and zero items are both indicated by a dash.

Application of new and revised standards and changes to accounting policies

Except for the amendments listed below, we have employed the same accounting policies in preparing these financial statements as in our Group financial statements as at 31 December 2013 (see page 145 ff. of our 2013 Annual Report). In addition we have been applying portfolio fair value hedge accounting to the modelling of deposits used to hedge interest rate risks since the second quarter of 2014. These financial statements take into account the standards and interpretations that must be applied in the EU from 1 January 2014, where these were not already adopted early in the

financial year 2013 (IFRS 10, 11 and 12 plus the amended standards IAS 27, 28 and 36). The implementation of IFRIC 21 (Levies) with effect from 1 January 2014 had no material impact on the Commerzbank Group financial statements. The other new and revised standards (IAS 16 and 38 plus IFRS 9, 11, 14 and 15) and interpretations whose application is not yet mandatory may give rise to significant effects on the Group's accounting and measurement practices. It is not yet possible to provide a reliable estimate of the impact.

Changes to accounting and measurement policies

In the fourth quarter of 2013 we corrected the valuation of specific hedge accounting transactions (accreting zero coupon structures) in accordance with IAS 8.42. Due to technical restrictions during the migration from Dresdner Bank systems to Commerzbank systems the way in which these transactions were initially booked in 2010 and accounted for in subsequent periods was incorrect. This led to a cumulative retrospective adjustment of €-11m to net income from hedge accounting for the first half of the financial year 2013. The cumulative tax income arising from this adjustment was €2m.

A further change related to the treatment of income and expenses from credit protection insurance taken out by our customers when they borrow from us. In the past the income earned on concluding these contracts was recognised immediately

and in full in net commission income. However, the expenses incurred in selling these insurance contracts were reported in net interest income pro rata over the term of the loans as a component of their effective interest rate. Since 1 January 2014 the income has been reported in the same way as the expenses. In the first six months of 2013 this change had an impact of €+7m on net interest income, €-6m on net commission income and €+1m on other net income. The retrospective effects as at 1 January 2013 amounted to €-16m for retained earnings, €-6m for non-controlling interests, €-27m for claims on customers and €+5m for deferred tax assets. As at 31 December 2013 retained earnings were adjusted by €-12m, non-controlling interests by €-6m and other provisions and other liabilities by €-2m each. There were

also adjustments of €–25m to claims on customers and €+4m to deferred tax assets as at 31 December 2013.

In total the restatements of the hedge adjustments and the income and expenses from credit protection insurance led to a reduction in consolidated profit by €7m as at 30 June 2013. The earnings per share for the first half of 2013 amounted to €–0.08, compared to the earnings per share of €–0.07 as originally reported last year.

We also made a number of other retrospective corrections as a result of adjustments made during the preparation of Commerzbank Aktiengesellschaft's tax return for the financial year 2012. As at 1 January 2013 and 31 December 2013 the current tax assets were reduced by €32m, while the deferred tax assets were increased by €46m and retained earnings by €14m. These retrospective adjustments related to the balance sheet and the statement of changes in equity. However, there was no impact on consolidated profit and earnings per share for the financial year 2013.

In addition we also made some accounting changes within net interest income and net commission income.

Since 1 January 2014 interest income from own issues which are not fully placed on the market has been offset against interest expenses on securitised liabilities. In the past this was reported as interest income from available-for-sale securities. The reclassification in the first six months of 2013 amounted to €65m.

There were also corrections within net interest income relating to interest income and expenses from applying the fair value option. Firstly, interest expenses on securitised liabilities for which the fair value option is applied are now shown uniformly under interest expenses from applying the fair value option rather than under interest expenses on securitised liabilities measured at cost, as previously. The reclassification in the first six months of 2013 amounted to €48m. Secondly, €57m of intragroup interest income and expenses from applying the fair value option were not eliminated in the prior-year period. This has now been corrected, leading to a corresponding fall in the relevant income and expense lines within net interest income.

Since 1 January 2014 intragroup commission income and expenses have been eliminated against the corresponding commission expenses and income earned or incurred in the originating unit. Within net commission income this resulted in reclassifications that reduced other commission income, and increased commission income from guarantees, by €27m.

Due to these corrections and reclassifications we have restated the income statement and the notes for the prior year accordingly. However, there was no impact on consolidated profit and earnings per share.

Consolidated companies

The following companies were consolidated for the first time as at 30 June 2014:

Name of company	Equity share and voting rights	Acquisition cost	Assets	Liabilities
	%	€m	€m	€m
AVOLO Aviation GmbH & Co. KG, Karlsruhe	0.0	–	125.9	126.0
AWL I Sp. z o.o., Warsaw, Poland	100.0	0.0	17.5	0.0
ComStage MDAX® TR UCITS ETF, Luxembourg, Luxembourg	0.0	–	51.8	51.8
Eschborn Capital LLC, Wilmington, Delaware, USA	100.0	157.2	520.5	365.8
Greene Elm Trading V LLC, Wilmington, Delaware, USA	100.0	72.2	71.8	14.3
Greene Elm Trading VI LLC, Wilmington, Delaware, USA	100.0	72.2	74.9	0.0
MS "BRAHMS" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany	99.9	19.9	19.8	0.0
MS "HAYDN" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany	100.0	0.0	0.0	–
MS "PAGANINI" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany	99.9	19.0	19.1	0.4
MS "SCHUBERT" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany	100.0	0.0	0.0	–
MS "WAGNER" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany	100.0	0.0	0.0	–

The entities listed above, which were consolidated for the first time, were newly formed or else exceeded our materiality limits for consolidation. In the case of additional purchases we apply the provisions of IFRS 3 as soon as we have control of the acquired company. The first-time consolidations did not give rise to any goodwill. Negative differences were reported in the income statement as at the date of acquisition in accordance with IFRS 3.34.

The following companies were sold or liquidated or permanently fell below our materiality threshold for consolidation:

- Disposals
 - Commerz Japan Real Estate Finance Corporation, Tokio, Japan
 - Sterling Energy Holdings Inc., Wilmington/Delaware, USA
- Liquidations (including companies which have ceased operating activities or entities that have permanently fallen below our materiality threshold for consolidation)
 - ALDUNA Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf, Germany¹
 - ALTEREGO Beteiligungsgesellschaft mbH i.L., Düsseldorf, Germany
 - CBK SICAV, Hesperange, Luxembourg
 - CBK SICAV Skandia Shield, Luxembourg, Luxembourg
 - CB Leasing Summer AB, Stockholm, Sweden¹
 - CB MezzCAP Limited Partnership, St. Helier, Jersey
 - Commerzbank Investments (UK) Limited, London, United Kingdom¹
 - Commerz Japan Real Estate Finance Corporation, Tokyo, Japan
 - Eurohypo Capital Funding LLC I, Wilmington, Delaware, USA

- Eurohypo Capital Funding Trust I, Wilmington, Delaware, USA
- European Venture Partners (Holdings) Ltd, St. Helier, Jersey
- Global One Funding III LLC, Wilmington, Delaware, USA²
- KENSTONE GmbH, Eschborn, Germany¹
- South East Asia Properties Limited, London, United Kingdom¹
- Symphony No.2 Llc, Wilmington, Delaware, USA
- Symphony No.4 Llc, Dover, Delaware, USA

In the first half of 2014 Exploitatiemaatschappij Wijkertunnel C.V., Amsterdam, Netherlands ceased to be accounted for using the equity method on account of its disposal and MFG Flughafen-Grundstücksverwaltungsgesellschaft mbH & Co. BETA KG Grünwald, Germany, which is held for sale, as a result of falling below the materiality threshold.

In the Non-Core Assets (NCA) segment, KGAL GmbH & Co. KG, Grünwald (Munich) and GO German Office GmbH, Wiesbaden, are reported as held for sale. Avolo Aviation GmbH & Co. KG, Karlsruhe, is held for sale in the Private Customers segment. Financial investments and investment fund units are also held for sale in the NCA, Private Customers and Others and Consolidation segments. Until the definitive transfer of the holdings, we measure non-current assets held for sale in accordance with IFRS 5 and report them separately in the relevant balance sheet items.

We also sold our commercial real estate portfolio in Spain and our loan portfolio in Portugal with a total value of €4.4bn in the second quarter. As a result of the sale, staff and rental contracts from the locations concerned were transferred to the purchaser.

¹ Fell below materiality threshold.

² Ceased operations.

Notes to the income statement

(1) Net interest income

€m	1.1.–30.6.2014	1.1.–30.6.2013 ¹	Change in %
Interest income	6,509	7,399	-12.0
Interest income from lending and money market transactions and from the securities portfolio (available-for-sale)	407	465	-12.5
Interest income from lending and money market transactions and from the securities portfolio (loans and receivables)	4,843	5,372	-9.8
Interest income from lending and money market transactions and from the securities portfolio (from applying the fair value option)	180	257	-30.0
Interest income from lending and money market transactions and from the securities portfolio (held for trading)	777	1,064	-27.0
Prepayment penalty fees	58	68	-14.7
Gains on the sale of loans and receivables and repurchase of liabilities	79	101	-21.8
Dividends from securities	42	25	68.0
Current net income from equity holdings and non-consolidated subsidiaries	9	12	-25.0
Current income from properties held for sale and from investment properties	38	35	8.6
Other interest income	76	-	.
Interest expenses	3,773	4,407	-14.4
Interest expense on subordinated debt instruments and on securitised and other liabilities	3,075	3,444	-10.7
Interest expenses from applying the fair value option	365	437	-16.5
Interest expenses on securitised liabilities held for trading	60	56	7.1
Loss on the sale of loans and receivables and repurchase of liabilities	216	37	.
Current expenses from properties held for sale and from investment properties	24	31	-22.6
Other interest expense	33	402	-91.8
Total	2,736	2,992	-8.6

¹ Prior-year figures after the restatement of credit protection insurance plus other adjustments (see page 49 f.) Before restatement interest income was €7,514m, interest expense was €4,529m and net interest income was €2,985m.

The unwinding effect for the period 1 January to 30 June 2014 was €44m (previous year: €72m).

Other interest expense also includes net interest expense for pensions. Net interest from derivatives (banking and trading book)

is recognised in other interest income or other interest expense, depending on the net balance.

