

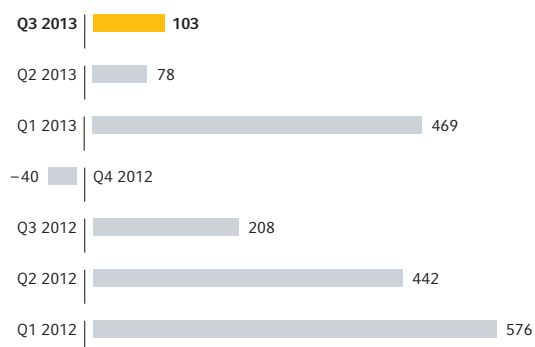
Interim Report as at 30 September 2013



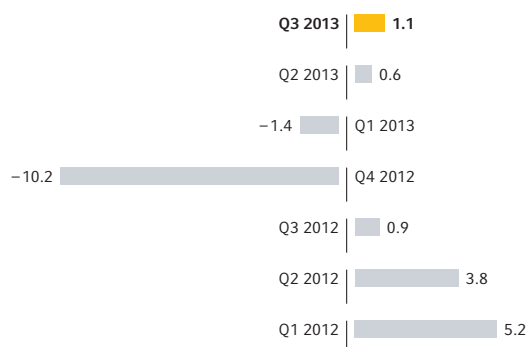
Key figures

Income statement	1.1.–30.9.2013	1.1.–30.9.2012 ¹
Operating profit (€m)	650	1,226
Operating profit per share ² (€)	0.78	1.91
Pre-tax profit or loss (€m)	157	1,100
Consolidated profit or loss ³ (€m)	26	692
Earnings per share ² (€)	0.03	1.04
Operating return on equity ⁴ (%)	3.0	5.6
Cost/income ratio in operating business (%)	72.4	69.8
Return on equity of consolidated profit or loss ^{3,4,5} (%)	0.1	3.3
Balance sheet	30.9.2013	31.12.2012
Total assets ¹ (€bn)	593.2	636.0
Risk-weighted assets (€bn)	197.3	208.1
Equity as shown in balance sheet ¹ (€bn)	26.7	26.3
Total capital as shown in balance sheet ¹ (€bn)	40.4	40.2
Capital ratios		
Tier I capital ratio (%)	13.1	13.1
Core Tier I capital ratio ⁶ (%)	12.7	12.0
Equity Tier I ratio ⁷ (%)	12.7	11.2
Total capital ratio (%)	18.6	17.8
Staff	30.9.2013	30.9.2012
Germany	41,804	43,397
Abroad	11,845	12,890
Total	53,649	56,287
Long-/short-term rating		
Moody's Investors Service, New York	Baa1/P-2	A3/P-2
Standard & Poor's, New York	A-/A-2	A/A-1
Fitch Ratings, New York/London	A+/F1+	A+/F1+

Operating profit¹ (€m)



Return on equity of consolidated profit or loss^{1,3,4,5} (%)



¹ Restatement of prior-year figures due to the first-time application of the amended IAS 19. ² Restatement of prior-year figures due to 10-to-1 reverse stock split. ³ Insofar as attributable to Commerzbank shareholders. ⁴ Annualized. ⁵ The capital base comprises the average Group capital attributable to Commerzbank shareholders without the average revaluation reserve and the cash flow hedge reserve (investors' capital). ⁶ The core Tier I capital ratio is the ratio of core Tier I capital (ordinary shares, retained earnings and silent participations) to risk-weighted assets. ⁷ The equity Tier I ratio is the ratio of Tier I capital (core Tier I capital excluding silent participations) to risk-weighted assets.

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Letter from the Chairman of the Board of Managing Directors



Martin Blessing

Chairman of the Board of Managing Directors

Dear shareholders,

We have made good progress in the year to date towards implementing our strategic agenda and the associated measures.

There are early signs that our strategic initiatives are starting to make an impact, particularly in the private customer business sectors: the number of new customers is growing, and we are pleased with the growth in certain business areas. As a result, we posted year-on-year growth in the first nine months of this year on the back of the recovery in customer activities in the securities business and our attractive range of products in asset management and home build finance. Moreover, the customer confidence that was lost in many areas during the financial crisis is also gradually returning. Regular surveys show that customer satisfaction has improved markedly. All these findings indicate that we are engaging the levers of “quality, growth and profitability” in the right order in our private customer business.

We are also making good progress in the Mittelstandsbank. Our new customer numbers are somewhat lower than the ambitious targets we set ourselves, but then we are also affected by the reluctance of our corporate customers to invest. Against this backdrop, we are working hard to strengthen our position as Europe’s leading trade finance bank and to expand the payment transactions business, so that our export-oriented corporate customers can rely on our partnership for support whenever and wherever they need us. This focus is underpinned by the close integration between the client relationship approach of our corporate customer advisors and the capital market product approach in the Corporates & Markets segment. We are also seeing slight but steady growth in lending to German SMEs.

In addition, we have made faster than expected progress in running down the non-strategic portfolio: over the past twelve months we have cut the volume of the non-core asset portfolio by a total of €36bn to €124bn, thus reaching the once again adjusted whole-year target ahead of schedule by the end of the third quarter. We shall push ahead with our efforts to reduce non-strategic portfolios further.

The strategic milestones already implemented also demonstrate how important the 2013 business year is for Commerzbank's realignment. We have successfully carried out the capital measure decided upon by the Annual General Meeting in April, thus repaying early all the constituent parts of the government aid that we are able to redeem ourselves. At the same time, the capital measure has further improved our capital base, particularly with regard to meeting the Basel III core Tier I capital ratio. Although the regulatory framework does not come into effect until 2019, we have made it our clear objective to achieve a Basel III ratio of 9% by the end of 2014. This ratio was 8.6% on the reporting date. The leverage ratio further to the Basel III Capital Requirements Directive (CRD IV "phased in") which is increasingly in the focus of Banking Supervisory Authorities and analysts and shows the relationship between regulatory capital and total assets, stood at 4.1% as of the reporting date and is here-with comfortably above the minimum ratio of 3% applicable from 2018 onwards.

The required realignment also involves adjusting personnel capacities to the changing market environment. I informed you of these plans midway through the year. The decision of the Supervisory Board to reduce the Board of Managing Directors of Commerzbank from nine to seven members in the near future demonstrates that we are not excluding any staff or management structures from these cuts.

The first tangible benefits of the strategic measures are not scheduled to filter through to our results for some time. However, we are already seeing the positive effects of these initiatives in our core segments.

In the first nine months of 2013 we achieved a total operating result of €650m, compared with €1,226m in the same period of the previous year. The operating result was hit in particular by a further significant year-on-year drop in interest rates as well as the persistently challenging macroeconomic environment. In the first quarter we incurred restructuring provisions of around €500m in connection with Group job cuts, which had a negative impact on our pre-tax profit, making consolidated profit attributable to Commerzbank shareholders for the first three quarters of the year €26m.

I should like to assure you of our firm conviction that we are implementing the right measures, and of our determination to attain the targets we have set for 2016.

Yours sincerely



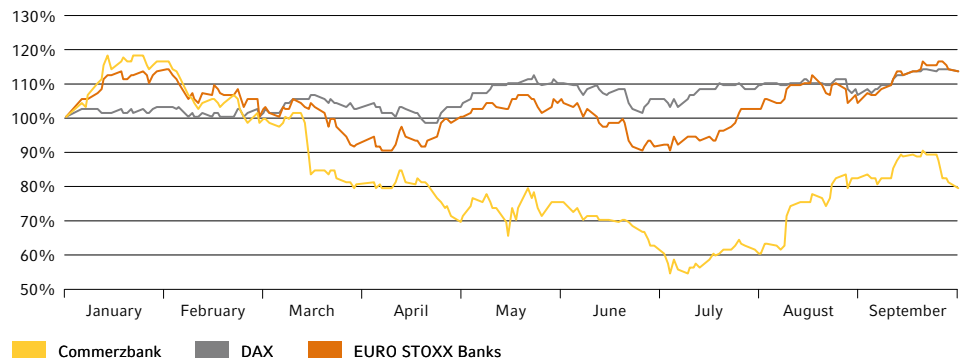
Martin Blessing, Chairman of the Board of Managing Directors

Development of Commerzbank shares

In the third quarter, the equity markets in the USA and Germany climbed to record highs. This was mainly owing to the US central bank's decision to postpone its expected change of direction and continue with its cheap money policy. At its meeting on 4 July, the ECB left its key interest rate at 0.5% and promised to keep rates low. Good economic data from Germany and the euro area, together with solid corporate news, underpinned the positive mood. The Syrian crisis had only a temporary impact on the stock markets. The Dow Jones reached a record high of 15,677 points on 18 September and the DAX hit a record 8,770 points the next day. It was not until the end of the quarter that the stock markets began to weaken, as a result of the budget dispute in the USA and the political crisis in Italy. Despite these negative influences, Germany's leading index recorded a rise of nearly 8% in the third quarter. This was the DAX's fifth successive quarterly gain and its longest unbroken run since 2006. The DAX gained 12.9% in the year to date.

Commerzbank share vs. performance indices in the first nine months of 2013

Daily figures, 28.12.2012 = 100



In the first three quarters of 2013 the EURO STOXX Banks index rose 12.0% while the Commerzbank share declined by at least one-fifth in the same period, partly because of the capital increase in spring 2013. A rise of 27% in the third quarter enabled the Commerzbank share to reduce the performance gap against the index.

At the beginning of the third quarter the Commerzbank share came under pressure from speculation about the risk in the shipping portfolio and new worries about the euro debt crisis, falling to €5.56. The market reacted positively to the mid-July announcement of the sale of commercial real estate loans totalling €5bn in the United Kingdom, which signalled that faster than scheduled progress was being made in running down the Non-Core Assets portfolio while preserving value. Together with the measures implemented in accordance with our strategic agenda, this was a pleasant surprise for the market, and the share price rose 15.7% to €7.66 at the beginning of August. In the following weeks the generally good economic climate and the first upgrades by analysts pushed the Commerzbank share up to a quarterly high of €9.61 on 19 September. It closed the quarter at €8.51.

In the third quarter the respective shareholdings of Capital Group and Blackrock increased to over 5%. The daily turnover of Commerzbank shares – in terms of the number of shares traded – rose sharply in the first nine months of 2013 compared with the same period last year (+70%). The average daily trading volume was 12.1 million shares after 7.1 million shares in the first three quarters of 2012.

Commerzbank's market capitalisation at the end of the third quarter of 2013 stood at €9.7bn.

Highlights of the Commerzbank share ¹	1.1.–30.9.2013	1.1.–30.9.2012
Shares issued in million units (30.9.)	1,138.5	511.3
Xetra intraday prices² in €		
High	12.96	16.53
Low	5.56	8.48
Closing price (30.9.)	8.51	10.41
Daily trading volume³ in million units		
High	67.2	21.1
Low	2.9	2.2
Average	12.1	7.1
Index weighting in % (30.9.)		
DAX	1.1	1.5
EURO STOXX Banks	2.2	3.0
Earnings per share in €	0.03	1.04
Book value per share⁴ in € (30.9.)	22.69	40.84
Net asset value per share⁵ in € (30.9.)	21.24	38.43
Market value/Net asset value² (30.9.)	0.40	0.27

¹ Figures for the same period or same record date of the previous year were adjusted to take account of the reverse stock split implemented in April 2013 for the purpose of reducing the share capital.

² For comparative purposes, the share price for all periods before 15 May 2013 has been adjusted for the effect of the subscription rights issued in the capital increase.

³ Total of all German stock exchanges.

⁴ Excluding silent participations and non-controlling interests.

⁵ Excluding silent participations, non-controlling interests as well as cash flow hedges and less goodwill.

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Business and overall conditions

Overall economic situation

As 2013 progressed, global economic growth turned out to be somewhat slower than had been expected at the start of the year. Although the world economy has picked up, it still cannot match the growth rates seen in 2010 and 2011. This is partly because of developments in the emerging markets. In China, the growth rate has stabilised at 7.5%, which is significantly lower than the double-digit rates previously recorded. Other major emerging countries, such as Brazil, are also unable to match the growth rates achieved in past years.

The spending cuts and tax hikes that came into force at the start of the year acted as more of a brake on the US economy than had been generally expected, which contributed to the fairly modest growth in the first nine months of this year. However, the situation on the labour market improved further, and the upward trend appears to be continuing.

The eurozone economy has come out of recession, at least for the time being. It grew slightly in the second quarter, and is also expected to post a small quarterly increase in the third quarter. The same is true of the peripheral countries, where the corporate mood has improved noticeably and even the labour market is showing the first signs of hope. However, several of the core countries are battling with a growing number of similar problems to those experienced by the peripheral countries a few years ago. In recent years they have become less competitive within the eurozone, property prices have started falling after a long period of big rises, and the indebtedness of private households and companies is now so high that it will need to be reduced in the next few quarters. As a consequence, the economies of these countries have grown only marginally, if at all, so far.

By contrast, Germany is still outperforming within the eurozone. Preliminary figures show that the economy did not grow anything like as much in the third quarter as it did in the spring; however, its previous growth had been boosted by one-off effects. Corporate investment remains a weak point, and is still very restrained because of the uncertainty over the future fate of the currency union. Although, for the first time in nearly two years, companies invested more in plant and equipment in the second quarter than in the previous quarter, the persistent weakness in orders for capital goods raises doubts that we are witnessing a trend reversal.

In recent months the financial markets have been dominated by the question of when the US central bank would begin to scale down its bond purchase programme. Hints dropped in this regard by the US central bank in May boosted yields on long-term government bonds – including in the eurozone – and temporarily put equity market prices under pressure. However, the most serious consequences for the financial markets were felt in the emerging markets, where prices came under pressure and currencies declined markedly against the dollar. It has since become evident that the US central bank is going to continue purchasing bonds for longer than originally expected. This is one reason why most markets have seen significant counter movements in recent weeks, with the DAX reaching a record high in the meantime.

Important business policy events in the third quarter of 2013

Commerzbank sells commercial real estate portfolio in the United Kingdom

In mid-July Commerzbank signed an agreement to sell its commercial real estate (CRE) portfolio in the United Kingdom to a consortium of Wells Fargo and Lone Star, and the sale was concluded at the beginning of August. The transaction covered commercial real estate loans totalling €5.0bn, including the associated interest rate and currency hedging derivatives, as well as the entire operating business of Hypothekbank Frankfurt in the UK. This makes it one of Europe's biggest transactions involving commercial real estate loans in recent years. The employees have been transferred to the purchasers while retaining the terms of their existing employment contracts.

This transaction, which transfers the risk completely to the purchasers, means that Commerzbank will reach its original reduction target of about €93bn in the Non-Core Assets (NCA) segment by 2016, ahead of schedule. The Bank now expects exposure at default (EaD, including problem loans) to be well under €90bn at the end of 2016.

Commerzbank sells its "Depotbank" business to BNP Paribas Securities Services

At the end of July Commerzbank reached an agreement with BNP Paribas regarding the sale of its "Depotbank" business. The transaction transfers the customer relationships to BNP Paribas; all the employees of the Commerzbank business unit have the option of moving to BNP Paribas. The parties have agreed to maintain confidentiality about the contractual details. This transaction is still subject to the approval of the relevant supervisory authorities.

The "Depotbank" business offers services for investment companies (mutual and special funds in the securities and real estate sectors) and institutional investors, such as the settlement of securities transactions, the administration and safekeeping of assets as well as the control of the fund administration. As of the end of April 2013, "Depotbank" managed a volume of approximately €93bn.

The custody business for customers of Commerzbank, which provides a comprehensive custody service for the Bank's private, business and corporate customers as well as for institutional investors, and forms part of Commerzbank's core business, is not affected by the deal.

Supervisory Board resolves to reduce the Board of Managing Directors

At its meeting on 7 August 2013, the Supervisory Board of Commerzbank decided to reduce the Board of Managing Directors of Commerzbank from nine to seven members in the near future. No decisions have been made yet regarding specific individuals. The reduction in the size of the Board of Managing Directors is a consequence of the Group strategy decided upon by the Board of Managing Directors in November 2012, which includes further significant cost-cutting and associated staff reduction measures.

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Changes in the Supervisory Board

There were two personnel changes in the Supervisory Board in the third quarter of 2013:

On 2 July our long-standing Supervisory Board member Prof. h. c. (CHN) Dr. rer. oec. Ulrich Middelmann died suddenly after a short illness. With effect from 3 July, Dr. Roger Müller, the substitute member elected at the AGM on 19 April 2013, therefore became a member of the Commerzbank Supervisory Board.

Dr. Markus Schenck stepped down from the Supervisory Board with effect from the end of 10 September 2013. With effect from 11 September 2013, Solms U. Wittig, the substitute member elected at the AGM on 19 April 2013, became a member of the Supervisory Board.

Earnings performance, assets and financial position

As expected, implementing the strategic agenda had a negative impact on the result for the first nine months of 2013, which is a transitional year. Both the consolidated profit and the operating profit of the Commerzbank Group declined in the reporting period. This was attributable in particular to the restructuring expense of half a billion euros and higher loan loss provisions in the Non-Core Assets (NCA) segment in connection with the portfolio of commercial real estate loans in the United Kingdom. In addition, the persistently low interest rate environment resulted in lower income for structural reasons. However, the strategic measures we implemented in the second quarter stabilised the drop in income related to interest rates, especially in the Private Customers segment.

At €593.2bn, total assets were €42.8bn below the 2012 year-end figure. This was owing to the run-off in the NCA segment and the reduction in trading assets caused by the decline in fair values of interest rate derivatives. Risk-weighted assets fell to €197.3bn, mainly because of the reduction in credit risk in the NCA segment and the decline in market risk. The core Tier I ratio therefore rose to 12.7% and the Tier I capital ratio to 13.1% by the end of September 2013.

Various new IFRS requirements were implemented in the Commerzbank Group at the beginning of the first quarter of 2013. The prior-year figures were restated accordingly and a basis of comparison with the equivalent period in the previous year was established. The most significant reclassification resulted from the following: interest from trading activities is now reported as net interest income instead of net trading income. Detailed explanations about the changes are given in the notes to the interim financial statements on page 65 ff.

As a result of this reclassification, certain financially related transactions in the areas of trading and risk management are reported separately in net interest income as well as net trading income. The comments on net interest income and net trading income for the Group as a whole as well as the Corporates & Markets segment are therefore presented together in consolidated form.

Income statement of the Commerzbank Group

In the first nine months of this year, income before provisions declined by 6.3% year on year to €7,055m. This was primarily due to lower consolidated net interest income and net trading income. By contrast, there was a marked improvement in net income from financial investments.

After the first three quarters of the reporting period, net interest income and net trading income stood at €4,702m, down 10.1% on the previous year. Within this figure, net interest income fell by 6.1% to €4,468m and net trading income and net income from hedge accounting declined by 50.4% to €234m. Low interest rates led to a fall in earnings in the core bank, with the Mittelstandsbank segment hit particularly hard by lower margins in the deposit business. By contrast, the Corporates & Markets segment posted a significant rise of €323m. Equity Markets & Commodities made a substantial contribution to the higher earnings, thanks to increased customer activity, as did Credit Portfolio Management. In total another €190m of the increase was attributable to the remeasurement of own liabilities to fair value which was partially offset by negative remeasurement effects of counterparty risks in derivatives business. Losses from the valuation of derivatives and from credit default swaps did not occur in the Non-Core Assets segment, which contributed to the higher result for net interest income and net trading income; this was partially offset by a fall in income caused by the accelerated reduction in the credit portfolio. The overall performance of the result for net interest income and net trading income was largely attributable to the Others and Consolidation segment: the decrease was on the one hand due to the development at Group Treasury, which was unable to match the very good result achieved in the the previous year. On the other hand one-off effects in the current year as well as the equivalent period of the previous year led – on balance – to a burden on the development of the result.

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 73 and 74.

Net commission income edged down by 1.8% to €2,440m in the reporting period compared with the same period of last year. This was primarily due to the run-off in the Non-Core Assets segment and a drop in income in Corporates & Markets. In the Private Customers segment, lower income from brokerage business was more than compensated by higher revenues from securities transactions. The latter included transaction-driven income relating to equities and investment funds, as well as portfolio-based income. Revenues from loan syndication with our corporate customers also increased.

Net income from financial investments came to €10m in the first nine months of 2013, compared with €-169m in the same period last year. In the current year, impairments arising from public finance exposure in the USA were offset amongst others, by revenue from restructured loans. Last year's figures were hit by disposal losses resulting from the reduction of the public finance portfolio.

Other net income was €-147m compared with €-55m a year earlier. These charges resulted from net new provisions made in respect of legal and litigation risks.

During the reporting period the net allocation to loan loss provisions rose year on year by 23.9% to €-1,296m. This was due to an expected increase in the core bank, since reversals in the Mittelstandsbank segment were significantly lower than in the previous year: there was a net reversal of €12m in the same period of last year. The Corporates & Markets segment reported a net reversal in the current reporting period. In the Non-Core Assets run-off segment, the commercial real estate portfolio in the United Kingdom had a negative impact on loan loss provisions in the second quarter. This largely overlaid the improved risk situa-

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tion in commercial real estate financing. As expected, the need for loan loss provisioning in ship finance continued to be high.

Operating expenses in the first nine months of this year were down 2.8% on the prior-year period, to €5,109m, as a result of strict cost discipline. Other operating expense including depreciation fell by 3.9% because of lower occupancy expense in particular, even though investments increased. Despite the salary rises agreed between the negotiating partners in 2012, personnel expense declined by 1.9%. This was owing to a fall in staff numbers, partly because of job cuts and partly through natural fluctuations that were not offset by new appointments.

As a result of the developments described above, the Commerzbank Group posted an operating profit of €650m in the first three quarters of the current year, compared with €1,226m in the same period last year.

Restructuring expenses of €493m incurred in the first quarter had a negative impact on the reporting period. This was because of the scheduled job cuts due to the planned adjustment in personnel capacities to the changing market environment by 2016. Last year, restructuring expenses of €43m were reported in connection with the European Commission's requirement that Hypothekenbank Frankfurt AG should be wound down. There was also a remeasurement of €-83m in connection with the sale of Bank Forum.

Pre-tax profit came to €157m, compared with €1,100m in the same period of 2012.

Tax expense for the reporting period was €60m, compared with €329m for the equivalent prior-year period. Consolidated profit after tax amounted to €97m, compared with €771m in the same period of the previous year. Net of non-controlling interests of €71m, a profit of €26m was attributable to Commerzbank shareholders.

Operating earnings per share were €0.78 and earnings per share €0.03. In the prior-year period the comparable figures were €1.91 and €1.04 respectively.

Consolidated balance sheet

On 30 September 2013, total assets of the Commerzbank Group were €593.2bn – the first time they have fallen below the €600bn threshold since the acquisition of Dresdner Bank. Compared with year-end 2012, this was a drop of 6.7%, or €42.8bn, and was mainly attributable to the run-off in the Non-Core Assets segment and a reduction in trading assets.

On the assets side, there was a big rise in volume for claims on banks. At €109.5bn these were significantly higher than the €88.0bn posted at the end of the previous year. The €21.5bn increase was due in particular to an increase in the reverse repos and cash collaterals held. Claims on customers were down compared to year-end 2012, declining by €28.0bn to €250.5bn. While customer lending business – nearly exclusively in the NCA run-off segment – decreased by €20.6bn, money market transactions fell by €7.4bn. Trading assets stood at €119.5bn on the reporting date, which was 17.1% below the figure for year-end 2012. Whereas equities and other equity-related securities and units in investment funds increased significantly, by €8.8bn to €26.5bn, the positive market values of derivative financial instruments – mainly interest rate derivatives – declined by €33.7bn to €72.7bn. Bonds and notes and other interest rate-related securities amounted to €18.7bn, slightly above the end-2012 figure. Financial investments came to €84.5bn, 5.2% lower than on 31 December 2012, mainly because of a decline in bonds and notes and other interest rate-related securities.

On the liabilities side there was an increase in liabilities to banks and customers, which was more than offset by a decrease in securitised liabilities and trading liabilities in particular. Liabilities to banks rose significantly by €14.1bn to €124.3bn because of an increase in the volume of collateralised money market transactions, which was partially offset by the repayment of ECB tenders.

Liabilities to customers declined compared with year-end 2012, falling by €9.6bn to €256.2bn. The €9.8bn decrease in securitised liabilities to €69.6bn versus the end of 2012 is attributable to maturing mortgage and public-sector Pfandbriefe issued by Hypothekenbank Frankfurt AG. At €82.6bn, trading liabilities were €33.5bn below the 2012 year-end figure. This was mainly attributable to a decline in negative market values of currency and interest rate derivatives. In contrast, delivery commitments from securities transactions increased slightly.

Capital and reserves

The equity capital reported in the balance sheet as at 30 September 2013 was €26.7bn, which was €0.4bn above the restated figure for year-end 2012. Information about the changes in the reporting of equity is given in the interim financial statements on page 66 ff.