(2) Loan loss provisions

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

€m	1.1.–30.6.2014	1.1.–30.6.2013	Change in %
Allocation to loan loss provisions ¹	-1,326	-1,596	-16.9
Reversals of loan loss provisions ¹	924	861	7.3
Net balance of direct write-downs, write-ups and amounts recovered on claims written-down	-93	-69	34.8
Total	-495	-804	-38.4

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

(3) Net commission income

€m	1.1.–30.6.2014	1.1.–30.6.2013 ¹	Change in %
Securities transactions	427	489	-12.7
Asset management	86	73	17.8
Payment transactions and foreign business	626	629	-0.5
Real estate lending business	20	40	-50.0
Guarantees	111	117	-5.1
Net income from syndicated business	167	140	19.3
Intermediary business	65	78	-16.7
Fiduciary transactions	3	3	0.0
Other	92	80	15.0
Total²	1,597	1,649	-3.2

¹ Prior-year figures after the restatement of credit protection insurance plus other adjustments (see page 49 f.).

Before restatement, net commission income was €1,655m.

² Of which commission expense: €299m (previous year: €267m).

(4) Net trading income

We have split net trading income into two components:

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

All financial instruments held for trading purposes are measured at fair value. Fair value is derived from both quoted market prices and internal pricing models (primarily net present value and option pricing models). Interest rate and cross-currency interest rate derivatives are measured taking account of the fixing frequency for variable payments.

€m	1.1.–30.6.2014	1.1.–30.6.2013	Change in %
Net trading gain or loss ¹	329	161	.
Net gain or loss from applying the fair value option	-91	111	.
Total	238	272	-12.5

¹ 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.–30.6.2014	1.1.–30.6.2013	Change in %
Net gain or loss from interest-bearing business	-7	-150	-95.3
In the available-for-sale category	-6	19	.
Gain on disposals (including reclassification from revaluation reserve) ¹	28	101	-72.3
Loss on disposals (including reclassification from revaluation reserve) ¹	-32	-74	-56.8
Net remeasurement gain or loss ¹	-2	-8	-75.0
In the loans and receivables category	-1	-169	-99.4
Gains on disposals	9	1	.
Loss on disposals	-17	-7	.
Net remeasurement gain or loss ²	7	-163	.
Net gain or loss on equity instruments	10	24	-58.3
In the available-for-sale category	-	11	-100.0
Gain on disposals (including reclassification from revaluation reserve) ¹	4	11	-63.6
Loss on disposals (including reclassification from revaluation reserve) ¹	-4	-	.
In the available-for-sale category, measured at acquisition cost	12	40	-70.0
Net remeasurement gain or loss ¹	-4	-13	-69.2
Net gain or loss on disposals and remeasurement of companies accounted for using the equity method	2	-14	.
Total	3	-126	.

¹ Includes a net €-32m (previous year: €-7m) of reclassifications from the revaluation reserve created in the financial year 2014.

² Includes reversals of €10m of portfolio valuation allowances for reclassified securities (previous year: reversals of €44m).

(6) Other net income

€m	1.1.–30.6.2014	1.1.–30.6.2013 ¹	Change in %
Other material items of expense	305	290	5.2
Operating lease expenses	58	67	-13.4
Allocations to provisions	247	223	10.8
Other material items of income	138	221	-37.6
Operating lease income	72	82	-12.2
Reversals of provisions	66	139	-52.5
Balance of sundry other income/expenses	81	3	.
Total	-86	-66	30.3

¹ Prior-year figures after the restatement of credit protection insurance (see page 49 f.). Before restatement other net income was €-67m.

(7) Operating expenses

€m	1.1.–30.6.2014	1.1.–30.6.2013	Change in %
Personnel expenses	1,926	1,991	-3.3
Administrative expenses	1,290	1,238	4.2
Depreciation/amortisation of fixed assets and other intangible assets	209	194	7.7
Total	3,425	3,423	0.1

(8) Restructuring expenses

€m	1.1.–30.6.2014	1.1.–30.6.2013	Change in %
Expenses for restructuring measures introduced	–	493	-100.0
Total	–	493	-100.0

The restructuring expenses in 2013 were due to Commerzbank's new strategy and the resultant planned adjustment to personnel capacities.

(9) Taxes on income

Group tax expense was €227m as at 30 June 2014. With pre-tax profit of €581m the Group's effective tax rate was therefore 39.1% (Group income tax rate: 31.23%). Group tax expense derived mainly from current tax expenses of the mBank sub-group,

comdirect bank and Commerzbank Aktiengesellschaft in Luxembourg and New York for the current year. Moreover, the recognition of a tax provision for the risks of a tax audit and its knock-on effects also pushed up the tax rate.

(10) Segment reporting

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

Our segment reporting covers five operating segments plus the Others and Consolidation segment. This reflects the Commerzbank Group's organisational structure and forms the basis for internal management reporting. The business segments are divided up on the basis of distinctions between products, services and/or

customer target groups. Minor modifications in the segments' business models led to slight adjustments in the business responsibilities. Moreover, the definition of the average staff headcount was harmonised within the Group with effect from 30 September 2013. The prior-year figures were restated accordingly. The prior-year figures were also adjusted as a result of the restatements relating to hedge accounting, the treatment of credit protection insurance and the tax restatements (see page 49 f.).

- The Private Customers segment comprises the activities of Private Customers, Direct Banking and Commerz Real. The Private Customers division combines the classic branch business with retail and corporate customers and private banking. The dense national network of local branches offers a full service range of banking products including loan, deposit, securities, payment and pension products. Wealth Management

provides services to wealthy clients in Germany and abroad and also contains the Group's portfolio management activities. The focus is on services such as securities and portfolio management, credit management and loans and real estate management. We also provide advice on trust and inheritance issues and corporate investments. Moreover, this segment includes Commerz Direktservice GmbH, which provides call centre services for Commerzbank customers. The joint venture Commerz Finanz, which is focused on consumer lending, is managed centrally by the Private Customers segment and also reports its results there. Since 1 July 2012 the private real estate portfolio of the Private Customer portfolio of Hypothekbank Frankfurt Aktiengesellschaft (formerly Eurohypo Aktiengesellschaft) has been part of the Private Customers division. The Direct Banking division comprises the activities of the comdirect Group. The B2B (ebase) and B2C businesses (comdirect) contained in Direct Banking provide standardised, primarily internet-based advisory and service offerings for customers. Commerz Real has been a division of the Private Customers segment since July 2012 (except for the warehouse section). Its products range from open-ended real estate funds (hausinvest) to closed-end funds in real estate, aircraft, ships and renewable energy, institutional investments and structured investments as well as equipment leasing.

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

it has no connections with Germany. The Corporate Banking & International division also contains the competence centre for companies from the renewable energy sector. The Financial Institutions division is responsible for relationships with banks and financial institutions in Germany and abroad, as well as with central banks. The strategic focus is on Commerzbank becoming customers' preferred source of trade finance services. Financial Institutions uses a global network of correspondent banks, together with business relationships in emerging markets, to support the Group's financing and processing of foreign trade activities on behalf of all Commerzbank Group customers throughout the world, and thus supports other Group divisions of the Bank in their international strategies.

- The Central & Eastern Europe (CEE) segment comprises the universal banking and direct banking activities in this region during the reporting period. It includes in particular our Polish subsidiary mBank, which offers banking products for corporate customers as well as financial services for private customers in Poland, the Czech Republic and Slovakia.
- Corporates & Markets consists of four main businesses: Equity Markets & Commodities comprises trading and sales of equity and commodity-related financial products. Fixed Income & Currencies handles trading and sales of interest rate, credit and currency instruments. Corporate Finance provides arrangement and advisory services for equity, debt and hybrid instruments, securitisation solutions and mergers & acquisitions. Credit Portfolio Management is responsible for actively managing the counterparty risks arising from the lending and trading transactions of Corporates & Markets on a uniform global basis. The assets transferred from the Portfolio Restructuring Unit are also wound down in this Group division in a value-preserving manner. Corporates & Markets also houses Client Relationship Management, which is responsible for servicing German multinational industrial companies, German and international insurers, private equity investors, sovereign wealth funds and public sector customers.
- The Non-Core Assets (NCA) segment groups together the results from the Commercial Real Estate, Public Finance (including Private Finance Initiatives) and Deutsche Schiffsbank (DSB) divisions. Commercial Real Estate and Public Finance belong almost entirely to the Commerzbank subsidiary Hypothekbank Frankfurt Aktiengesellschaft. The DSB division contains the ship financing business of the Commerzbank Group, including all ship financing activities of the former Deutsche Schiffsbank Aktiengesellschaft. The NCA segment also comprises the warehouse assets of Commerz Real Aktiengesellschaft.

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

The performance of each segment is measured in terms of operating profit or loss and pre-tax profit or loss, as well as return on equity and the cost/income ratio. Operating profit or loss is defined as the sum of net interest income after loan loss provisions, net commission income, net trading income and net income from hedge accounting, net investment income, current net income from companies accounted for using the equity method and other net income less operating expenses. As we report pre-tax profits, non-controlling interests are included in the figures for both profit or loss and average capital employed. All the revenue for which a segment is responsible is thus reflected in the pre-tax profit.

The return on equity is calculated as the ratio of profit (both operating and pre-tax) to average capital employed. It shows the return on the capital employed in a given segment. The cost/income ratio in operating business reflects the cost efficiency of the various segments and expresses the relationship of operating expenses to income before loan loss provisions.

Income and expenses are reported in the segments by originating unit and at market prices, with the market interest rate method being used for interest rate operations. The actual funding costs for the segment-specific equity holdings allocated to each segment are shown in net interest income. The Group’s return on capital employed is allocated to the net interest income of the various segments in proportion to the average capital employed in the segment. The interest rate used is the long-term risk-free rate on the capital market. The average capital employed is calculated

using the Basel 3 methodology, based on average risk-weighted assets and the capital charges for market risk positions (risk-weighted asset equivalents). At Group level, average IFRS capital is shown, which is used to calculate the return on equity. The adjustment of average capital employed to IFRS capital is carried out in Others and Consolidation. The regulatory capital requirement for risk-weighted assets assumed for segment reporting purposes is 9%. As a result of the continuing reduction in the NCA segment’s portfolio, part of the capital allocation reported there, which was originally required by the EBA for the risks of EU government bonds, was given back to the core bank in the first quarter of 2014. We also report assets as well as liabilities and equity for the individual segments. Due to our business model the segment balance sheet only balances out at Group level.