While the capital reserve increased significantly compared with the end of 2012, rising by 82.6% to €15.9bn, the subscribed capital decreased by €4.7bn to €1.1bn due to the capital reduction in connection with the capital measure. Retained earnings remained at the 2012 level, at €10.7bn. As planned, around €2.5bn gross was raised in the capital increase approved by the AGM on 19 April. This sum was used to repay the SoFFin silent participations of around €1.6bn and the Allianz silent participation of €750m. Information about the capital increase is given in the interim financial statements on page 61 f.

The revaluation reserve, the cash flow hedge reserve and the currency translation reserve came to €-2.0bn on the reporting date. Compared with the end of 2012, this was an improvement of €0.4bn.

On 30 September 2013, risk-weighted assets were down compared with year-end 2012, having fallen €10.8bn to €197.3bn. The drop of 5.2% was primarily due to a fall in risk-weighted assets in the areas of market risk and credit risk. Regulatory Tier I capital fell by €1.5bn compared with the unadjusted year end 2012, to €25.8bn. In conjunction with the lower level of risk-weighted assets the Tier I ratio came to 13.1%. Core Tier I capital came to €25bn, or a ratio of 12.7%. The total capital ratio was 18.6% on the reporting date. The leverage ratio, the ratio of regulatory capital to total assets, stood at 4.1% on the reporting date.

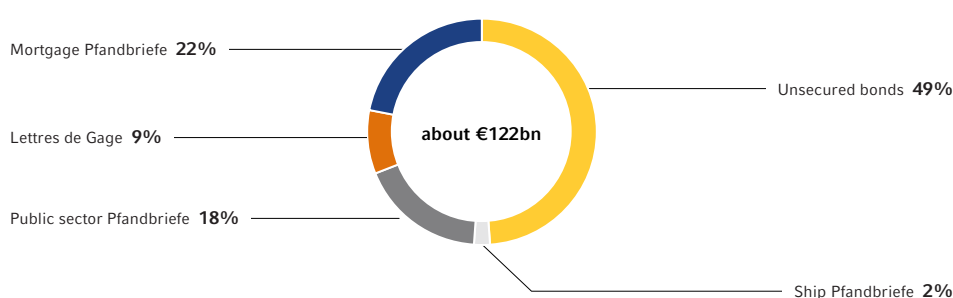
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Funding and liquidity

Commerzbank had unrestricted access to the money and capital markets throughout the reporting period; its liquidity and solvency were 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 nine months of 2013.

Capital market funding structure

As at 30 September 2013



Commerzbank has issued bonds totalling €3.7bn on the capital market in the year to date.

In the secured segment, Commerzbank placed two successful benchmark transactions in the capital market in the first half of the year. A public-sector Pfandbrief with a volume of €500m and a maturity of five years was issued in June. This was the first time Commerzbank Aktiengesellschaft had issued a Pfandbrief directly. The public-sector Pfandbrief is to be used for financing long-term core business in the 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. Commerzbank also issued a five-year “Small- and Mid-sized Enterprises (SME) Structured Covered Bond” with a volume of €500m. The transaction was the first of its kind on the capital market.

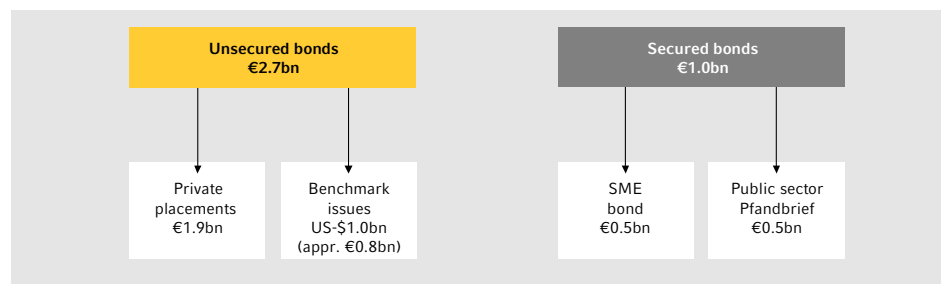
In the unsecured segment, Commerzbank successfully placed a US-dollar subordinated bond (Tier II capital) with a volume of USD 1bn on the capital market in September. The benchmark issue has a term of ten years and carries a coupon of 8.125% per year. There was a high level of interest from institutional investors and the issue was oversubscribed several times over. More than two-thirds of the bond was placed with institutional investors in the United States and Canada. This first placement of a Tier II issue since 2011 enables the Bank to strengthen its total capital structure, partly with a view to the implementation of the new EU regulatory capital requirements (CRD IV) as of 1 January 2014.

In addition, private placements totalling €1.9bn with an average maturity of five years were issued. About 75% were structured bonds.

The funding spreads for secured bonds narrowed further in the first nine months of 2013. By contrast, Commerzbank’s spreads in the unsecured segment widened slightly in the first half of this year, in line with spreads in the market as a whole, although they stabilised in the middle of the year.

Group capital market funding in the first nine months of 2013

Volume €3.7bn



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. This liquidity reserve changed by only €0.2bn compared with the previous quarter, to €99.5bn. It thus accounted for about 17% of total assets.

The regulatory provisions applicable to liquidity as set out in the German Liquidity Regulation were complied with at all times during the period under review. At the end of the quarter, Commerzbank Aktiengesellschaft's key liquidity ratio calculated using the German Liquidity Regulation's standard approach was 1.32, still significantly higher than the minimum regulatory requirement of 1.00.

Thanks to its conservative and forward-looking funding strategy, Commerzbank's liquidity situation remains comfortable. The Bank is not currently drawing on central bank liquidity facilities.

Key figures for the Commerzbank Group

Largely as a result of the decline in revenues described above, the main profitability ratios of the Commerzbank Group for the first nine months of 2013 were lower overall than in the same period of 2012. The operating return on equity fell from 5.6% in the same period last year to 3.0%. The return on equity based on the consolidated surplus was 0.1%, compared with 3.3% a year earlier. On the other hand, thanks to reduced costs the cost/income ratio rose only slightly, despite the decline in revenues, to 72.4%, from 69.8% in the same period of 2012.

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Segment reporting

The comments on the segments' results for the first nine months of 2013 are based on the segment structure that was applicable at year-end 2012. At the beginning of 2013 various new IFRS requirements were implemented in the Commerzbank Group, the effects of which are also reflected in the segment reporting. The corresponding prior-year figures have been restated for the purposes of comparison. 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 65 ff.

The core bank achieved an operating profit of €1,395m in the reporting period. Compared with the same period of the previous year, this was a fall of €732m, mainly because of persistently low market interest rates and a further normalisation of loan loss provisions in lending business. Moreover, the result for the previous year still included significantly higher revenues from Group Treasury. The Non-Core Assets segment's losses declined compared with the same period of 2012.

Private Customers

€m	1.1.–30.9.2013	1.1.–30.9.2012	Change in %/%-points
Income before provisions	2,522	2,538	-0.6
Loan loss provisions	-93	-79	17.7
Operating expenses	2,264	2,257	0.3
Operating profit/loss	165	202	-18.3
Average capital employed	3,967	3,953	0.4
Operating return on equity (%)	5.5	6.8	-1.3
Cost/income ratio in operating business (%)	89.8	88.9	0.8

In the context of the strategic realignment of the business areas, in the first nine months of this year the Private Customers segment developed a large number of new and innovative products in order to meet customers' needs in an even more targeted manner. The favourable reception, with around 180,000 new customers acquired since the beginning of the year and a gratifyingly high recommendation rate from our existing customers, vindicates the strategic approach of the realignment. Nevertheless, macroeconomic factors continue to have a negative impact.

In the first nine months of 2013 income before provisions fell slightly year on year due to the continued narrowing of the interest rate environment, by €16m to €2,522m. Net interest income decreased by -3.0% to €1,325m. The successful realignment of the business areas is even so evident here, with net interest income having risen steadily since the first quarter of 2013. Volume growth in new lending business, particularly retail mortgage financing, was an important element of the growth strategy, as was active interest rate management in the deposit business. At €1,196m, net commission income was slightly up on the first nine months of last year (€1,192m). This reflects the positive trend of rising portfolio-based as well as transaction-based sales. The new custody account model, which was launched on the market in August, enables us to offer our customers an even more strongly personalised securities management service, ranging from the online DirektDepot system, which they manage themselves, through to asset management.

During the reporting period, loan loss provisions improved year on year by €14m to €-93m.

At €2,264m, operating expenses were just €7m higher than in the first nine months of last year. Major investments in connection with the realignment of the business areas were offset by rigorous cost savings.

The Private Customers segment reported a pre-tax profit of €165m in the reporting period, compared with €202m in the same period of 2012.

The operating return on equity based on average capital employed of €4.0bn was 5.5% (prior-year period: 6.8%). At 89.8%, the cost/income ratio was slightly higher than in the first nine months of 2012 (88.9%).

Mittelstandsbank

€m	1.1.–30.9.2013	1.1.–30.9.2012	Change in %/%-points
Income before provisions	2,213	2,252	-1.7
Loan loss provisions	-331	12	.
Operating expenses	991	995	-0.4
Operating profit/loss	891	1,269	-29.8
Average capital employed	5,932	5,816	2.0
Operating return on equity (%)	20.0	29.1	-9.1
Cost/income ratio in operating business (%)	44.8	44.2	0.6

The Mittelstandsbank segment achieved an operating profit of €891m in the first nine months of 2013, compared with €1,269m in the prior-year period, against the backdrop of persistently low interest rates during the reporting period and an expected increase in loan loss provisions owing to a significant decline in reversals.

In the period under review, income before provisions came to €2,213m, which was 1.7% below the prior-year figure. At €1,315m, net interest income, which was hit by low interest rates, was 12.2% lower than in the same period of 2012. In the deposit business, significantly reduced margins caused by low market interest rates led – despite higher volumes – to a fall in net interest income, whereas the amount the lending business contributed to net interest income was more or less steady. At €815m, net commission income was 1.5% higher than in the prior-year period. Slight increases were recorded, particularly in documentary business and as a result of customer demand for corporate finance solutions.

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Net trading income was €7m, compared with €-24m in the first nine months of 2012. The result was largely caused by positive remeasurement effects on restructured loans, the impact of which was partly offset by negative remeasurements of counterparty risks in the derivatives business with our customers. Net investment income for the reporting period was €42m compared with €-7m in the same period of the previous year. Other net income came to €27m compared with €-20m a year earlier. The increase in these two items was largely due to remeasurement effects on restructured loans and the reversal of a provision, which was reflected in other net income.

Loan loss provisions for the first nine months of 2013 were €-331m, compared with a net reversal of €12m in the same period of 2012. The increase in provisions was mainly due to additional loan loss provisions for individual commitments – in the first half of 2013 in particular – and lower reversals of loan loss provisions compared with the prior-year period.

Operating expenses came to €991m, which was similar to the previous year's figure of €995m. An increase in general and administrative expenses contrasted with a decline in indirect costs.

All in all, the Mittelstandsbank segment generated pre-tax earnings of €891m in the first nine months of the current year, which represents a decrease of 29.8% on the prior-year period.

The operating return on equity based on average capital employed of €5.9bn was 20.0% (prior-year period: 29.1%). The cost/income ratio was 44.8% compared with 44.2% in the same period of 2012.

Central & Eastern Europe

€m	1.1.–30.9.2013	1.1.–30.9.2012	Change in %/%-points
Income before provisions	588	631	-6.8
Loan loss provisions	-83	-81	2.5
Operating expenses	315	352	-10.5
Operating profit/loss	190	198	-4.0
Average capital employed	1,673	1,793	-6.7
Operating return on equity (%)	15.1	14.7	0.4
Cost/income ratio in operating business (%)	53.6	55.8	-2.2

The Central & Eastern Europe segment contains the universal banking and direct banking activities of the Polish subsidiary BRE Bank in Poland, the Czech Republic and Slovakia. Owing to the fact that the Ukrainian Bank Forum was sold in the second half of 2012, its activities are still included in the prior-year figures.

Economic growth in Poland was still rather sluggish in the first half of 2013, but because it picked up slightly in the third quarter of the year, only occasional use of monetary policy measures was made. After significant cuts in the refinancing rate during the first six months of this year, the interest rate environment stabilised. In the first nine months of 2013 the segment generated an operating profit of €190m, compared with €198m in the prior-year period.

In the period under review, income before provisions came to €588m, which was €43m below the figure for the first nine months of 2012. This reflects the significant fall in interest rates and the weakening economic environment in Poland in the first two quarters of the reporting period. Other factors that contributed to the drop in income were the sale of Bank Forum and valuation effects in connection with the sale of Promsvyazbank in Russia, as both assets were still reported in the comparable period of 2012. However, positive earnings trends appeared in the third quarter, thanks to active interest rate management and the steady acquisition of new customers.

Loan loss provisions rose by €2m year on year to €-83m.

Operating expenses fell to €315m, which was 10.5% lower than the previous year's figure of €352m. Although higher investments in the strategic realignment of BRE Bank were made in the reporting period, these were offset by reallocating costs. There was also the positive effect of lower expenses following the sale of Bank Forum.

The Central & Eastern Europe segment reported a pre-tax profit of €190m in the first three quarters of this year, compared with €115m in the same period of last year, which included a write-down of €-83m in connection with the sale of Bank Forum.

The operating return on equity based on average capital employed of €1.7bn was 15.1% (prior-year period: 14.7%). The cost/income ratio improved to 53.6% compared with 55.8% in the same period of 2012.

Corporates & Markets

€m	1.1.–30.9.2013	1.1.–30.9.2012	Change in %/%-points
Income before provisions	1,610	1,285	25.3
Loan loss provisions	2	-33	.
Operating expenses	1,003	984	1.9
Operating profit/loss	609	268	127.2
Average capital employed	3,121	3,186	-2.0
Operating return on equity (%)	26.0	11.2	14.8
Cost/income ratio in operating business (%)	62.3	76.6	-14.3

Although the European equity markets continued their upward trend in the first nine months of 2013, the financial crisis in Cyprus and political unrest in Arab countries, as well as concerns about the absence of a solution to the US budget deficit, led to another slow-down in customer activity in the third quarter of the year, following a successful first six months. In the first nine months of 2013 the Corporates & Markets segment posted an operating profit of €609m, thus more than doubling the figure of €268m generated in the same period of last year.

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Effects of €39m from the remeasurement of own liabilities, compared with a loss of €-197m in the same period of 2012, made a significant contribution to this sharp increase. This was offset by a remeasurement effect of counterparty risks in derivatives business amounting to €-43m, compared with €3m in the first nine months of last year.

In Corporate Finance, business remained stable in the reporting period. Equity Markets & Commodities increased its income year on year in the first nine months of 2013, mainly thanks to higher customer activity in equity and derivatives business in the first half of 2013. Income in the Fixed Income & Currencies division – excluding remeasurement effects of own liabilities and of counterparty risks in derivatives business – was below the prior-year figure, despite a much better performance in interest rate trading. This was owing to markedly more difficult market conditions in trading in currencies and credit products, leading to lower income year on year. Credit Portfolio Management, which is responsible for managing and optimising the credit portfolios and counterparty risk, increased its income during the first nine months of 2013. There was also a positive contribution from the structured credit legacy portfolio, which was taken over from the former Portfolio Restructuring Unit and was not included in the figures for the first half of 2012.

Income before loan loss provisions rose significantly by €325m year-on-year to €1,610m. Overall, net interest income and net trading income stood at €1,215m, which was well above the prior-year figure of €892m owing to stronger customer activity in equity product trading in the first half of the year, a higher contribution from the structured credit legacy portfolio and the above-mentioned effects of the remeasurement of own liabilities. Commission income fell by €24m to €267m because new business was muted.

In the first nine months, the net reversal of loan loss provisions amounted to €2m, while in the same period of 2012 there was a net allocation of €-33m.

Operating expenses rose only slightly compared with the first nine months of 2012, by €19m to €1,003m; this was due to the transfer of most of the PRU portfolio and the related operating expenses to Corporates & Markets in the third quarter of last year.

Pre-tax profit amounted to €609m, compared with €268m a year earlier.

The operating return on equity, based on average capital employed of €3.1bn, improved to 26.0% (previous year: 11.2%). The cost/income ratio was 62.3%, compared with 76.6% a year earlier. Adjusted for the effects of measurement of own liabilities and counterparty risks in derivatives business, the operating return on equity would be 26.2% (prior-year period: 19.3%). The adjusted cost/income ratio would be 62.1%, compared with 66.5% a year earlier.

Non-Core Assets

€m	1.1.–30.9.2013	1.1.–30.9.2012	Change in %/%-points
Income before provisions	282	55	.
Loan loss provisions	-765	-862	-11.3
Operating expenses	262	278	-5.8
Operating profit/loss	-745	-1,085	-31.3
Average capital employed	9,680	10,132	-4.5
Operating return on equity (%)	-10.3	-14.3	4.0
Cost/income ratio in operating business (%)	92.9	505.5	.

In the first nine months of 2013 the Non-Core Assets (NCA) run-off segment posted a negative operating result of €-745m. The operating loss was €340m lower than in the same period of last year. Intensive efforts so far this year have brought further substantial reductions in balance-sheet assets and risks in the segment. Our already adjusted target for 2013 of €125bn for exposure at default (including problem loans) was surpassed before the reporting date. We shall consistently push on with our efforts to reduce the non-strategic portfolios further. The run-off in credit volume in commercial real estate financing was particularly strong and significantly better than we had expected. A major transaction consisting of the sale of the entire real estate business in the United Kingdom made a substantial contribution to this reduction. Despite recent political disputes, the risk premiums for European government bonds are narrowing – some significantly – thanks to better macroeconomic indicators in the eurozone, although these remain at a very low level.

Income before loan loss provisions for the reporting period was €282m, compared with €55m in the same period of the previous year. Net interest income of €411m was 12.0% below the prior-year figure, partly because of the drop in lending volume but also as a result of a one-off effect connected with the sale of the UK real estate financing portfolio in the third quarter. As expected, there was a further decline in net commission income, by 38.9% to €44m, owing to the cessation of new business activities in 2011. Net trading income of €-55m (previous year: €-161m) largely reflects the regular fluctuation in the result from the remeasurement of derivatives in accordance with IAS 39 and the remeasurement of counterparty risks during the quarter. At €-145m, net income from financial investments was affected by write-downs on securities classified as loans and receivables. Net income from financial investments was significantly more negative in the same period of 2012, at €-336m, because of the impact of losses from the sale of the remaining Greek sovereign bond portfolio and negative effects from the targeted reduction of other European government bonds.

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Provisions for loan losses amounted to €-765m, compared with €-862m in the same period of 2012. As in the previous year, a significant proportion was due to ship financing. On-going cost management pushed operating expenses down by another €16m to €262m in the reporting period.

In the first nine months of 2013, the NCA segment reported an overall pre-tax loss of €-745m (prior-year period: €-1,128m).

Average capital employed stood at €9.7bn.

Others and Consolidation

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

The segment reported operating profit of €-460m in the first nine months of 2013, compared with €190m in the prior-year period. The decrease of €650m is on the one hand due to developments at Group Treasury which could not repeat the very good result achieved in the previous year. On the other hand one-off effects in the current year as well as in the equivalent period of the previous year led – on balance – to a burden on the development of the operating result. These relate in particular to provisions made in respect of legal and litigation risks in the current year which were offset by reversals of provisions made for impending losses and legal risks and – in the previous year – offset by income from sales of participations and real estate. Taking into account restructuring expenses of €493m, pre-tax profit for the first nine months of 2013 came to €-953m, compared with €190m in the first nine months of 2012.

Outlook and opportunities report

The following information should be read in conjunction with the Business and overall conditions section of this interim report as well as the Outlook and opportunities report of the 2012 Annual Report.

Future economic situation

The global economy is expected to recover further over the remainder of 2013 and in 2014, expanding somewhat faster than in the first nine months of this year. The emerging markets will make a slightly smaller contribution than in previous years. Even though most EM currencies have stabilised recently, there is a possibility they will come under renewed pressure as the Federal Reserve draws closer to reducing bond purchases. The central banks in the

affected countries will probably react by tightening their monetary policy, which would counteract any significant increase in the pace of growth in emerging markets.

By contrast, the US economy should pick up speed noticeably during 2014, since the braking effect of the consolidation measures that came into force at the beginning of the year should now start to decline. Moreover, following the compromise achieved in mid-October, it is likely that the opportunity will be seized to reach a fundamental agreement on the US budget dispute. As a consequence, the effect of the strong stimulus provided by monetary policy will increasingly be felt, boosting the economy.

Economic growth will strengthen only gradually in the eurozone. The economies of the peripheral countries are probably over the worst, and in recent years some of them at least have implemented far-reaching reforms, which should increasingly start to bear fruit. However, financial policy is set to remain restrictive for the time being, and the excesses of the past have not yet been fully corrected. In some core countries, the correction has in fact only just begun.

Germany's economy will be one of the top performers, since it had no excesses to be corrected. For this reason, the strong monetary policy stimulus may have an impact here, especially when companies gradually overcome their reluctance to invest as the sovereign debt crisis continues to subside.

The dominant theme on the financial markets will still be the question of when the Federal Reserve will begin to exit its bond purchase programme. The reduction in the monthly injection of liquidity by the Federal Reserve should have an impact on the financial markets. For example, yields on long-term US bonds and German Bunds are likely to rise, with certain emerging market currencies come under renewed pressure. The same is true of the euro, because whereas in the USA the Federal Reserve is gradually moving closer to hiking interest rates, the ECB is probably still some way off taking the corresponding measures, given the numerous problems in the euro area.

Future situation in the banking sector

Our views regarding the expected development of the banking sector over the medium term have not changed significantly since the statements we have issued during 2013.

It is still too early to signal the all-clear for the banking environment, despite generally good progress on major financial markets and the long-awaited end of the recession in the eurozone. The interventions by the ECB and European politicians are still having a stabilising effect, but they are nevertheless impairing the role of market prices as a reliable risk measure. In the eurozone, the real economy will recover only slowly in an international financial climate that remains uncertain. Financial market participants have been made uneasy by the Federal Reserve's statement that it is maintaining its expansionary monetary policy, which has increased volatility, reset the price of certain asset classes and driven investors from the bond markets. In addition, there have been concerns about the economic outlook for major emerging nations if US monetary policy is tightened, and worries have repeatedly flared up about debt sustainability in certain EMU bailout countries and the willingness of big eurozone countries to introduce reforms. The EU's efforts to reduce the link between banks and states are having a negative impact on bank credit rating assessments and pushing the risk premiums on European bank bonds up and up. Furthermore, the ECB's review of bank balance sheets at the start of next year and the subsequent bank stress tests, together with the ongoing negotiations regarding a banking union, could potentially unsettle the banking environment for a while.

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A further reduction in debt levels and an improvement in asset quality are key preconditions if the bank sector is to meet the tougher requirements of the regulators and fulfil investor expectations. In the short term, bank earnings will improve only gradually, as the regulatory processes already under way and the persistently fierce competition are restricting earnings potential. Restrictive fiscal policy and high unemployment in the eurozone are negative factors. The deleveraging process initiated in many countries and households will lead to comparatively weak demand for credit for the time being. Net interest income will be hit by the decline in maturity transformation income, despite a slight rise in long-term interest rates. Opportunities to use the still ample supply of liquidity from central bank funds on the assets side of a bank's balance sheet are restricted because of the requirement to reduce risks.

The pressure for renewal in the banking sector has strengthened as a result of regulation, structural transformation and competition, and this will be more difficult to deal with because major profit drivers of the past, such as lending growth and falling credit default rates, will be significantly less evident. Loan loss provisions will initially have an adverse impact – partly because of the decline in releases of provisions – and will thus act as a constraint on earnings growth in the corporate customer business. Corporate investment activity is not likely to boost demand for credit, even modestly, until 2014, although the ongoing economic uncertainties and the only slightly improved outlook for the European markets could prove to be obstacles to a strong investment boom. Another adverse factor is the decreasing importance of bank loans for external corporate financing. In private customer business, commission income will remain under pressure due to the still relatively pronounced preference for low-commission, highly liquid forms of investment. Aggressive price competition (particularly for deposits) and low interest rates, together with increasing price sensitivity on the part of customers and tougher competition from online banks, are also hampering the expansion of earnings potential. We do not expect a rapid recovery in investment banking given the still subdued levels of activity, especially in fixed income and currency products, and globally we expect market consolidation as banks focus on core competencies and their own home markets.

Overall, the traces of the financial crisis – persistently low interest rates, the modest increase in lending, the pronounced caution and marked preference for liquidity shown by customers – will remain apparent. Against this background competition will intensify further, both in terms of deposits, which are the main way of refinancing independently of the inter-bank market, and as regards internationally active corporate customers and German SMEs, which are becoming increasingly attractive because they are regarded as comparatively crisis-proof customers. For the time being there will be no change in the fragmented market structure, which in some cases is also characterised by overcapacities. This will limit the potential for generating capital from retained profit. Overall, the outlook – especially in the core business areas – will be largely dependent on the extent to which it proves possible to regain the customer confidence that has been lost, while keeping costs under control.