The segment reporting of the Commerzbank Group shows the segments’ pre-tax profit or loss. To reflect the impact on earnings of specific tax-related transactions in the Corporates & Markets segment, the net interest income of Corporates & Markets includes a pre-tax equivalent of the after-tax income from these transactions. When segment reporting is reconciled with the figures from external accounting this pre-tax equivalent is eliminated in Others and Consolidation. A change was made in the elimination of intragroup profits from intragroup transactions in the segment reporting. In the past, such intragroup profits were consolidated in the respective segment, whereas now the transferring segment is treated as if the transaction had taken place outside the group. Intragroup profits and losses are now consolidated in Others and Consolidation. In the period under review a negative intragroup result occurred from a cross-segment transaction in the Non-Core Assets segment of which the positive counter item is contained in the result shown in Others and Consolidation.

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

The carrying amounts of companies accounted for using the equity method were €670m (previous year: €736m) and were divided over the segments as follows: Private Customers €400m (previous year: €369m), Mittelstandsbank €97m (previous year: €94m), Corporates & Markets €87m (previous year: €88m), Non-

Core Assets €69m (previous year: €105m) and Others and Consolidation €17m (previous year: €80m).

The tables below contain information on the segments as at 30 June 2014 and on the comparative figures for the previous financial year.

1.1.–30.6.2014 €m	Private Customers	Mittel- standsbank	Central & Eastern Europe	Corporates & Markets	Non- Core Assets	Others and Consoli- dation	Group
Net interest income	929	886	282	839	-50	-150	2,736
Loan loss provisions	-52	-199	-59	14	-199	-	-495
Net interest income after loan loss provisions	877	687	223	853	-249	-150	2,241
Net commission income	769	538	116	177	10	-13	1,597
Net trading income and net income from hedge accounting	1	17	49	32	100	29	228
Net investment income	2	9	3	-5	-68	62	3
Current net income from companies accounted for using the equity method	14	2	-	7	-	-	23
Other net income	4	3	8	-2	16	-115	-86
<i>Income before loan loss provisions</i>	<i>1,719</i>	<i>1,455</i>	<i>458</i>	<i>1,048</i>	<i>8</i>	<i>-187</i>	<i>4,501</i>
<i>Income after loan loss provisions</i>	<i>1,667</i>	<i>1,256</i>	<i>399</i>	<i>1,062</i>	<i>-191</i>	<i>-187</i>	<i>4,006</i>
Operating expenses	1,440	652	217	660	164	292	3,425
Operating profit or loss	227	604	182	402	-355	-479	581
Impairments of goodwill	-	-	-	-	-	-	-
Restructuring expenses	-	-	-	-	-	-	-
Net gain or loss from sale of disposal groups	-	-	-	-	-	-	-
Pre-tax profit or loss	227	604	182	402	-355	-479	581
Assets	70,060	85,782	27,045	200,676	108,002	91,025	582,590
Liabilities and equity	99,704	135,018	22,113	184,321	70,864	70,570	582,590
Average capital employed	4,009	6,741	1,569	4,375	8,003	2,484	27,181
Operating return on equity¹ (%)	11.3	17.9	23.2	18.4	-8.9		4.3
Cost/income ratio in operating business (%)	83.8	44.8	47.4	63.0			76.1
Return on equity of pre-tax profit or loss¹ (%)	11.3	17.9	23.2	18.4	-8.9		4.3
Staff (average headcount)	15,925	5,763	7,660	1,965	600	17,897	49,810

¹ Annualised.

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1.1.–30.6.2013 ¹ €m	Private Customers	Mittel- standsbank	Central & Eastern Europe	Corporates & Markets	Non- Core Assets	Others and Consoli- dation	Group
Net interest income	874	888	208	751	352	-81	2,992
Loan loss provisions	-62	-225	-42	45	-522	2	-804
Net interest income after loan loss provisions	812	663	166	796	-170	-79	2,188
Net commission income	817	552	94	176	37	-27	1,649
Net trading income and net income from hedge accounting	1	-26	51	168	-20	123	297
Net investment income	8	-21	9	12	-149	15	-126
Current net income from companies accounted for using the equity method	15	1	-	8	-2	-3	19
Other net income	-18	28	18	38	9	-141	-66
<i>Income before loan loss provisions</i>	<i>1,697</i>	<i>1,422</i>	<i>380</i>	<i>1,153</i>	<i>227</i>	<i>-114</i>	<i>4,765</i>
<i>Income after loan loss provisions</i>	<i>1,635</i>	<i>1,197</i>	<i>338</i>	<i>1,198</i>	<i>-295</i>	<i>-112</i>	<i>3,961</i>
Operating expenses	1,512	657	209	672	178	195	3,423
Operating profit or loss	123	540	129	526	-473	-307	538
Impairments of goodwill	-	-	-	-	-	-	-
Restructuring expenses	-	-	-	-	-	493	493
Net gain or loss from sale of disposal groups	-	-	-	-	-	-	-
Pre-tax profit or loss	123	540	129	526	-473	-800	45
Assets	68,511	78,447	24,748	234,374	148,966	81,923	636,969
Liabilities and equity	97,228	129,892	19,172	207,685	91,724	91,268	636,969
Average capital employed	3,961	5,866	1,688	3,270	9,854	1,813	26,452
Operating return on equity² (%)	6.2	18.4	15.3	32.2	-9.6		4.1
Cost/income ratio in operating business (%)	89.1	46.2	55.0	58.3	78.4		71.8
Return on equity of pre-tax profit or loss² (%)	6.2	18.4	15.3	32.2	-9.6		0.3
Staff (average headcount)	17,153	5,720	7,724	2,001	721	18,382	51,701

¹ Prior-year figures after the restatements of hedge accounting and credit protection insurance and the tax restatements (see page 49 f.).

² Annualised.

Details for Others and Consolidation:

€m	1.1.–30.6.2014			1.1.–30.6.2013 ¹		
	Others	Consolidation	Others and Consolidation	Others	Consolidation	Others and Consolidation
Net interest income	-125	-25	-150	-60	-21	-81
Loan loss provisions	-	-	-	2	-	2
Net interest income after loan loss provisions	-125	-25	-150	-58	-21	-79
Net commission income	-9	-4	-13	-27	-	-27
Net trading income and net income from hedge accounting	20	9	29	109	14	123
Net investment income	-2	64	62	22	-7	15
Current net income from companies accounted for using the equity method	-	-	-	-3	-	-3
Other net income	-113	-2	-115	-134	-7	-141
<i>Income before loan loss provisions</i>	-229	42	-187	-93	-21	-114
<i>Income after loan loss provisions</i>	-229	42	-187	-91	-21	-112
Operating expenses	295	-3	292	209	-14	195
Operating profit or loss	-524	45	-479	-300	-7	-307
Impairments of goodwill	-	-	-	-	-	-
Restructuring expenses	-	-	-	493	-	493
Net gain or loss from sale of disposal groups	-	-	-	-	-	-
Pre-tax profit or loss	-524	45	-479	-793	-7	-800
Assets	91,025	-	91,025	81,923	-	81,923

¹ Prior-year figures after the restatement of hedge accounting (see page 49 f.).

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

- Remeasurement effects from the application of hedge accounting to 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 intragroup transactions are also reported here.

The breakdown within segment reporting of the results by geographical region, which is mainly based on the location of the branch or group company, was as follows:

1.1.–30.6.2014 €m	Germany	Europe excluding Germany	America	Asia	Others	Total
Net interest income	1,316	1,306	46	68	–	2,736
Loan loss provisions	–465	–41	11	–	–	–495
Net interest income after loan loss provisions	851	1,265	57	68	–	2,241
Net commission income	1,297	248	18	34	–	1,597
Net trading income and net income from hedge accounting	528	–328	–22	50	–	228
Net investment income	–15	13	4	1	–	3
Current net income from companies accounted for using the equity method	16	3	2	2	–	23
Other net income	–107	16	3	2	–	–86
<i>Income before loan loss provisions</i>	<i>3,035</i>	<i>1,258</i>	<i>51</i>	<i>157</i>	<i>–</i>	<i>4,501</i>
<i>Income after loan loss provisions</i>	<i>2,570</i>	<i>1,217</i>	<i>62</i>	<i>157</i>	<i>–</i>	<i>4,006</i>
Operating expenses	2,660	642	62	61	–	3,425
Operating profit or loss	–90	575	–	96	–	581
Credit-risk-weighted assets	117,875	46,988	3,069	3,086	–	171,018

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

1.1.–30.6.2013 ¹ €m	Germany	Europe excluding Germany	America	Asia	Others	Total
Net interest income	2,200	722	40	30	–	2,992
Loan loss provisions	–458	–380	28	6	–	–804
Net interest income after loan loss provisions	1,742	342	68	36	–	2,188
Net commission income	1,358	231	22	38	–	1,649
Net trading income and net income from hedge accounting	–277	460	39	75	–	297
Net investment income	–37	–88	–	–1	–	–126
Current net income from companies accounted for using the equity method	15	–	2	2	–	19
Other net income	–128	65	–1	–2	–	–66
<i>Income before loan loss provisions</i>	<i>3,131</i>	<i>1,390</i>	<i>102</i>	<i>142</i>	<i>–</i>	<i>4,765</i>
<i>Income after loan loss provisions</i>	<i>2,673</i>	<i>1,010</i>	<i>130</i>	<i>148</i>	<i>–</i>	<i>3,961</i>
Operating expenses	2,689	622	61	51	–	3,423
Operating profit or loss	–16	388	69	97	–	538
Credit-risk-weighted assets	113,034	52,515	3,762	3,477	–	172,788

¹ Prior-year figures after the restatements of hedge accounting and credit protection insurance (see page 49 f.).

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

of the Commerzbank Group's total profits by products and services. Neither internal management activities nor management reporting are based on this information.