Financial outlook for the Commerzbank Group

Financing plans

Commerzbank forecasts a capital market funding requirement of less than €10bn per annum over the medium term. The Bank plans to raise the greater part of its refinancing requirements in collateralised form, primarily through Pfandbriefe issued by Commerzbank Aktiengesellschaft. In June of this year Commerzbank Aktiengesellschaft issued a public-sector Pfandbrief for the first time.

Collateralised funding instruments have gained in importance as a result of the financial crisis and the accompanying new regulatory requirements, and this is reflected in part in higher investor demand for these products. They offer issuers relatively stable access to long-term funding with cost advantages compared with unsecured sources of funding.

In October, Commerzbank received permission from the Federal Financial Supervisory Authority (BaFin) to issue mortgage Pfandbriefe (as well as public-sector Pfandbriefe and ship Pfandbriefe). The first transaction amounting to €500m was placed successfully in the same month.

Commerzbank intends to launch unsecured capital market issues in the future as well: firstly private placements to meet demand from customers and secondly in the form of products that further diversify the Bank's funding base.

Hypothekbank Frankfurt AG will have no significant funding requirements on the capital market in 2013 because of the business 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 in order to secure a comfortable liquidity cushion and an appropriate funding structure.

Planned investments

In order to implement its strategic agenda for the period to 2016, as announced in November 2012, the Commerzbank Group has formulated growth initiatives and cost-cutting programmes. By 2016, operating expenses will therefore be around €7.1bn to €7.3bn, despite the investments in the core business, the expected salary increases and rising operating costs. Against this backdrop around 5,200 full-time posts will be eliminated in the Group. At the end of 2012 and the beginning of 2013 the decision was made to cut 800 full-time posts, with a particular focus on the Non-Core Assets segment. In addition, 500 full-time posts are being cut abroad and in the German subsidiaries. Of the remaining 3,900 full-time posts to be cut, around 1,800 full-time posts are in the Private Customer business, as announced in February this year. €493m in restructuring costs was set aside for this purpose at Group level in the first quarter of 2013. On the other hand, there are plans to create up to 1,000 full-time posts within the Group in connection with investments to implement the strategic agenda.

In the period under review there has been no significant change in the investment planning discussed on pages 122–125 of the 2012 Annual Report.

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Liquidity outlook

The eurozone money and capital markets were relatively stable in the reporting period just ended. The outcome of the German parliamentary elections had no discernible impact on the money or capital markets. Nor did the temporary political crisis in Italy provoke any sustained uncertainty on the markets. There is sufficient liquidity in the market, although the liquidity surplus continues to decline following the repayment of just over one-third of the ECB's three-year long-term refinancing operation. The money market interest rate moved sideways without any large swings. After reaching record lows in December 2012, the three-month Euribor stood at 0.23% as at 30 September 2013 (year-end 2012: 0.19%), thus remaining more or less unchanged since 30 June 2013 (0.22%).

Although the liquidity surplus of around €250bn is still adequate, market participants will regard any further decline to below €200bn as critical. In order to counteract possible negative repercussions, the ECB held out the prospect of a new issue of the three-year long-term refinancing operation. However, this instrument is to be used in a more targeted and selective manner than the previous measures, in order to rectify possible market distortions.

Over the remainder of 2013, we expect the interest rate markets to move sideways before rising slightly at the end of the year. This trend should continue at the start of 2014 as further regulatory schemes such as the liquidity coverage ratio (LCR) and leverage ratio are implemented. It is already evident, for example, that the secured money market (repurchase agreements) for securities not eligible for the LCR are illiquid beyond the end of this year. As regards refinancing costs in the major foreign currencies, we think that cross-currency basis swaps will also trend sideways at a low level. The Bank expects the credit markets to continue to move sideways. In an environment featuring very low interest rates, credit risk premiums continue to remain at a low level because of demand, and this is true of good quality credit in particular.

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.

In order to compensate for unexpected outflows of liquidity, the Bank has a liquidity reserve comprising highly liquid assets eligible for central bank borrowing purposes. Our business planning is done such that a liquidity cushion can be maintained commensurate with the prevailing market conditions and related uncertainties as we see them. 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.

General statement on the outlook for the Group

The Commerzbank Group's strategic realignment, which began in 2012, is being implemented in what continues to be a challenging environment for the economy and the capital markets. In view of the factors that are impacting earnings performance, in particular low interest rates and the subdued demand for credit and investment products, we do not expect any significant change before the end of the year. The growth initiatives and efficiency improvement measures that were introduced last year have already improved our market position in various areas of the private customer business and the Mittelstandsbank. However, since the second half of the year there has been a noticeable decline in customer activity in some business areas because of seasonal effects and uncertainty over the scope and sustainability of the global economic recovery. We therefore expect that negative earnings factors will predominate in the final quarter, and that we will not be able to fully offset these by successful cost management. Commerzbank assumes that the risk trends which have prevailed in the year to date will persist, and therefore does not expect the operating result for the last quarter of 2013 to match that achieved in the previous quarter.

We are actively confronting the comparatively difficult conditions still evident in the banking business by acquiring new customers and achieving greater penetration of the existing customer base through further improvements to our services. Lending volumes have consequently stabilised or increased slightly, such as in the business with German SME customers. Residential mortgage lending continues to grow strongly. Progress is uneven, however. For example, we expect the securities business, which has seen an upturn in customer activity during long periods of 2013, to weaken by the end of the year. We think that our capital market activities will decline overall, partly because of seasonal fluctuations. In the NCA segment, the value-preserving reduction of both the portfolio and the risks – in line with strategy – is proceeding much faster than planned. However, this is having an increasing impact on the segment's earnings base, since the reduction in interest-bearing assets can only partially be absorbed by improved margins in the existing portfolio.

In the core bank segments we expect loan loss provisions to normalise, not least because the high reversals of loan loss provisions seen in the previous year will not be repeated to the same extent. Loan loss provisions in the NCA segment are again expected to have much the same impact as last year. Despite the increasing number of indicators pointing to a recovery on the shipping markets, we are sticking to our cautious prediction that the international shipping market will not bottom out until 2014. Overall we expect the Group's loan loss provisions for 2013 to be higher than in the previous year.

The Commerzbank Group's costs will not exceed €7bn in the year as a whole. Rigorous cost management will enable us to compensate for investments recognised as expenses that are aimed at boosting future earnings potential.

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For the year as a whole, we think it likely that the effects described – a comparatively low level of customer activity, a persistently uncertain outlook for the economy and the capital market, and rising loan loss provisions – will continue to weigh on the Commerzbank Group's earnings performance and overshadow the successful start we have made in refining our business model. We therefore think it unlikely that the fourth quarter will see us reducing the gap that has opened up between the operating result for the first nine months and last year's figure.

By the end of the year, Commerzbank expects to be able to report substantial progress in strengthening the capital base further. In addition to the capital increase and subsequently repaying the remaining silent participations, effective management of the risk-weighted assets has increased the Basel III core Tier I capital ratio to currently 8.6% at present on a fully phased-in basis (i.e. complying with the regulatory framework not due to come into effect until 2019). In the NCA segment, for example, the large, actively managed portfolio reduction has made it possible to release net capital for future growth in the core bank, despite operating losses. One of our key priorities is to increase this ratio to 9% by the end of 2014, and then to maintain a capital base well above the regulatory minimum.

Report on events after the reporting period

Commerzbank issues a mortgage Pfandbrief for the first time

At the start of October Commerzbank Aktiengesellschaft issued its first mortgage Pfandbrief on the capital market. The benchmark bond has a volume of €500m, a maturity of seven years and a coupon of 1.625% per annum.

More than half the issue was placed in Germany. The mortgage Pfandbrief is secured with residential mortgage loans in Germany and increases Commerzbank's refinancing options. It is being used to refinance the core business in the Private Customers segment over the long term. This transaction supports Commerzbank's competitiveness and underlines the Bank's ambitions to grow the loan business with private customers. The mortgage Pfandbrief has been given a rating of Aa1 by Moody's and AAA by Fitch.

Commerzbank completes contractual closing of the sale of its "Depotbank" business to BNP Paribas Securities Services

Commerzbank completed the contractual closing of the sale of its "Depotbank" business to BNP Paribas Securities Services on 31 October 2013. Hence, the transfer of the customer relationships and portfolios to BNP Paribas can begin on schedule. The "Depotbank" business offers services for investment companies (mutual and special funds in the securities and real estate sectors) and institutional investors, such as the settlement of securities transactions, the administration, and safekeeping of assets as well as the control of the fund administration. As already announced in July 2013 in the course of the signing of the sale and purchase agreement, the remaining custody business for customers of Commerzbank ("Depotgeschäft", e.g. depositary business for direct customer portfolios) which is part of Commerzbank's core business is not affected by the deal.

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

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Risk-oriented overall bank management

Risk management organisation

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

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

Risk management activities are split between Credit Risk Management Core Bank, Credit Risk Management Non-Core Assets (NCA), Intensive Care, Market Risk Management and Risk Controlling and Capital Management. In the Core Bank credit risk management is divided into performing loans and intensive care; in NCA it has been merged into one unit across all rating levels. All areas report directly to the CRO. The heads of these five risk management divisions together with the CRO make up the Risk Management Board within Group Management.

For details on the organisation of risk management at Commerzbank, please refer to the Annual Report 2012.

Risk-bearing capacity and stress testing

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

We monitor Commerzbank's risk-bearing capacity using a gone concern approach which seeks primarily to protect unsubordinated lenders. This should be achieved even in the event of extraordinarily high losses from an unlikely extreme event. In addition risk-bearing capacity is assessed using macroeconomic stress scenarios. Details of the methodology used can be found in the Annual Report 2012 as well as in the first quarter Interim Report 2013.

The risk-bearing capacity ratio has increased to 173% compared to 161% as at the end of 2012.

Risk-bearing capacity Group €bn	30.9.2013	31.12.2012
Economic risk coverage potential ¹	29	29
Economically required capital ²	17	17
thereof for default risk	12	13
thereof for market risk	4	4
thereof for operational risk	2	2
thereof diversification between risk types	-2	-2
RBC-ratio³	173%	161%

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

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

³ RBC ratio = economic risk coverage potential/economically required capital (including risk buffer).

Default risk

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

Commerzbank Group

Credit risk parameters Among other things we use the following risk parameters to manage and limit default risk in the Commerzbank Group: exposure at default (EaD)¹, loss at default (LaD), expected loss (EL), risk density (EL/EaD), credit value at risk (CVaR = economic capital required for credit risk with a confidence interval 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:

Credit risk parameters as at 30.9.2013	Exposure at default €bn	Expected loss €m	Risk density bp	CVaR €m
Core Bank	330	943	29	7,285
Non-Core Assets	113	864	76	5,106
Group	443	1,807	41	12,390

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

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The breakdown of the Group portfolio by internal rating classifications, based on the PD ratings, shows that over 78% are in rating levels 1 and 2.

Rating breakdown as at 30.9.2013 EaD in %	1.0 –1.8	2.0 –2.8	3.0 –3.8	4.0 –4.8	5.0 –5.8
Core Bank	31	49	15	4	2
Non-Core Assets	30	42	14	9	5
Group	31	47	14	5	3

The regional breakdown of the exposure is in line with the Bank's strategic direction and reflects the main areas of its global business activities. Around half of the Bank's exposure relates to Germany, another third to other countries in Europe and 8% to North America. The rest is broadly diversified and is split between a large number of countries where we serve German exporters in particular or where Commerzbank has a local presence. A main driver of the expected loss in the region "Other" is ship finance.

Group portfolio by region as at 30.9.2013	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	223	597	27
Western Europe	105	450	43
Central and Eastern Europe	40	222	56
North America	34	52	15
Other	41	486	117
Group	443	1,807	41

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

EaD ¹ as at 30.9.2013 €bn	Sovereign ²	Banks	CRE	Corporates/ Other	Total 30.9.2013	Total 31.12.2012
Greece	0.0	0.0	0.1	0.1	0.2	0.2
Ireland	0.0	0.4	0.0	1.2	1.6	1.6
Italy	9.4	0.8	2.0	2.3	14.6	14.2
Portugal	0.8	0.3	1.4	0.3	2.8	3.0
Spain	2.6	3.5	3.3	2.4	11.7	12.8

¹ Excluding exposure from ship finance.

² Including sub-sovereigns.

Loan loss provisions Loan loss provisions relating to the Group's credit business in the first three quarters of 2013 amounted to €1,296m and thus were €250m higher than the previous year's figure. The first three quarters of 2013 were dominated by a number of larger defaults as well as declining releases in the Core Bank's corporate portfolio and ongoing high allocations to provisions in the NCA segment.

Write-downs on securities are not considered as risk provisions but as income from financial assets. Details on this are given in note (5) of the Interim Financial Statements.