Notes to the balance sheet

(11) Claims on banks

€m	30.6.2014	31.12.2013	Change in %
Due on demand	35,009	27,741	26.2
With a residual term	70,673	59,897	18.0
up to three months	40,092	40,353	-0.6
over three months to one year	24,902	13,172	89.1
over one year to five years	5,330	5,964	-10.6
more than 5 years	349	408	-14.5
Total	105,682	87,638	20.6
of which reverse repos and cash collaterals	69,224	56,153	23.3
of which relate to the category:			
Loans and receivables	52,245	46,640	12.0
Available-for-sale financial assets	-	-	.
At fair value through profit or loss (fair value option)	53,437	40,998	30.3

Claims on banks after deduction of loan loss provisions amounted to €105,575m (previous year: €87,545m).

(12) Claims on customers

€m	30.6.2014	31.12.2013 ¹	Change in %
With an indefinite residual term	29,773	30,162	-1.3
With a residual term	221,622	222,428	-0.4
up to three months	43,100	39,305	9.7
over three months to one year	28,402	27,836	2.0
over one year to five years	68,484	73,626	-7.0
more than 5 years	81,636	81,661	0.0
Total	251,395	252,590	-0.5
of which reverse repos and cash collaterals	32,546	28,483	14.3
of which relate to the category:			
Loans and receivables	221,176	226,437	-2.3
Available-for-sale financial assets	-	-	.
At fair value through profit or loss (fair value option)	30,219	26,153	15.5

¹ Prior-year figures restated due to restatement of credit protection insurance (see page 49 f.).

After retrospective restatement of credit protection insurance, claims on customers were €286,173m as at 31 December 2012 and 1 January 2013 respectively.

Claims on customers after deduction of loan loss provisions amounted to €245,627m (previous year¹: €245,938m).

¹ Prior-year figures after the restatement of credit protection insurance (see page 49 f.).

(13) Total lending

€m	30.6.2014	31.12.2013 ¹	Change in %
Loans to banks	22,726	22,577	0.7
Loans to customers	218,852	224,114	-2.3
Total	241,578	246,691	-2.1

¹ Prior-year figures after the restatement of credit protection insurance (see page 49 f.).

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

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

(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 3 methodology.

Development of provisioning €m	2014	2013	Change in %
As at 1.1.	7,019	8,092	-13.3
Allocations	1,326	1,596	-16.9
Disposals	2,117	1,582	33.8
Utilisation	1,193	721	65.5
Reversals	924	861	7.3
Changes in the group of consolidated companies	-17	-	.
Exchange rate changes/reclassifications/unwinding	-96	-544	-82.4
As at 30.6.	6,115	7,562	-19.1

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 €495m (30 June 2013: €804m) (see Note 2).

Loan loss provisions €m	30.6.2014	31.12.2013	Change in %
Specific valuation allowances	5,164	5,945	-13.1
Portfolio valuation allowances	711	800	-11.1
Provisions for on-balance-sheet loan losses	5,875	6,745	-12.9
Specific loan loss provisions	110	141	-22.0
Portfolio loan loss provisions	130	133	-2.3
Provisions for off-balance sheet loan losses	240	274	-12.4
Total	6,115	7,019	-12.9

For claims on banks, loan loss provisions amounted to €107m (previous year: €93m) and for claims on customers to €5,768m (previous year: €6,652m).

(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 assets held for trading comprise positive fair values of loans for syndication and emission permits as well as loans and money market trading transactions.

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

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

€m	30.6.2014	31.12.2013	Change in %
Bonds, notes and other interest-rate-related securities	18,291	15,952	14.7
Promissory note loans	1,304	1,007	29.5
Shares, other equity-related securities and units in investment funds	32,370	20,205	60.2
Positive fair values of derivative financial instruments	68,924	65,818	4.7
Currency-related derivative transactions	9,568	12,047	-20.6
Interest-rate-related derivative transactions	55,459	49,687	11.6
Other derivative transactions	3,897	4,084	-4.6
Other trading assets	788	634	24.3
Total	121,677	103,616	17.4

Other transactions involving positive fair values of derivative financial instruments consisted mainly of €2,078m in equity derivatives (previous year: €2,104m) and €1,454m in credit derivatives (previous year: €1,507m).

(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 jointly controlled entities) and holdings in non-consolidated subsidiaries.

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€m	30.6.2014	31.12.2013	Change in %
Bonds, notes and other interest-rate-related securities ¹	82,864	80,772	2.6
Shares, other equity-related securities and units in investment funds	1,040	1,021	1.9
Equity holdings	134	135	-0.7
Holdings in non-consolidated subsidiaries	134	123	8.9
Total	84,172	82,051	2.6
of which relate to the category:			
Loans and receivables ¹	44,155	45,152	-2.2
Available-for-sale financial assets	37,650	34,595	8.8
of which measured at amortised cost	307	258	19.0
At fair value through profit or loss (fair value option)	2,367	2,304	2.7

¹ Reduced by portfolio valuation allowances for reclassified securities of €52m (previous year: €62m).

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 €-0.5bn as at 30 June 2014 (previous year: €-0.6bn). Without these reclassifications, the revaluation reserve for these portfolios after deferred taxes would have been €-2.5bn (previous year: €-2.8bn) as at 30 June 2014; the carrying amount of these portfolios on the balance sheet date was €41.6bn (previous year: €42.5bn) and fair value was €38.8bn (previous year: €39.3bn).

(17) Intangible assets

€m	30.6.2014	31.12.2013	Change in %
Goodwill	2,080	2,080	0.0
Other intangible assets	1,156	1,127	2.6
Customer relationships	375	395	-5.1
In-house developed software	530	485	9.3
Other	251	247	1.6
Total	3,236	3,207	0.9

(18) Fixed assets

€m	30.6.2014	31.12.2013	Change in %
Land and buildings and other fixed assets	1,371	1,311	4.6
Office furniture and equipment	440	457	-3.7
Total	1,811	1,768	2.4

(19) Other assets

€m	30.6.2014	31.12.2013	Change in %
Collection items	23	225	-89.8
Precious metals	279	259	7.7
Leased equipment	747	741	0.8
Accrued and deferred items	321	168	91.1
Initial/variation margins receivable	265	223	18.8
Other assets	1,904	1,320	44.2
Total	3,539	2,936	20.5

(20) Liabilities to banks

€m	30.6.2014	31.12.2013	Change in %
Due on demand	59,049	31,130	89.7
With a residual term	64,309	46,564	38.1
up to three months	33,884	16,275	.
over three months to one year	5,020	5,949	-15.6
over one year to five years	13,807	13,211	4.5
more than 5 years	11,598	11,129	4.2
Total	123,358	77,694	58.8
of which repos und cash collaterals	51,296	18,288	.
of which relate to the category:			
Liabilities measured at amortised cost	77,901	66,263	17.6
At fair value through profit or loss (fair value option)	45,457	11,431	.

(21) Liabilities to customers

€m	30.6.2014	31.12.2013	Change in %
Savings deposits	6,763	6,281	7.7
With an agreed period of notice of			
three months	6,695	6,191	8.1
over three months	68	90	-24.4
Other liabilities to customers	257,019	270,205	-4.9
Due on demand	156,872	157,291	-0.3
With a residual term	100,147	112,914	-11.3
up to three months	42,754	56,092	-23.8
over three months to one year	19,743	17,548	12.5
over one year to five years	14,946	15,383	-2.8
more than 5 years	22,704	23,891	-5.0
Total	263,782	276,486	-4.6
of which repos und cash collaterals	35,684	49,853	-28.4
of which relate to the category:			
Liabilities measured at amortised cost	224,017	220,100	1.8
At fair value through profit or loss (fair value option)	39,765	56,386	-29.5

(22) Securitised liabilities

Securitised liabilities consist of bonds and notes, including ship and mortgage Pfandbriefe and public-sector Pfandbriefe, money market instruments (e.g. euro notes, commercial paper), index certificates, own acceptances and promissory notes outstanding.

€m	30.6.2014	31.12.2013	Change in %
Bonds and notes issued	52,189	61,328	-14.9
of which Mortgage Pfandbriefe	14,302	18,015	-20.6
Public Pfandbriefe	16,940	17,929	-5.5
Money market instruments issued	3,228	3,326	-2.9
Own acceptances and promissory notes outstanding	12	16	-25.0
Total	55,429	64,670	-14.3
of which relate to the category:			
Liabilities measured at amortised cost	52,624	61,611	-14.6
At fair value through profit or loss (fair value option)	2,805	3,059	-8.3

Residual maturities of securitised liabilities €m	30.6.2014	31.12.2013	Change in %
Due on demand	–	–	.
With a residual term	55,429	64,670	– 14.3
up to three months	7,908	7,926	– 0.2
over three months to one year	8,735	12,847	– 32.0
over one year to five years	27,969	32,661	– 14.4
more than 5 years	10,817	11,236	– 3.7
Total	55,429	64,670	– 14.3

In the first six months of 2014, material new issues with a total volume of €5.5bn were floated. In the same period the volume of redemptions and repurchases amounted to €1.5bn and the volume of bonds maturing to €12.8bn.

(23) Trading liabilities

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

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

€m	30.6.2014	31.12.2013	Change in %
Currency-related derivative transactions	9,492	11,896	– 20.2
Interest-rate-related derivative transactions	50,146	45,225	10.9
Other derivative transactions	6,148	5,997	2.5
Certificates and other notes issued	5,579	5,001	11.6
Delivery commitments arising from short sales of securities, negative market values of lending commitments and other trading liabilities	6,814	2,891	.
Total	78,179	71,010	10.1

Other derivative transactions consisted mainly of €4,023m in equity derivatives (previous year: €3,858m) and €1,712m in credit derivatives (previous year: €1,785m).

(24) Provisions

€m	30.6.2014	31.12.2013 ¹	Change in %
Provisions for pensions and similar commitments	1,134	828	37.0
Other provisions	2,923	3,047	– 4.1
Total	4,057	3,875	4.7

¹ Prior-year figures after the restatement of credit protection insurance (see page 49 f.).

(25) Other liabilities

€m	30.6.2014	31.12.2013 ¹	Change in %
Liabilities attributable to film funds	1,451	1,690	-14.1
Liabilities attributable to non-controlling interests	3,701	2,974	24.4
Accrued and deferred items	390	397	-1.8
Variation margins payable	193	234	-17.5
Other liabilities	1,620	1,256	29.0
Total	7,355	6,551	12.3

¹ Prior-year figures after the restatement of credit protection insurance (see page 49 f.).