Loan loss provisions €m	2013					2012				
	Q1-Q3	Q3	Q2	Q1	Total	Q4	Q1-Q3	Q3	Q2	Q1
Core Bank	531	249	190	92	283	102	181	47	116	18
Non-Core Assets	765	243	347	175	1,374	512	862	383	301	178
Group¹	1,296	492	537	267	1,660	614	1,046	430	404	212

¹ Including the PRU's provisions for loan losses of €3m in 2012.

For 2013 as a whole, we expect the Group's loan loss provisions to be higher than in 2012. This is due to the accelerated reduction in the NCA segment and the normalisation of the Core Bank's loan loss provisions.

The risks related to the macroeconomic framework are still high. A significantly higher loan loss provision may be necessary if by way of example a number of larger individual defaults would occur.

Default portfolio The default portfolio has been reduced by €2.3bn since 31 December 2012. The volume is equivalent to claims that are in default in the category LaR as well as claim that are in default and that are intended to be sold (IFRS 5).

Default portfolio €m	30.9.2013			31.12.2012		
	Group	Core Bank	NCA	Group	Core Bank	NCA
Default volume	16,609	6,154	10,455	18,926	6,799	12,128
Loan loss provisions	6,716	3,275	3,441	7,148	3,264	3,884
GLLP	920	496	424	887	470	417
Collaterals	7,923	1,330	6,593	9,296	1,451	7,845
Coverage ratio excl. GLLP (%)	88	75	96	87	69	97
Coverage ratio incl. GLLP (%)	94	83	100	92	76	100
NPL ratio (%) ¹	3.6	1.8	8.5	4.0	2.1	8.1

¹ NPL ratio: default volume (non-performing loans – NPL) as a proportion of total exposure (EaD including NPL).

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Core Bank

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

Credit risk parameters Exposure in the Core Bank to rating categories 1.0 to 5.8 rose as at 30 September 2013 to €330bn (31 December 2012: €321bn). Risk density increased from 27 to 29 basis points.

Credit risk parameters as at 30.9.2013	Exposure at default €bn	Expected loss €m	Risk density bp	CVaR €m
Private Customers	82	203	25	996
Mittelstandsbank	118	386	33	3,114
Central & Eastern Europe	25	151	59	638
Corporates & Markets	65	166	25	1,868
Others and Consolidation	40	37	9	669
Core Bank	330	943	29	7,285

Around 80% of the Core Bank portfolio is investment grade. This is equivalent to our internal categories 1.0 to 2.8, based on PD ratings.

Rating breakdown as at 30.9.2013 EaD in %	1.0–1.8	2.0–2.8	3.0–3.8	4.0–4.8	5.0–5.8
Private Customers	30	49	16	4	2
Mittelstandsbank	14	59	19	5	2
Central & Eastern Europe	5	60	23	9	3
Corporates & Markets	48	41	8	1	2
Core Bank¹	31	49	15	4	2

¹ Including Others and Consolidation.

Loan loss provisions Loan loss provisions in the Core Bank amounted to €531m in the first three quarters of 2013 and thus were €350m higher than in the period the preceding year.

Loan loss provisions €m	2013				2012					
	Q1–Q3	Q3	Q2	Q1	Total	Q4	Q1–Q3	Q3	Q2	Q1
Private Customers	93	31	27	35	95	16	79	45	26	8
Mittelstandsbank	331	106	147	78	30	42	–12	–9	32	–35
Central & Eastern Europe	83	41	36	6	105	24	81	28	35	18
Corporates & Markets	–2	43	–19	–26	52	19	33	–17	23	27
Others and Consolidation	26	28	–1	–1	1	1	0	0	0	0
Core Bank	531	249	190	92	283	102	181	47	116	18

The first three quarters of 2013 were dominated by the recognition of new provisions for a number of larger counterparties as well as declining releases in the corporate portfolio. Moreover, loan loss provisions in the same period of 2012 were positively influenced by reversals due to the updating of parameters and an exceptionally good seasonal performance resulting into low recognition of loan loss provisions.

Default portfolio The Core Bank's default portfolio was further reduced compared to 31 December 2012, mainly in the Corporates & Markets' segment.

Default portfolio Core Bank €m	30.9.2013	31.12.2012
Default volume	6,154	6,799
Loan loss provisions	3,275	3,264
GLLP	496	470
Collaterals	1,330	1,451
Coverage ratios excl. GLLP (%)	75	69
Coverage ratios incl. GLLP (%)	83	76
NPL ratio (%)	1.8	2.1

Private Customers

The Private Customers segment comprises the activities of the Private Customers Group division, 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 the private customer business depend mainly on the economic environment, trends in unemployment levels and real estate prices. Risks are managed amongst others through defined credit standards, active new business controlling, close monitoring of the real estate market and IT-supported overdraft management. Furthermore, loans that stand out are identified through selected triggers and processed in the early risk identification area.

Credit risk parameters as at 30.9.2013	Exposure at default €bn	Expected loss €m	Risk density bp
Residential mortgage loans	47	93	20
Investment properties	5	10	18
Individual loans	12	40	33
Consumer and instalment loans/credit cards	9	36	38
Domestic subsidiaries	3	7	27
Foreign subsidiaries and other	5	16	30
Private Customers	82	203	25

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 EaD of €52bn). We supply credit to our business customers through individual loans amounting to €12bn. In addition, we meet our customers' day-to-day demand for credit with consumer loans (consumer and instalment loans, credit cards totalling €9bn).

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There was continued growth in the private customer business, particularly in construction financing. Risk density was reduced to 25 basis points after 27 basis points at year-end 2012.

Loan loss provisions in the private customer business stood at €93m in the first three quarters of 2013, which was a rise on the previous year's period of €14m. Adjusted for the effects of parameter updating in the first quarter of 2012, loan loss provisions overall were below the previous year's level.

The default volume in the private customer business was reduced compared to 31 December 2012.

Default portfolio Private Customers €m	30.9.2013	31.12.2012
Default volume	1,004	1,135
Loan loss provisions	344	392
GLLP	128	128
Collaterals	466	527
Coverage ratios excl. GLLP (%)	81	81
Coverage ratios incl. GLLP (%)	93	92
NPL ratio (%)	1.2	1.5

Mittelstandsbank

This segment comprises all the Group's activities with mainly mid-size corporate customers, the public sector and institutional customers (where they are not assigned to other segments). The segment is also responsible for the Group's relationships with domestic and foreign banks and financial institutions as well as central banks. We wish to continue to grow in German corporate customers and international corporate customers with a connection to Germany, and are investing in individual new markets. The risk appetite is geared towards the assessment of the relevant sector, but also towards a company's economic and competitive conditions. Every exposure is subject to an individual analysis with regard to the sustainability of the business model, the strategic orientation and the creditworthiness of the company.

Credit risk parameters as at 30.9.2013	Exposure at default €bn	Expected loss €m	Risk density bp
Corporates Domestic	81	250	31
Corporates International	15	55	36
Financial Institutions	22	82	37
Mittelstandsbank	118	386	33

Despite demand for credit still being low, the EaD figure in Mittelstandsbank increased from €111bn as at year-end 2012 to €118bn. The economic environment in Germany is continuing to be stable. This is also reflected in the Corporates Domestic sub-portfolio, where risk parameters remained better than average. The risk density in this area was at a comparatively low 31 basis points as at 30 September 2013. In Corporates International, EaD totalled €15bn and risk density here was 36 basis points as at 30 September 2013. For details of developments in the Financial Institutions portfolio please see page 45.

Loan loss provisions in the Mittelstandsbank rose sharply in the first three quarters of 2013 to €331m, compared to €-12m in the same period of the previous year. The additional provisions were required for a few larger individual cases. By contrast, the previous year saw releases.

The Mittelstandsbank's default portfolio has remained almost constant since 31 December 2012.

Default portfolio Mittelstandsbank €m	30.9.2013	31.12.2012
Default volume	2,638	2,632
Loan loss provisions	1,483	1,439
GLLP	261	232
Collaterals	430	482
Coverage ratios excl. GLLP (%)	73	73
Coverage ratios incl. GLLP (%)	82	82
NPL ratio (%)	2.2	2.3

Central & Eastern Europe

The Central & Eastern Europe segment mainly covers the activities of BRE Bank in Poland. The BRE Bank Group's main areas of business cover private customer business with complementary direct bank units in Poland, the Czech Republic and Slovakia as well as corporate business. Corporate customers are provided with a broad and modern product range which includes corporate finance, corporate treasury sales as well as leasing and factoring. The Central & Eastern Europe segment's strategic focus lies on organic growth in Polish small and medium-sized businesses and the private customer business in Poland, the Czech Republic and Slovakia.

Credit risk parameters as at 30.9.2013	Exposure at default €bn	Expected loss €m	Risk density bp
Central & Eastern Europe	25	151	59

Following slower growth in Poland in the first half, economic indicators have now improved again, suggesting there will be a further recovery and rising growth rates in the second half of 2013 and the next year. The monetary loosening last year appears to be having an increasingly stimulatory effect on domestic demand. No particular inflationary pressure is anticipated by the central bank over the coming quarters.

Risk density in Central & Eastern Europe remained stable at 59 basis points compared to year-end 2012. However, we expect the portfolio quality to deteriorate slightly by the end of 2013.

Loan loss provisions amounted to €83m in the first three quarters of 2013, putting them on a par with the same period of the previous year (€81m).

In the Central & Eastern Europe segment, the default volume remained constant compared to 31 December 2012.

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Default portfolio Central & Eastern Europe €m	30.9.2013	31.12.2012
Default volume	1,056	1,069
Loan loss provisions	610	579
GLLP	51	54
Collaterals	420	383
Coverage ratios excl. GLLP (%)	98	90
Coverage ratios incl. GLLP (%)	102	95
NPL ratio (%)	4.0	4.0

Corporates & Markets

This segment covers customer-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 is on Germany and Western Europe, which account for just under three-quarters of exposure. At the end of September 2013, North America accounted for around 17%. At €65bn, EAD at the end of the third quarter was below the figure at the end of December 2012 of €68bn.

Credit risk parameters as at 30.9.2013	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	20	73	36
Western Europe	26	58	22
Central and Eastern Europe	1	5	40
North America	11	19	17
Other	6	11	16
Corporates & Markets	65	166	25

Corporates & Markets focuses on actively supporting its customers over the long term in all funding opportunities with a range of services in underwriting and new issues (such as equities, bonds, syndicated loans). Underwriting risk for all product types is restricted through strict guidelines and defined limits. 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. Some products (e.g. leveraged buyouts) have witnessed dynamic market trends in recent months.

Furthermore there is a focus on close monitoring of counterparties (such as banks) in critical countries. In addition there has been closer scrutiny of risk management in relation to stock exchanges and clearing houses due to the new regulatory requirements on derivatives.

Since the beginning of the year, the nominal volume of the structured credit sub-portfolio, which predominantly belongs to the trading book, has fallen by €2.0bn to €8.8bn. The risk values¹ have declined by €1.3bn to €4.1bn (including the default portfolio in each case).

Structured credit portfolio	30.9.2013			31.12.2012		
	Nominal values €bn	Risk values €bn	Markdown ratio ¹ %	Nominal values €bn	Risk values €bn	Markdown ratio ¹ %
RMBS	1.4	1.0	28	1.6	1.1	30
CMBS	0.2	0.1	46	0.2	0.1	51
CDO	3.4	2.3	33	4.5	3.1	30
Other ABS	0.9	0.7	15	1.3	1.1	20
Further structured credit exposure	3.0	0.0		3.2	0.0	
Total	8.8	4.1		10.8	5.4	

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

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

As at the end of September 2013, the structured credit portfolio was performing in line with our expectations. Further appreciations in value might occur over the residual life of the portfolio, but these are limited due to the sizeable reduction of holdings in recent years. The long period that has passed since the structures were launched enables a more and more reliable basis for the assessment of the future performance.

Loan loss provisions in Corporates & Markets are heavily influenced by movements in individual exposures. In the third quarter of 2013 loan loss provisions were €43m. Comprising the releases of the first half year of 2013, after the first three quarters of 2013 there was a net release of €2m. This is a decline on the previous year's period of €35m. The release was significantly due to successful restructurings. Through this, default volume in the segment could also be reduced considerably since 31 December 2012.

Default portfolio Corporates & Markets €m	30.9.2013	31.12.2012
Default volume	1,378	1,961
Loan loss provisions	808	853
GLLP	55	54
Collaterals	15	59
Coverage ratios excl. GLLP (%)	60	47
Coverage ratios incl. GLLP (%)	64	49
NPL ratio (%)	2.1	2.8

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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Non-Core Assets

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

Exposure at default for the segment in the performing loan book totalled €113bn as at 30 September 2013, which is €25bn less than at the end of 2012.