(26) Subordinated debt instruments

€m	30.6.2014	31.12.2013	Change in %
Subordinated debt instruments	13,614	14,188	-4.0
Accrued interest, including discounts	-1,087	-1,107	-1.8
Remeasurement effects	686	633	8.4
Total	13,213	13,714	-3.7
of which relate to the category:			
Liabilities measured at amortised cost	13,204	13,706	-3.7
At fair value through profit or loss (fair value option)	9	8	12.5

In the first six months of 2014 the volume of redemptions and repurchases of subordinated debt instruments amounted to €0.1bn, while €0.5bn of subordinated debt instruments matured. There were no other material changes.

Other notes

(27) Capital requirements and capital ratios

€m	30.6.2014 ¹	31.12.2013	Change in %
Core Tier 1	25,346	24,887	1.8
Additional Tier 1	–	819	.
Total Tier 1	25,346	25,706	– 1.4
Tier 2 capital	7,008	10,945	–36.0
Total capital	32,354	36,651	– 11.7

¹ Preliminary figures subject to the approval of the supervisory authority for the appropriation of the quarterly profit.

€m	Capital adequacy requirement		Risk-weighted assets ¹		Change in %
	30.6.2014 ²	31.12.2013	30.6.2014 ²	31.12.2013	
Credit risk	13,681	12,720	171,018	159,000	7.6
Market risk ³	1,797	694	22,460	8,675	.
Operational risk	1,883	1,833	23,535	22,913	2.7
Total capital requirement	17,361	15,247	217,013	190,588	13.9
Core Tier 1	25,346	24,887			
Tier 1 capital	25,346	25,706			
Total capital	32,354	36,651			
Core Tier 1 ratio (%)	11.7	13.1			
Tier 1 ratio (%)	11.7	13.5			
Total capital ratio (%)	14.9	19.2			

¹ Risk-weighted assets are calculated by multiplying the capital requirements by 12.5.

² Preliminary figures subject to the approval of the supervisory authority for the appropriation of the quarterly profit.

³ Including capital adequacy requirements for credit valuation adjustment risks.

(28) Contingent liabilities and irrevocable lending commitments

€m	30.6.2014	31.12.2013	Change in %
Contingent liabilities	36,406	35,250	3.3
from rediscounted bills of exchange credited to borrowers	3	6	–50.0
from guarantees and indemnity agreements	36,394	35,220	3.3
from other commitments	9	24	–62.5
Irrevocable lending commitments	54,749	52,326	4.6

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

(29) Derivative transactions

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

The netting volume as at 30 June 2014 totalled €85,176m (previous year: €101,665m). On the assets side, €82,873m of this

was attributable to positive fair values and €2,303m to variation margins received. Netting on the liabilities side involved negative fair values of €84,946m and liabilities for variation margin payments of €230m.

30.6.2014 €m	Nominal amount by residual term						Fair values	
	due on demand	up to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total	positive	negative
Foreign-currency-based forward transactions	8	260,426	169,556	195,591	120,933	746,514	10,127	9,611
Interest-based forward transactions	4	517,913	1,589,187	1,327,541	1,238,172	4,672,817	141,929	143,382
Other forward transactions	2,109	55,762	78,488	123,829	18,461	278,649	3,898	6,148
Total	2,121	834,101	1,837,231	1,646,961	1,377,566	5,697,980	155,954	159,141
<i>of which exchange-traded</i>	–	37,695	60,107	28,392	10,534	136,728		
Net position in the balance sheet							73,081	74,195

31.12.2013 €m	Nominal amount by residual term						Fair values	
	due on demand	up to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total	positive	negative
Foreign-currency-based forward transactions	8	233,998	145,722	186,724	121,791	688,243	12,603	11,985
Interest-based forward transactions	5	559,658	2,014,803	1,842,547	1,596,010	6,013,023	153,248	154,358
Other forward transactions	2,254	56,999	63,275	115,320	17,821	255,669	4,084	5,997
Total	2,267	850,655	2,223,800	2,144,591	1,735,622	6,956,935	169,935	172,340
<i>of which exchange-traded</i>	–	40,408	63,222	22,052	9,363	135,045		
Net position in the balance sheet							69,459	70,773

(30) Fair value and fair value hierarchy of financial instruments

Under IAS 39, all financial instruments are initially recognised at fair value; financial instruments that are not classified as at fair value through profit or loss are recognised at fair value plus certain transaction costs. Subsequently, those financial instruments that are classified as at fair value through profit or loss and available-for-sale financial assets are measured at fair value on an ongoing basis. For this purpose, at fair value through profit or loss includes derivatives, instruments held for trading and instruments designated at fair value.

Under IFRS 13, the fair value of an asset is the amount for which it could be sold between knowledgeable, willing, independent parties in an arm's length transaction. The fair value therefore represents a realisable price. The fair value of a liability is defined as the price at which the debt could be transferred to a third party as part of an orderly transaction. The fair value of a liability also reflects own credit risk. If third parties provide security for our liabilities (e.g. guarantees), this security is not taken into account in the valuation of the liability, as the Bank's repayment obligation remains the same.

The most suitable measure of fair value is the quoted price for an identical instrument in an active market (fair value hierarchy Level 1). As a rule, therefore, quoted prices are to be used if they are available. The relevant market used to determine the fair value is generally the market with the greatest activity (main market). To reflect the price at which an asset could be exchanged or a liability settled, asset positions are valued at the bid price and liability positions are valued at the ask price.

In those cases where no quoted prices are available, valuation is based on quoted prices for similar instruments in active markets. Where quoted prices are not available for identical or similar financial instruments, fair value is derived using an appropriate valuation model where the data inputs are obtained, as far as possible, from observable market sources (fair value hierarchy Level 2). In accordance with IFRS 13, valuation methods are to be chosen that are commensurate with the situation and for which the required information is available.

For the selected methods, observable input parameters are to be used to the maximum extent possible and unobservable input parameters to the least extent possible.

While most valuation techniques rely on data from observable market sources, certain financial instruments are measured using models that incorporate other inputs for which there is insufficient recent observable market data. IFRS 13 recognises the market approach, income approach and cost approach as potential methods of measurement. The market approach relies on measurement methods that draw on information about identical or comparable assets and liabilities. The income approach reflects current expectations about future cash flows, expenses and income. The income approach may also include option price models. The cost approach (which may only be applied to non-financial instruments) defines fair value as the current replacement cost of the asset, taking into account the asset's current condition. These valuations inherently include a greater level of management judgement. These unobservable inputs may include data that is extrapolated or interpolated, or may be derived by approximation to correlated or historical data. However, such inputs maximise market or third-party inputs and rely as little as possible on company-specific inputs (fair value hierarchy Level 3).

Valuation models must be consistent with accepted economic methodologies for pricing financial instruments and must incorporate all factors that market participants would consider appropriate in setting a price. All fair values are subject to the Group's internal controls and procedures which set out the standards for independently verifying or validating fair values. These controls and procedures are carried out and coordinated by the Independent Price Verification (IPV) Group within the finance function. The models, inputs and resulting fair values are reviewed regularly by Senior Management and the Risk function.

The fair values which can be realised at a later date can deviate from the estimated fair values.

The following summary shows how these measurement principles are applied to the key classes of financial instrument held by the Commerzbank Group:

- Listed derivatives are valued at the bid or offer price available on active markets. In some cases, theoretical prices may also be used. The fair value of OTC derivatives is determined using valuation models that are well established on the financial markets. On the one hand, models may be used that measure the expected future cash flows and discount these to determine the net present value of the financial instruments. On the other hand, alternative models may be used that determine the value at which there is no scope for arbitrage between a given instrument and other related traded instruments. For some derivatives, the valuation models used in the financial markets may differ in the way that they model the fair value and may use different input parameters to different degrees. These models are regularly calibrated to recent market prices.

Input parameters for these models are derived, where possible, from observable data such as prices or indices that are published by the relevant exchange, third-party brokers or organisations that provide generally recognised prices based on data submitted by significant market participants. Where input parameters are not directly observable, they may be derived from observable data through extrapolation or interpolation, or may be approximated by reference to historical or correlated data. Input parameters for derivative valuations would typically include underlying spot or forward security prices, volatility, interest rates and exchange rates.

The fair value of options is comprised of two parts, the intrinsic value and the time value. The factors used to determine the time value include the strike price compared to the underlying, the volatility of the underlying market, the time to expiry and the correlations between the underlying assets and underlying currencies.

- Equities, bonds, asset-backed securities (ABS), mortgage-backed securities, other asset-backed securities and collateralised debt obligations (CDO) are valued using market prices from the relevant exchange, third-party brokers or organisations that provide generally recognised prices based on data submitted by significant market participants. In the absence of such prices, the price for similar quoted instruments is used and adjusted to reflect the contractual

differences between the instruments. In the case of more complex securities traded in markets that are not active, the fair value is derived using a valuation model that calculates the present value of the expected future cash flows. In such cases, the input parameters reflect the credit risk associated with those cash flows. Unlisted equities are recognised at cost if it is impossible to establish either a price quotation in an active market or the relevant parameters for the valuation model.

- Structured instruments are securities that combine features of fixed income and equity securities. As opposed to traditional bonds, structured instruments generally pay out a variable return based on the performance of some underlying asset with this return potentially being significantly higher (or lower) than the return on the underlying. In addition to the interest payments, the redemption value and maturity date of the structured debt instrument can also be affected by the derivatives embedded in the instrument. The methodology for determining the fair value of structured instruments can vary greatly as each instrument is individually customised and therefore the terms and conditions of each instrument must be considered individually. Structured instruments can provide exposure to almost any asset class, such as equities, commodities and foreign exchange, interest rate, credit and fund products.

Fair value hierarchy

Under IFRS 13, financial instruments carried at fair value are assigned to the three levels of the fair value hierarchy as follows:

- Level 1: Financial instruments where the fair value is based on quoted prices for identical financial instruments in active markets.
- Level 2: Financial instruments where no quoted prices are available for identical instruments in an active market and the fair value is established using valuation techniques.
- Level 3: Financial instruments where valuation techniques are used that incorporate inputs for which there is insufficient observable market data and where these inputs have a more than insignificant impact on the fair value.

The allocation of certain financial instruments to the relevant level is subject to the judgement of management on a systematic basis, particularly if the valuation is based both on observable market data and unobservable market data. An instrument's classification may also change over time to reflect changes in market liquidity and price transparency.

In the tables below the financial instruments reported in the balance sheet at fair value are grouped by balance sheet item and valuation category. They are broken down according to whether fair value is based on quoted market prices (Level 1), observable market data (Level 2) or unobservable market data (Level 3).

Financial assets €bn		30.6.2014				31.12.2013			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Claims on banks	At fair value through profit or loss	–	53.4	–	53.4	–	41.0	–	41.0
Claims on customers	At fair value through profit or loss	–	29.9	0.3	30.2	–	25.9	0.3	26.2
Positive fair values of derivative hedging instruments	Hedge accounting	–	4.2	–	4.2	–	3.6	–	3.6
Trading assets	Held for trading	45.7	73.8	2.2	121.7	35.5	66.3	1.8	103.6
	of which positive fair values from derivatives	–	67.8	1.1	68.9	–	65.0	0.8	65.8
Financial investments	At fair value through profit or loss	1.4	1.0	0.0	2.4	1.5	0.8	0.0	2.3
	Available-for-sale financial assets	33.8	3.4	0.1	37.3	32.5	2.0	0.1	34.6
Total		80.9	165.7	2.6	249.2	69.5	139.6	2.2	211.3

Financial liabilities €bn		30.6.2014				31.12.2013			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities to banks	At fair value through profit or loss	–	45.5	–	45.5	–	11.4	–	11.4
Liabilities to customers	At fair value through profit or loss	–	39.8	–	39.8	–	56.4	–	56.4
Securitised liabilities	At fair value through profit or loss	2.8	–	–	2.8	3.1	–	–	3.1
Negative fair values of derivative hedging instruments	Hedge accounting	–	8.4	–	8.4	–	7.7	–	7.7
Trading liabilities	Held for trading	12.3	65.1	0.8	78.2	7.8	62.6	0.6	71.0
	of which negative fair values from derivatives	–	65.1	0.7	65.8	–	62.6	0.5	63.1
Subordinated debt instruments	At fair value through profit or loss	–	–	–	–	–	–	–	–
Total		15.1	158.8	0.8	174.7	10.9	138.1	0.6	149.6

A number of reclassifications from Level 1 to Level 2 were carried out in the second quarter of 2014, as there were no listed market prices available. This involved €0.4bn in available-for-sale bonds, while €1.1bn was reclassified from securities and receivables held for trading and €0.1bn from bonds to which the fair value option is

applied. Opposite reclassifications were made from Level 2 to Level 1 for €0.3bn of available-for-sale bonds, as quoted market prices became available again. The reclassifications were determined on the basis of the holdings on 31 March 2014. Apart from this, there were no other significant reclassifications between Level 1 and Level 2.

The changes in financial instruments in the Level 3 category were as follows:

Financial assets €m	Claims on customers	Trading assets	of which positive fair values from derivatives	Financial investments		Total
	At fair value through profit or loss	Held for trading	Held for trading	At fair value through profit or loss	Available-for-sale financial assets	
Fair value as at 1.1.2013	302	2,175	954	53	645	3,175
Changes in the group of consolidated companies	–	–	–	–	–	–
Gains or losses recognised in income statement during the period	–19	–119	–77	2	–26	–162
of which unrealised gains/losses	–	–85	–43	8	–	–77
Gains or losses recognised in revaluation reserve	–	–	–	–	7	7
Purchases	–	612	6	–	165	777
Sales	–	–476	–29	–	–3	–479
Issues	–	–	–	–	–	–
Redemptions	–	–373	–311	–30	–706	–1,109
Reclassifications to Level 3	1	713	550	2	110	826
Reclassifications from Level 3	–	–719	–318	–2	–133	–854
Fair value as at 31.12.2013	284	1,813	775	25	59	2,181
Changes in the group of consolidated companies	–	–	–	–	–	–
Gains or losses recognised in income statement during the period	3	61	11	–	–1	63
of which unrealised gains/losses	1	84	50	–	–	85
Gains or losses recognised in revaluation reserve	–	–	–	–	–1	–1
Purchases	–	90	–	–	86	176
Sales	–	–145	–66	–	–	–145
Issues	–	–	–	–	–	–
Redemptions	–	–7	–7	–9	–	–16
Reclassifications to Level 3	–	449	396	–	35	484
Reclassifications from Level 3	–	–96	–15	–14	–42	–152
Fair value as at 30.6.2014	287	2,165	1,094	2	136	2,590

The unrealised gains or losses on financial instruments held for trading purposes (trading assets and derivatives) are part of the net trading income. The unrealised gains or losses on claims and financial investments at fair value through profit or loss are recognised in the net gain or loss from applying the fair value option.

In financial year 2014, €0.4bn in positive fair values from derivatives was reclassified from Level 2 to Level 3, as there were no observable market parameters. Apart from this, there were no significant reclassifications into or out of Level 3.

Financial liabilities €m	Trading liabilities	of which negative fair values from derivatives	Total
	Held for trading	Held for trading	
Fair value as at 1.1.2013	840	837	840
Changes in the group of consolidated companies	–	–	–
Gains or losses recognised in income statement during the period	–47	–47	–47
of which unrealised gains/losses	–41	–41	–41
Purchases	42	42	42
Sales	–7	–7	–7
Issues	–	–	–
Redemptions	–274	–274	–274
Reclassifications to Level 3	384	229	384
Reclassifications from Level 3	–305	–252	–305
Fair value as at 31.12.2013	633	528	633
Changes in the group of consolidated companies	–	–	–
Gains or losses recognised in income statement during the period	–4	–4	–4
of which unrealised gains/losses	24	24	24
Purchases	5	5	5
Sales	–7	–	–7
Issues	–	–	–
Redemptions	–16	–16	–16
Reclassifications to Level 3	294	294	294
Reclassifications from Level 3	–125	–80	–125
Fair value as at 30.6.2014	780	727	780

The unrealised gains or losses on financial instruments held for trading purposes (trading liabilities and derivatives) are part of the net trading income.

In financial year 2014, €0.2bn in negative fair values from

derivatives was reclassified from Level 2 to Level 3, as there were no observable market parameters. Apart from this, there were no significant reclassifications into or out of Level 3.

Sensitivity analysis

Where the value of financial instruments is based on unobservable input parameters (Level 3), the precise level of these parameters at the balance sheet date may be derived from a range of reasonable possible alternatives at the discretion of management. In preparing the Group financial statements, appropriate levels for these unobservable input parameters are chosen which are consistent with existing market evidence and in line with the Group's valuation control approach.

The purpose of this disclosure is to illustrate the potential impact of the relative uncertainty in the fair values of financial instruments with valuations based on unobservable input parameters (Level 3). Interdependencies frequently exist between the parameters used to determine Level 3 fair values. For example, an anticipated improvement in the overall economic situation may cause share prices to rise, while securities perceived as being

lower risk, such as government bonds, may lose value. Such interdependencies are accounted for by means of correlation parameters insofar as they have a significant effect on the fair values in question. If a valuation model uses several parameters, the choice of one parameter may restrict the range of possible values the other parameters may take. So, by definition, this category will contain more illiquid instruments, instruments with longer-term maturities and instruments where sufficient independent observable market data is difficult to obtain. The purpose of this information is to illustrate the main unobservable input parameters for Level 3 financial instruments and subsequently present various inputs on which the key input parameters were based.

The main unobservable input parameters for Level 3 and the key related factors may be summarised as follows:

- Internal rate of return (IRR):

The IRR is defined as the discount rate that sets the net present value of all cash flows from an instrument equal to zero. For bonds, the IRR depends, for example, upon the current bond price, the nominal value and the duration.

- Equity correlation:

Correlation is a measure of how two instruments move in relation to each other. Correlation is expressed as the correlation coefficient, which ranges between -1 and +1.

Many popular equity derivative products involve several underlying reference assets (equity basket correlation). The performance is determined by taking the average of the baskets; locking in at certain time intervals the best (or worst) performers; or picking the best (or worst) performer at maturity.

Basket products such as index baskets may have their performance linked to a number of indices. The inputs used to price these include the interest rate, index volatility, index dividend and the correlations between the indices. The correlation coefficients are typically provided by independent data providers. For correlated paths the average basket value can then be estimated by a large number of samples (Monte Carlo simulation).

A quanto (quantity adjusting option) swap is a swap with varying combinations of interest rate, currency and equity swap features, where the yield spread is based on the movement of two different countries' interest rates. Payments are settled in the same currency.

The inputs needed to value an equity quanto swap are the correlation between the underlying index and the FX forward rate, the volatility of the underlying index, the volatility of the FX forward rate and maturity.

- Credit spread:

The credit spread is the yield spread (premium or discount) between securities that are identical in all respects except for their respective credit quality. The credit spread represents the excess yield above the benchmark reference instrument that compensates for the difference in creditworthiness between the instrument and the benchmark. Credit spreads are quoted in terms of the number of basis points above (or below) the quoted benchmark. The wider (higher) the credit spread in relation to the benchmark is, the lower the respective creditworthiness, and vice versa for narrower (lower) credit spreads.

- Discount yield:

Discount yield is a measure of a bond's percentage return. Discount yield is most frequently used to calculate the yield on short-term bonds and treasury bills sold at a discount. This yield calculation uses the convention of a 30-day month and 360-day year. The inputs required to determine the discount yield are the par value, purchase price and the number of days to maturity.

- Credit correlation:

Credit derivative products such as collateralised debt obligations (CDOs), CDS indices, such as iTraxx and CDX, and First-to-default (FTD) basket swaps all derive their value from an underlying portfolio of credit exposures.

Correlation is a key determinant in the pricing of FTD swaps. Default correlation assumptions can have a significant impact on the distribution of losses experienced by a credit portfolio. It is the loss distribution that captures the default characteristics of a portfolio of credits and ultimately determines the pricing of the FTD.