Credit risk parameters as at 30.9.2013	Exposure at Default €bn	Expected loss €m	Risk density bp	CVaR €m
Commercial Real Estate	33	277	83	
Deutsche Schiffsbank	11	427	377	
Public Finance	68	160	23	
Non-Core Assets	113	864	76	5,106

In the Non-Core Assets segment loan loss provisions in the first three quarters of 2013 were €765m, €97m lower than in the same period of the previous year.

Loan loss provisions €m	2013					2012				
	Q1-Q3	Q3	Q2	Q1	Total	Q4	Q1-Q3	Q3	Q2	Q1
Commercial Real Estate	351	73	240	38	623	222	401	213	131	57
Deutsche Schiffsbank	419	170	110	138	743	299	444	160	170	114
Public Finance	-5	0	-3	-2	8	-9	17	10	0	7
Non-Core Assets	765	243	347	175	1,374	512	862	383	301	178

The default volume for Non-Core Assets fell by a significant €1.7bn compared to 31 December 2012.

Default portfolio Non-Core Assets €m	30.9.2013	31.12.2012
Default volume	10,455	12,128
Loan loss provisions	3,441	3,884
GLLP	424	417
Collaterals	6,593	7,845
Coverage ratio excl. GLLP (%)	96	97
Coverage ratio incl. GLLP (%)	100	100
NPL ratio (%)	8.5	8.1

Commercial Real Estate

The value-preserving reduction of EaD continued successfully in the third quarter of 2013 in a partly improving market environment. We have further reduced holdings, primarily at Hypothekbank Frankfurt. The sale of the UK's commercial real estate portfolio made a major contribution to this. EaD in the performing loan book has been reduced by €14bn to €33bn since the end of 2012, meaning that the CRE sub-segment has achieved its planned EaD reduction targets for 2013 ahead of schedule. The main components of exposure are the sub-portfolios office (€11bn), retail (€11bn) and residential real estate (€6bn).

The recession in the eurozone appears to be over, which has generated relief on real estate markets. However the situation in some countries remains challenging, as the European sovereign debt crisis has not finally been resolved. Rental markets therefore remain hesitant. Investors are gradually regaining interest, but this has not been sufficient to prevent market values falling in Southern Europe. Germany, on the other hand, has been performing better than average and is now seeing much more CRE investment activity.

CRE-portfolio by region EaD in €bn	30.9.2013	31.12.2012
Germany	17	22
Western Europe	11	18
Central and Eastern Europe	3	4
North America	1	2
Other	1	1
Commercial Real Estate	33	47

Loan loss provisions for Commercial Real Estate in the first three quarters of 2013 amounted to €351m and thus were €49m lower than the previous year's figure.

The default portfolio for Commercial Real Estate fell significantly compared to 31 December 2012. This is mainly due to the sale of the UK portfolio.

Default portfolio CRE by country €m	30.9.2013				31.12.2012
	Total	Germany	Spain	US	Total
Default volume	6,057	2,496	1,716	365	7,643
Loan loss provisions	2,135	682	737	72	2,672
GLLP	117	32	15	5	130
Collaterals	3,998	1,789	991	365	5,056
Coverage ratio excl. GLLP (%)	101	99	101	120	101
Coverage ratio incl. GLLP (%)	103	100	102	121	103
NPL ratio (%)	15.4	12.6	33.8	26.6	14.0

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Deutsche Schiffsbank

Compared to 31 December 2012, exposure to ship finance in the performing loan book fell from €14bn to €11bn.

The exposure is mainly divided into three standard types of ship, i.e. containers (€4bn), tankers (€3bn) and bulkers (€2bn). The rest of the portfolio consists of various special tonnages which are well diversified across various ship segments.

Over the period January to September 2013 the markets for containers, tankers and bulkers were still dominated by excess capacity, causing further falls in charter rates. We do not expect shipping markets to recover over the next twelve months. In line with the defined strategy of value-preserving reduction, we are continuing to cut back the risk in the existing business.

Loan loss provisions at Deutsche Schiffsbank stood at €419m in the first three quarters of 2013 (previous year's period: €444m).

The default portfolio decreased slightly compared to 31 December 2012.

Default portfolio DSB by ship type €m	30.9.2013				31.12.2012
	Total	Container	Tanker	Bulker	Total
Default volume	4,394	2,007	1,278	531	4,482
Loan loss provisions	1,305	627	346	133	1,211
GLLP	297	174	45	68	272
Collaterals	2,595	1,163	789	332	2,789
Coverage ratio excl. GLLP (%)	89	89	89	88	89
Coverage ratio incl. GLLP (%)	96	98	92	100	95
NPL ratio (%)	27.9	33.4	33.1	17.8	23.7

Public Finance

Commerzbank's NCA segment comprises the government financing plus secured and unsecured bond issues/loans from banks, held available in particular as substitute cover for Pfandbrief issues. The receivables and securities contained in the Public Finance portfolio are largely held in our subsidiaries Hypothekbank Frankfurt and Erste Europäische Pfandbrief- und Kommunkreditbank (EPEK).

The borrowers in the Public Finance business in NCA (€46bn 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 (€20bn EaD), where the focus is again on Germany and Western Europe. Most of the bank portfolio comprises securities/loans which to a large extent are covered by guarantee/maintenance obligations or other public support mechanisms, or were issued in the form of covered bonds.

The Private Finance Initiative (PFI) portfolio was transferred to the NCA segment from the Portfolio Restructuring Unit in the third quarter of 2012. It comprises the long-term financing of public sector facilities and services, such as hospitals and water utilities in the United Kingdom. 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 reduction of the Public Finance portfolio continued in the first three quarters of 2013, with a drop of €9bn. Since the start of 2010, the EaD has been cut by a total of €61bn to €68bn. This has been achieved largely by using maturities but also through active portfolio measures.

As in the first three quarters of 2012, loan loss provisions in Public Finance were driven almost solely by portfolio loan loss provisions. With net releases of €5m in the first three quarters of 2013, loan loss provisions were €22m lower than the previous year's figure. Write-downs on securities are not considered as risk provisions but as income from financial assets. Details on this are given in note (5) of the Interim Financial Statements.

Other portfolio analyses

The following analyses are independent of the existing segment allocation. The presented positions are already contained in full in the preceding Group and segment presentations.

Corporates portfolio by sector

The Bank's corporates exposure by sector is illustrated in the following table:

Sub-portfolio corporates by sector	30.9.2013			31.12.2012		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Basic materials/ Energy/Metals	25	139	57	25	130	51
Consumption	22	87	39	22	85	39
Transport/Tourism	11	21	20	11	22	20
Chemicals/Plastics	11	53	47	11	48	43
Technology/ Electrical industry	8	32	39	9	25	27
Services/Media	8	27	34	8	29	35
Automotive	8	21	27	9	21	23
Mechanical engineering	8	17	23	8	20	26
Construction	4	50	118	4	17	39
Other	13	25	19	15	34	23
Total	118	473	40	122	430	35

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Financial Institutions portfolio

In the third quarter of 2013 the focus of our risk strategy for the Financial Institutions (FI) sub-portfolio continued to be on risk reduction, especially in public finance business. New business was selective, concentrating on clients with a good credit rating. Particularly noteworthy are our trade finance activities, performed on behalf of our corporate customers in Mittelstandsbank, and the capital market activities in Corporates & Markets. The Financial Institutions portfolio will continue to be heavily affected by the sovereign debt and the Euro crisis.

FI portfolio by region ¹	30.9.2013			31.12.2012		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	15	9	6	14	8	6
Western Europe	27	63	24	28	49	18
Central/Eastern Europe	8	25	31	9	22	25
North America	2	1	5	1	< 1	3
Asia	11	28	26	7	19	27
Other	7	42	61	6	21	35
Total	69	167	24	65	121	19

¹ Excluding exceptional debtors.

Non-Bank Financial Institutions portfolio

The Non-Bank Financial Institutions (NBFI) portfolio at Commerzbank focuses on further portfolio optimisation and attractive new business with clients of good credit standing. These are mainly insurance companies, asset managers and regulated fund management companies.

NBFI portfolio by region	30.9.2013			31.12.2012		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	9	16	18	11	24	22
Western Europe	17	35	21	18	41	23
Central/Eastern Europe	2	13	72	1	4	27
North America	8	19	23	8	22	29
Other	2	3	13	2	4	23
Total	37	86	23	40	96	24

Originator positions

Commerzbank and Hypothekbank Frankfurt have in recent years securitised loan receivables due from the Bank's customers with a current volume of €7.6bn, primarily for capital management purposes. This also includes the securitisation of a trade financing portfolio of USD 500m (roughly €370m), placed with banks in September 2013. As at 30 September 2013, risk positions of €5.3bn were retained. By far the largest portion of all positions is accounted for by €5.1bn of senior tranches, which are nearly all rated good to very good.

Securitisation pool €bn	Maturity	Commerzbank volume ¹			Total volume ¹ 30.9.2013	Total volume ¹ 31.12.2012
		Senior	Mezzanine	First loss piece		
Corporates ²	2020–2036	4.5	0.1	<0.1	5.1	5.1
Banks	2015–2021	0.3	<0.1	<0.1	0.4	0.0
RMBS	2048	<0.1	<0.1	<0.1	0.1	0.1
CMBS	2013–2084	0.2	0.1	<0.1	2.0	2.3
Total		5.1	0.1	0.1	7.6	7.5

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

² Including MezzCAP transaction.

Conduit exposure and other asset-backed exposures

Commerzbank sponsors the multi-seller asset-backed commercial paper conduit Silver Tower and in this conduit arranges the securitisation of receivables of Mittelstandsbank and Corporates & Markets customers. These are mainly trading and leasing receivables. The conduit in turn is usually financed through the issue of asset-backed commercial papers (ABCPs) or through the drawing of credit lines (liquidity lines).

Other asset-backed exposures comprise mainly government guaranteed ABSs issued by Hypothekenbank Frankfurt in the Public Finance area and Commerz Europe (Ireland).

Conduit and other asset-backed exposures €bn	30.9.2013		31.12.2012	
	Nominal values	Risk values	Nominal values	Risk values
Conduit exposure	3.5	3.5	3.1	3.1
Other asset-backed exposures	4.9	4.8	5.5	5.4

Market risk

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

Market risk in the trading book

A standardised value at risk model incorporating all positions is used for the internal management of market risk. VaR quantifies the potential loss from financial instruments as a result of changed market conditions during a pre-defined time horizon and with a fixed probability. For internal management purposes, a confidence level of 97.5% and a holding period of one day are assumed. The value at risk concept allows the comparison of risks across business areas. It also 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.

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

VaR in the trading book was €15m as at the reporting date compared to €28m at the year-end 2012. The main reason for the decrease is that the VaR calculation is no longer affected by crisis days from 2012, as these now lie beyond the model time series (older than 1 year). Lower risk positions of Corporates & Markets and Treasury delivered additional improvement.

VaR of portfolios in the trading book ¹ €m	Q1-Q3 2013	2012
Minimum	13	21
Median	22	39
Maximum	34	70
End figure reporting period	15	28

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

The market risk profile is diversified across all asset classes. The dominant asset classes are credit spread risk, followed by interest rate and currency risk. The decrease in VaR mentioned can mainly be seen in interest rate risk. This risk class also contains basis and inflation risk. Basis risk arises if, for example, positions are closed through hedging transactions with a different pricing type to the underlying transaction. The other risk types were largely stable.

VaR contribution by risk type in the trading book ¹ €m	30.9.2013	31.12.2012
Credit spreads	6	7
Interest rates	3	15
Equities	2	2
FX	3	3
Commodities	1	1
Total	15	28

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

Further risk parameters are calculated for regulatory capital adequacy as part of Basel 2.5. In particular, the stressed VaR is calculated, which evaluates the risk arising from the current positioning in the trading book with market movements in a predefined crisis period. The stressed VaR was €26m as at the reporting date, which is €9m less than at year-end 2012. The crisis observation period used is checked regularly through model validation and approval processes and adjusted where necessary.

The reliability of the internal model is monitored by backtesting on a daily basis. The calculated VaR data is compared with actual profits and losses. In the backtesting process there are two alternative approaches: “clean P&L” and “dirty P&L”. For clean P&L backtesting only those positions that were used in the VaR calculation are forming the basis for the calculation. Therefore profits and losses arise solely from price changes in the market. In contrast, for dirty P&L backtesting newly executed or closed transactions are also taken into account when calculating profits and losses. If the resulting loss is greater than the VaR, this is known as a negative backtesting outlier.