At low correlation, the assets are virtually independent. In the case of an extremely low default correlation assumption, the distribution is almost symmetrical. There is a high probability of experiencing a few losses but almost no probability of experiencing a very large number of losses. Also the probability of experiencing zero losses is low. With a medium default correlation assumption, the distribution becomes more "skewed". There is thus a higher probability of experiencing no defaults, but also a higher probability of experiencing a large number of losses. As a result, there is a greater likelihood of assets defaulting together. The tail of the portfolio loss distribution is pushed out, with more of the risk therefore in the senior tranche.

At a high correlation, the portfolio virtually behaves like a single asset, which either does or does not default.

- Mean reversion of interest rates:

This is a theory suggesting that prices and returns eventually move back towards the mean or average. This mean or average can be the historical average of a price or yield or another relevant average such as average economic growth or the average return of an industry.

A single-factor interest rate model used to price derivatives is the Hull-White model. This assumes that short rates have a normal distribution and are subject to mean reversion. Volatility is likely to be low when short rates are near zero, which is reflected in a larger mean reversion in the model. The Hull-White model is an extension of the Vasicek and Cox-Ingersoll-Ross (CIR) models.

- Interest rate-forex (IR-FX) correlation:

The IR-FX correlation is relevant for the pricing of exotic interest rate swaps involving the exchange of funding payments in one currency and an exotic structured leg that is usually based on the development of two government bond yields in different currencies.

Data vendors provide a service for quanto swaps as well as for CMS quanto spread options in the same currency pairs. We participate in these services and receive consensus mid prices for these, together with spreads and standard deviations of the distribution of prices provided by all participants.

The model parameters required as inputs include, for example, rate/rate (Dom-For currency) and rate/FX (Dom-FX and For-FX) correlations. These are not directly observable on the market, but can be derived from consensus prices then used to price these transactions.

For the calculation of the correlation sensitivities, the different types of correlations (rate/rate and rate/FX) are shifted one after the other and the exotics interest rate swaps portfolio is revalued each time. The calculated price differences to the respective basis prices determine the sensitivity values for each correlation type. These calculations are done for the various currency pairs.

- Recovery rates, survival and default probabilities:

Supply and demand as well as the arbitrage relationship with asset swaps tends to be the dominant factor driving pricing of

credit default swaps (CDS). Models for pricing default swaps tend to be used more for exotic structures and off-market default swap valuation for which fixed interest payments above or below the market rate are agreed. These models calculate the implied default probability of the reference asset as a means of discounting the cash flows in a default swap. The model inputs are credit spreads and recovery rates that are used to interpolate ("bootstrap") a time series of survival probabilities of the reference asset. A typical recovery rate assumption in the default swap market for senior unsecured contracts is 40%.

Assumptions about recovery rates will be a factor determining the shape of the survival probability curve. Different recovery rate assumptions translate into different survival probability rates. For a given credit spread, a high recovery assumption implies a higher probability of default (relative to a low recovery assumption) and hence a lower survival probability.

There is a relationship over time between default rates and recovery rates of corporate bond issuers. In particular, there is an inverse correlation between the two: an increase in the default rate (defined as the percentage of issuers defaulting) is generally associated with a decline in the average recovery rate.

In practice, market participants use market spreads to determine implied default probabilities. Estimates of default probabilities also depend on the joint loss distributions of the parties involved in a credit derivative transaction. The copula function is used to measure the correlation structure between two or more variables. The copula function creates a joint distribution while keeping the characteristics of the two independent marginal distributions.

The following ranges for the material unobservable parameters were used in the valuation of our Level 3 financial instruments:

€m	Valuation technique	30.6.2014		Significant unobservable input parameter	30.6.2014	
		Assets	Liabilities		Range	
Derivatives		1,096	780			
Equity-related transactions	Discounted cash flow model	156	53	IRR (%)	3.1	3.4
Credit derivatives	Discounted cash flow model	762	491	Credit spread (bps)	100	500
		–	–	Recovery rate (%)	40	90
Interest-rate-related transactions	Option pricing model	178	236	IR-FX correlation (%)	–38	73
Other transactions		–	–		–	–
Securities		1,438	–			
Interest-rate-related transactions	Price based model	1,438	–	Price (%)	7	100
of which ABS	Price based model	1,403	–	Price (%)	0	178
Equity-related transactions		–	–		–	–
Loans	Price based model	57	–	Price (%)	88	100
Total		2,591	780			

The table below shows the impact on the income statement of reasonable parameter estimates on the edges of these ranges for instruments in the fair value hierarchy Level 3. The sensitivity

analysis for financial instruments in the fair value hierarchy Level 3 is broken down by type of instrument:

€m	2014		Changed parameters
	Positive effects on income statement	Negative effects on income statement	
Derivatives	60	–59	
Equity-related transactions	14	–13	IRR
Credit derivatives	36	–36	Credit spread, recovery rate
Interest-rate-related transactions	10	–10	Correlation
Other transactions	–	–	
Securities	64	–38	
Interest-rate-related transactions	64	–38	Price
of which ABS	61	–34	Discount yield, recovery rate, credit spread
Equity-related transactions	–	–	
Loans	6	–6	Price

The selected parameters lie at the extremes of their range of reasonable possible alternatives. In practice, however, it is unlikely that all unobservable parameters would simultaneously lie at the extremes of this range. Consequently, the estimates provided are likely to exceed the actual uncertainty in the fair values of these

instruments. The purpose of these figures is not to estimate or predict future changes in fair value. The unobservable parameters were either shifted by between 1 and 10% as deemed appropriate by our independent valuation experts for each type of instrument or a measure of standard deviation was applied.

Day one profit or loss

The Commerzbank Group has entered into transactions where the fair value was calculated using a valuation model, where not all material input parameters were observable in the market. The initial carrying value of such transactions is the transaction price. The difference between the transaction price and the fair value under the model is termed the “day one profit or loss”. The day one profit or loss is not recognised immediately in the income statement but pro rata over the term of the transaction. As soon as

there is a quoted market price on an active market for such transactions or all material input parameters become observable, the accrued day one profit or loss is immediately recognised in net trading income. A cumulated difference between transaction price and model valuation is calculated for the Level 3 items in all categories. Material impacts only result from financial instruments held for trading; the development was as follows:

€m	Day one profit or loss		
	Trading assets	Trading liabilities	Total
Balance as at 1.1.2013	–	2	2
Allocations not recognised in income statement	–	–	–
Reversals recognised in income statement	–	1	1
Balance as at 31.12.2013	–	1	1
Allocations not recognised in income statement	–	–	–
Reversals recognised in income statement	–	–	–
Balance as at 30.6.2014	–	1	1

Below we provide more information on the fair values of financial instruments which are not recognised at fair value in the balance sheet, but for which a fair value must be disclosed. For the financial instruments reported in the balance sheet at fair value, the accounting methodology is set out in the section on fair value hierarchy.

The nominal value of financial instruments that fall due on a daily basis is taken as their fair value. These instruments include the cash reserve as well as overdrafts and demand deposits in the claims on banks and customers or liabilities to banks and customers items.

Market prices are not available for loans as there are no organised markets in which these financial instruments are traded. A discounted cash flow model is used for loans with parameters based on a risk-free yield curve (swap curve), credit spreads and a maturity-based premium to cover liquidity spreads, plus fixed premiums for administrative costs and the cost of capital. Data on the credit spreads of major banks and corporate customers is available. When using credit spreads, neither liquidity spreads nor premiums for administrative costs and the cost of capital may be considered, since implicitly they are already included in credit risk.

In the case of reclassified securities contained in the IAS 39 loans and receivables category the fair value is determined on the basis of available market prices insofar as an active market once again exists (Level 1). If there is no active market, recognised valuation methods are to be used to determine the fair values. In general, the discounted cash flow model is applied to the valuation. The parameters used comprise yield curves, risk and liquidity spreads and premiums for administrative costs and the cost of capital.

For liabilities to banks and customers, a discounted cash flow model is generally used for determining fair value, since market data is usually not available. In addition to the yield curve, own credit spread and a premium for operating expenses are also taken into account. In the case of promissory note loans issued by banks, the cost of capital is also taken into account.

The fair value of securitised liabilities, subordinated liabilities and hybrid capital is determined on the basis of available market prices. If no prices are available, the discounted cash flow model is used to determine the fair values. A number of different factors, including current market interest rates, the own credit spread and capital costs, are taken into account in determining fair value.

The table below compares the fair values of the balance sheet items with their carrying amounts:

€bn	Fair value		Carrying amount		Difference	
	30.6.2014	31.12.2013 ¹	30.6.2014	31.12.2013 ¹	30.6.2014	31.12.2013
Assets						
Cash reserve	7.1	12.4	7.1	12.4	–	–
Claims on banks	105.6	87.5	105.6	87.5	0.0	0.0
Claims on customers	247.4	247.0	245.6	245.9	1.8	1.1
Value adjustment portfolio fair value hedges ²	0.0	0.0	0.3	0.1	–0.3	–0.1
Positive fair values of derivative hedging instruments	4.2	3.6	4.2	3.6	–	–
Trading assets	121.7	103.6	121.7	103.6	–	–
Financial investments	81.3	78.9	84.2	82.1	–2.9	–3.2
Liabilities						
Liabilities to banks	123.4	77.7	123.4	77.7	0.0	0.0
Liabilities to customers	264.3	276.3	263.8	276.5	0.5	–0.2
Securitised liabilities	58.3	66.5	55.4	64.7	2.9	1.8
Value adjustment portfolio fair value hedges ²	0.0	0.0	1.0	0.7	–1.0	–0.7
Negative fair values of derivative hedging instruments	8.4	7.7	8.4	7.7	–	–
Trading liabilities	78.2	71.0	78.2	71.0	–	–
Subordinated debt instruments	14.1	14.2	13.2	13.7	0.9	0.5

¹ Prior-year figures after the restatement of credit protection insurance and the tax restatements (see page 49 f.).

² The fair value adjustments on portfolio fair value hedges are contained in the relevant balance sheet line items for the hedged items.

(31) Treasury shares

	Number of shares in units	Accounting par value ¹ in €1,000	Percentage of share capital
Balance as at 30.6.2014	–	–	–
Largest number acquired during the financial year	–	–	–
Total shares pledged by customers as collateral as at 30.6.2014	4,379,783	4,380	0.38
Shares acquired during the current financial year	–	–	–
Shares disposed of during the current financial year	–	–	–

¹ Accounting par value per share €1.00.

(32) 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.

Besides the size of the stake held by the German federal government as guarantor of the Financial Market Stabilisation

Authority (FMSA), which administers the Financial Market Stabilisation Fund (SoFFin), other factors (including membership of the supervisory board) which could allow a shareholder to exert a significant influence on Commerzbank Aktiengesellschaft also need to be taken into account. As a result the German federal government and entities controlled by it continue to constitute related parties as defined by IAS 24.

In the tables below we present relationships with federal government-controlled entities and agencies separately from relationships with other related parties.

Assets, liabilities and off-balance sheet items involving related parties (excluding federal agencies) were as follows:

€m	30.6.2014	31.12.2013	Change in %
Claims on banks	60	83	-27.7
Claims on customers	1,150	1,386	-17.0
Trading assets	17	14	21.4
Financial investments	44	45	-2.2
Other assets	54	40	35.0
Total	1,325	1,568	-15.5
Liabilities to banks	11	4	.
Liabilities to customers	771	1,227	-37.2
Securitised liabilities	-	-	.
Trading liabilities	2	-	.
Subordinated debt instruments	632	618	2.3
Other liabilities	25	24	4.2
Total	1,441	1,873	-23.1
Off-balance-sheet items			
Guarantees and collaterals granted	105	101	4.0
Guarantees and collaterals received	-	-	.

39	Statement of comprehensive income
43	Balance sheet
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49	Selected notes

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

€m	1.1.–30.6.2014	1.1.–30.6.2013	Change in %
Income			
Interest income	48	63	-23.8
Commission income	36	12	.
Goods and services	-	1	-100.0
Gains on disposals and remeasurement	-	-	.
Others	1	-	.
Expenses			
Interest expenses	23	24	-4.2
Commission expenses	-	3	-100.0
Operating expenses	8	8	0.0
Goods and services	28	29	-3.4
Write-downs/impairments	14	14	0.0
Others	5	-	.

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

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

€m	30.6.2014	31.12.2013	Change in %
Cash reserve	685	3,430	-80.0
Claims on banks	637	262	.
Claims on customers	2,007	2,040	-1.6
Trading assets	2,777	1,957	41.9
Financial investments	3,458	2,299	50.4
Total	9,564	9,988	-4.2
Liabilities to banks	12,736	12,301	3.5
Liabilities to customers	162	1,367	-88.1
Trading liabilities	1,536	401	.
Total	14,434	14,069	2.6
Off-balance-sheet items			
Guarantees and collaterals granted	226	221	2.3
Guarantees and collaterals received	-	-	.

Income and expenses for transactions with federal agencies were as follows:

€m	1.1.–30.6.2014	1.1.–30.6.2013 ¹	Change in %
Income			
Interest income	155	255	-39.2
Commission income	2	3	-33.3
Goods and services	-	-	.
Gains on disposals and remeasurement	-	-	.
Expenses			
Interest expenses	107	177	-39.5
Net loan loss provisions	11	-	.
Commission expenses	-	-	.
Goods and services	-	-	.
Write-downs/impairments	-	4	-100.0

¹ Prior-year figures restated.

(33) Information on netting of financial instruments

The table below shows the reconciliation of amounts before and after netting, as well as the amounts of existing netting rights which do not satisfy the netting criteria, separately for all recognised financial assets and liabilities which

- are already netted in accordance with IAS 32.42 (financial instruments I) and
- are subject to an enforceable, bilateral master netting agreement or a similar agreement but are not netted in the balance sheet (financial instruments II).

For the netting agreements we conclude master agreements with our counterparties (such as 1992 ISDA Master Agreement Multi-Currency Cross-Border; German Master Agreement for Financial Futures). By means of such netting agreements, the positive and negative fair values of the derivatives contracts included under a master agreement can be offset against one another. This netting process reduces the credit risk to a single net claim on the party to the contract (close-out-netting).

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We apply netting to receivables and liabilities from repurchase agreements (reverse repos and repos) and to positive and negative fair values of derivatives. The balance sheet netting pertains to transactions with central counterparties.

Assets €m	30.6.2014		31.12.2013	
	Reverse repos	Positive fair values of derivative financial instruments	Reverse repos	Positive fair values of derivative financial instruments
Gross amount of financial instruments	89,363	155,954	74,566	169,935
Book values not eligible for netting	6,076	6,593	5,664	5,417
a) Gross amount of financial instruments I & II	83,287	149,361	68,902	164,518
b) Amount netted in the balance sheet for financial instruments I	21,259	82,873	18,884	100,476
c) Net amount of financial instruments I & II = a) – b)	62,028	66,488	50,018	64,042
d) Master agreements not already accounted for in b)				
Amount of financial instruments II which do not fulfil or only partially fulfil the criteria under IAS 32.42 ¹	10,765	49,911	6,756	48,440
Fair value of financial collateral relating to financial instruments I & II not already accounted for in b) ²				
Non-cash collaterals ³	35,490	1,610	30,963	928
Cash collaterals	18	7,815	123	7,731
e) Net amount of financial instruments I & II = c) – d)	15,755	7,152	12,176	6,943
f) Fair value of financial collateral of central counterparties relating to financial instruments I	15,698	186	11,598	207
g) Net amount of financial instruments I & II = e) – f)	57	6,966	578	6,736

¹ Lesser amount of assets and liabilities.

² Excluding rights or obligations to return arising from the transfer of securities.

³ Including financial instruments not reported on the balance sheet (e.g. securities provided as collateral in repo transactions).

Liabilities €m	30.6.2014		31.12.2013	
	Repos	Negative fair values of derivative financial instruments	Repos	Negative fair values of derivative financial instruments
Gross amount of financial instruments	87,133	159,141	72,950	172,340
Book values not eligible for netting	2,715	5,056	2,058	3,690
a) Gross amount of financial instruments I & II	84,418	154,085	70,892	168,650
b) Amount netted in the balance sheet for financial instruments I	21,258	84,946	18,884	101,567
c) Net amount of financial instruments I & II = a) – b)	63,160	69,139	52,008	67,083
d) Master agreements not already accounted for in b)				
Amount of financial instruments II which do not fulfil or only partially fulfil the criteria under IAS 32.42 ¹	10,765	49,911	6,756	48,440
Fair value of financial collateral relating to financial instruments I & II not already accounted for in b) ²				
Non-cash collaterals ³	32,191	820	26,115	621
Cash collaterals	3	15,944	21	15,389
e) Net amount of financial instruments I & II = c) – d)	20,201	2,464	19,116	2,633
f) Fair value of financial collateral of central counterparties relating to financial instruments I	20,190	186	19,050	207
g) Net amount of financial instruments I & II = e) – f)	11	2,278	66	2,426

¹ Lesser amount of assets and liabilities.

² Excluding rights or obligations to return arising from the transfer of securities.

³ Including financial instruments not reported on the balance sheet (e.g. securities provided as collateral in repo transactions).

Boards of Commerzbank Aktiengesellschaft

Supervisory Board

Klaus-Peter Müller
Chairman

Uwe Tschäge¹
Deputy Chairman

Hans-Hermann Altenschmidt¹

Dr. Nikolaus von Bomhard

Gunnar de Buhr¹

Stefan Burghardt¹

Karl-Heinz Flöther

**Prof. Dr.-Ing. Dr.-Ing. E. h.
Hans-Peter Keitel**
(until 8.5.2014)

Dr. Markus Kerber

Alexandra Krieger¹

Oliver Leiberich¹

Dr. Stefan Lippe
(since 8.5.2014)

Beate Mensch¹

Dr. Roger Müller

Dr. Helmut Perlet

Barbara Priester¹

Mark Roach¹

Petra Schadeberg-Herrmann

Margit Schoffer¹

Nicholas Teller
(since 8.5.2014)

Dr. Gertrude Tumpel-Gugerell

Solms U. Wittig
(until 8.5.2014)

Dr. Walter Seipp
Honorary Chairman

¹ Elected by the Bank's employees.

Board of Managing Directors

Martin Blessing
Chairman

Frank Annuscheit

Markus Beumer

Stephan Engels

Michael Reuther

Dr. Stefan Schmittmann

Martin Zielke

Responsibility statement by the Board of Managing Directors

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, we confirm that the consolidated interim Group financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and that the interim Group

management report provides a true and fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the rest of the financial year.

Frankfurt am Main, 1 August 2014

The Board of Managing Directors



Martin Blessing



Frank Annuscheit



Markus Beumer



Stephan Engels



Michael Reuther



Stefan Schmittmann



Martin Zielke

Review report

To **COMMERZBANK Aktiengesellschaft,** **Frankfurt am Main**

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, statement of comprehensive income, condensed statement of cash flows, statement of changes in equity and selected explanatory notes – and the interim group management report of **COMMERZBANK Aktiengesellschaft, Frankfurt am Main**, for the period from 1 January to 30 June 2014 which are part of the half-year financial report pursuant to § (Article) 37 w WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company’s Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

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

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

Frankfurt am Main, 4 August 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Peter Goldschmidt
Wirtschaftsprüfer
(German Public Auditor)

Caroline Gass
Wirtschaftsprüferin
(German Public Auditor)

Significant subsidiaries and associates

Germany	Abroad
Atlas Vermögensverwaltungsgesellschaft mbH, Frankfurt am Main	Commerzbank (Eurasija) SAO, Moscow
comdirect bank AG, Quickborn	Commerzbank International S.A., Luxembourg
Commerz Real AG, Eschborn	Commerzbank Zrt., Budapest
Hypothesenbank Frankfurt AG, Eschborn	Commerz Markets LLC, New York
	Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg, Luxembourg
	mBank S.A., Warsaw

Operative foreign branches

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

Representative Offices and Financial Institutions Desks

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

The German version of this Interim Report is the authoritative version.

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

Angelique Wagenführ
Customer Advisor, Berlin



2014/2015 Financial calendar

6 November 2014	Interim Report as at 30 September 2014
End-March 2015	Annual Report 2014
Early-May 2015	Interim Report as at 31 March 2015
Early-August 2015	Interim Report as at 30 June 2015
Early-November 2015	Interim Report as at 30 September 2015

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