Analysing the results of backtesting provides guidance for checking parameters and improving the market risk model. Regulators also use backtesting to assess the internal risk models. Negative outliers are classified according to a prescribed traffic light system. All negative outliers at Group level (clean P&L and dirty P&L) are reported to the authorities with details of the size and cause. In the first nine months of 2013 we had no negative outliers in the clean P&L backtesting and one in the dirty P&L process. The results are therefore in line with statistical expectation 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 tests measure the risk which Commerzbank is exposed to, based on extraordinary 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.

VaR and stress test models are regularly validated. In the first half of 2013, model adjustments were implemented that helped improve the accuracy of risk measurement.

Market risk in the banking book

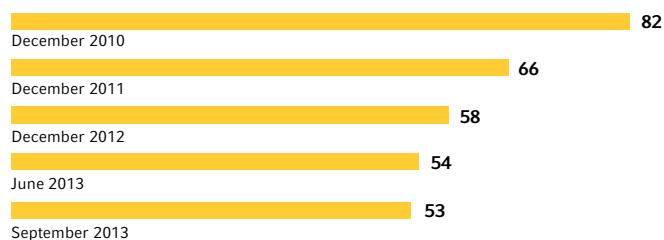
The key driver of market risk in the banking book is the credit spread risk in the Public Finance portfolio, including the positions held by the subsidiaries Hypothekbank Frankfurt and Erste Europäische Pfandbrief- und Kommunalkreditbank. This area continues to be systematically run down, as it has been for several years. The Treasury portfolios with their credit spread risk, interest rate risk, and basis risk also impact on market risk in the banking book.

The following chart documents the development of credit spread sensitivities of all of Commerzbank Group’s securities and derivatives positions (excluding loans). Credit spread sensitivities continued to fall over the first nine months of 2013, reaching €53m at the end of September. Close on 75% of credit spread sensitivities relate to securities positions classified as loans and receivables (LaR). Changes in credit spreads have no impact on the revaluation reserve or the income statement for these portfolios.

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Credit spread sensitivities

Downshift 1 bp | €m



Further on, the risk emerging from pension funds are part of market risk in the banking book. Main risk drivers are long term Euro interest rates, credit spreads as well as – due to anticipated pension dynamics – the expected Euro inflation. In addition equity, volatility and currency risks have to be taken into account.

Market liquidity risk

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

Market liquidity risk is measured by first of all creating a liquidation profile for each portfolio. The profile is used to classify the portfolio in terms of its convertibility into cash using a market liquidity factor. Market risk based on a one-year view is then calculated using the market liquidity factor.

At the end of September 2013 Commerzbank had earmarked €0.2bn in economic capital to cover market liquidity risk in the trading and banking book. Securities which are more susceptible to market liquidity risk include in particular asset-backed securities and restructuring portfolios.

Liquidity risk

Liquidity risk is defined in the narrower sense as the risk that Commerzbank will be unable to meet its payment obligations on a day-to-day basis. In a broader sense, liquidity risk is the risk that future payments cannot be funded as and when they fall due, in full, in the correct currency and at standard market conditions.

Management and monitoring

Commerzbank uses a wide range of tools based on an internal liquidity risk model to manage and monitor liquidity risks. Key decisions on liquidity risk management and monitoring are taken by the central Asset Liability Committee, with final approval coming from the Board of Managing Directors. At an operating level, there are additional sub-committees. These deal with liquidity risk issues at a local level and methodological issues that are of lesser significance for the Group. Complementary information on the management of liquidity risks can be found in the chapter “Funding and liquidity” in the Interim Management Report.

Quantification and stress testing

Our internal liquidity risk model calculates the available net liquidity (ANL) for the next twelve months with reference to a particular date, based on various scenarios. Commerzbank's available net liquidity is calculated for various stress scenarios using the following three components: deterministic, i.e. contractually agreed cash flows, statistically expected economic cash flows for the relevant scenario, and the realisable assets in the relevant scenario.

Liquidity risk management is performed centrally and takes into account the existing limit structure and liquidity risk tolerance. The management-relevant stress scenario used for the modelling 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. These may come in various forms, for example, in terms of maturities, large individual creditors or currencies. With the support of ongoing monitoring and reporting, risk concentrations on the funding front are recognised in a timely manner.

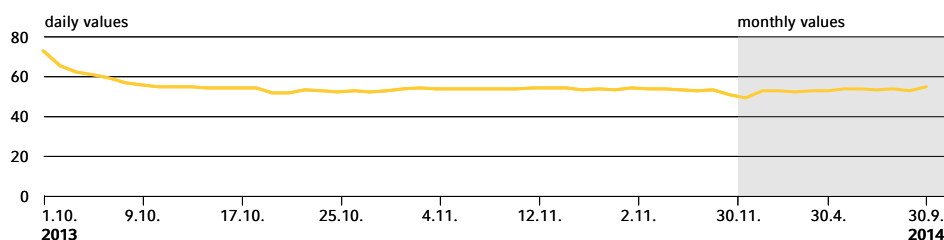
Additional components of liquidity risk management are a survival period calculation in terms of MaRisk plus the analysis of additional inverse stress scenarios.

The relevant stress scenarios 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 of the above contingency plans, in the context of which the central Asset Liability Committee can approve various measures to secure liquidity.

Under the stress scenario calculated at the end of September 2013, a comfortable liquidity surplus existed throughout the period analysed.

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

€bn



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In the first nine months of 2013, Commerzbank's internal liquidity risk ratios were again always significantly higher than the limit set by the Board of Managing Directors. The same applies to compliance with the external regulatory German Liquidity Regulation and the survival period calculation set down by MaRisk.

In liquidity management, Commerzbank benefits from its core business activities in retail and corporate banking. Our funding base at the money and capital markets is widely diversified in terms of products, regions and investors. In order to cope with short-term liquidity bottlenecks, the Bank holds a liquidity reserve in the form of assets eligible for discounting at the central bank and cash reserves. The amount, composition and availability of these assets are checked and reported on daily. At the end of September 2013 the liquidity reserve was almost unchanged compared with the previous quarter at €99.5bn. The quality and suitable diversification of these assets are regularly analysed.

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

Operational risk

Commerzbank actively measures and manages operational risk (OpRisk) using a Group-wide consistent framework aimed at identifying the OpRisk profile and risk concentrations as well as determining measures to mitigate risk. Operational risk is defined according to the German Solvency Regulation as the risk of loss resulting from the inadequacy or failure of internal processes, systems and people or from external events. This definition includes legal risks; it does not cover reputational and strategic risks.

OpRisk and governance of the internal control system (ICS) are closely linked at Commerzbank both in terms of organisational structure and methodology. This close connection is due to the fact that the causes of many OpRisk cases are linked to the failure of control mechanisms. This means that an effective ICS plays a part in reducing or avoiding operational risk. Conversely, the systems for operational risk offer the possibility of aligning the ICS so that it is risk-oriented and consistent with OpRisk management.

The management and limitation of operational risks differs systematically from limiting credit and market risk, since the relevant management units are not made up of individual clients or positions or portfolios but all-embracing internal processes. For this type of risk, the focus is on anticipatory management by the segments and cross-sectional units based on an overarching risk strategy for operational risks. An evaluation of the Bank's ICS and risk scenario assessment is carried out annually. In addition, OpRisk losses are constantly analysed, and subjected to ICS backtesting as appropriate. Where losses exceed €1m, "lessons learned" activities take place. Systematic evaluation of external OpRisk events at competitors is also performed.

OpRisk at Group level is managed through economic capital and regulatory capital. The use of the integrated AMA-model allows the Bank to manage economic and regulatory capital for operational risk within one model approach. Risk-weighted assets (RWA) from operational risks based on the AMA model amounted to €23.1bn as at the end of the third quarter of 2013 (31 December 2012: €22.6bn).

Other risks

In terms of all other risks, there were no significant changes in the first nine months of 2013 compared to the status reported in the Annual Report 2012.

Disclaimer

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

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Statement of comprehensive income

Income statement

€m	Notes	1.1.–30.9.2013	1.1.–30.9.2012 ¹	Change in %
Interest income		10,711	12,355	- 13.3
Interest expense		6,243	7,596	- 17.8
Net interest income	(1)	4,468	4,759	- 6.1
Loan loss provisions	(2)	- 1,296	- 1,046	23.9
Net interest income after loan loss provisions		3,172	3,713	- 14.6
Commission income		2,848	2,863	- 0.5
Commission expense		408	378	7.9
Net commission income	(3)	2,440	2,485	- 1.8
Net trading income	(4)	193	492	- 60.8
Net income from hedge accounting		41	- 20	.
Net trading income and net income from hedge accounting		234	472	- 50.4
Net investment income	(5)	10	- 169	.
Current net income from companies accounted for using the equity method		50	34	47.1
Other net income	(6)	- 147	- 55	.
Operating expenses	(7)	5,109	5,254	- 2.8
Impairments of goodwill and brand names		-	-	.
Restructuring expenses	(8)	493	43	.
Net gain or loss from sale of disposal groups		-	- 83	- 100.0
Pre-tax profit or loss		157	1,100	- 85.7
Taxes on income	(9)	60	329	- 81.8
Consolidated profit or loss		97	771	- 87.4
Consolidated profit or loss attributable to non-controlling interests		71	79	- 10.1
Consolidated profit or loss attributable to Commerzbank shareholders		26	692	- 96.2

¹ Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 65 ff.).

Earnings per share €	1.1.–30.9.2013	1.1.–30.9.2012 ¹	Change in %
Earnings per share	0.03	1.04	- 97.1

¹ Prior-year figures restated due to 10-to-1 reverse stock split of Commerzbank shares.

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.

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Condensed statement of comprehensive income

€m	1.1.–30.9.2013	1.1.–30.9.2012 ¹	Change in %
Consolidated profit or loss	97	771	- 87.4
Change in actuarial gains or losses not recognised in income statement	74	- 176	.
Items not recyclable through profit or loss	74	- 176	.
Change in revaluation reserve			
Reclassified to income statement	- 59	- 5	.
Change in value not recognised in income statement	379	667	- 43.2
Change in cash flow hedge reserve			
Reclassified to income statement	141	137	2.9
Change in value not recognised in income statement	54	- 4	.
Change in currency translation reserve			
Reclassified to income statement	4	31	- 87.1
Change in value not recognised in income statement	- 170	191	.
Change in companies accounted for using the equity method	- 3	2	.
Items recyclable through profit or loss	346	1,019	- 66.0
Other comprehensive income	420	843	- 50.2
Total comprehensive income	517	1,614	- 68.0
Comprehensive income attributable to non-controlling interests	31	154	- 79.9
Comprehensive income attributable to Commerzbank shareholders	486	1,460	- 66.7

¹ Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 65 ff.).

Other comprehensive income €m	1.1.–30.9.2013			1.1.–30.9.2012 ¹		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Change in actuarial gains or losses	102	- 28	74	- 264	88	- 176
Change in revaluation reserve	451	- 131	320	886	- 224	662
Change in cash flow hedge reserve	260	- 65	195	194	- 61	133
Change in currency translation reserve	- 165	- 1	- 166	222	-	222
Change in companies accounted for using the equity method	- 3	-	- 3	2	-	2
Other comprehensive income	645	- 225	420	1,040	- 197	843

¹ Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 65 ff.).

The condensed statement of comprehensive income for the third quarter of 2013 was as follows:

3 rd quarter €m	1.7.–30.9.2013	1.7.–30.9.2012 ¹	Change in %
Consolidated profit or loss	100	93	7.5
Change in actuarial gains or losses not recognised in income statement	-2	-31	-93.5
Items not recyclable through profit or loss	-2	-31	-93.5
Change in revaluation reserve			
Reclassified to income statement	-103	9	.
Change in value not recognised in income statement	120	279	-57.0
Change in cash flow hedge reserve			
Reclassified to income statement	46	45	2.2
Change in value not recognised in income statement	25	1	.
Change in currency translation reserve			
Reclassified to income statement	0	-	.
Change in value not recognised in income statement	52	44	18.2
Change in companies accounted for using the equity method	-5	1	.
Items recyclable through profit or loss	135	379	-64.4
Other comprehensive income	133	348	-61.8
Total comprehensive income	233	441	-47.2
Comprehensive income attributable to non-controlling interests	40	62	-35.5
Comprehensive income attributable to Commerzbank shareholders	193	379	-49.1

¹ Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 65 ff.).

Other comprehensive income for the third quarter of 2013 broke down as follows:

Other comprehensive income €m	1.7.–30.9.2013			1.7.–30.9.2012 ¹		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Change in actuarial gains or losses	-8	6	-2	-68	37	-31
Change in revaluation reserve	14	3	17	395	-107	288
Change in cash flow hedge reserve	92	-21	71	66	-20	46
Change in currency translation reserve	53	-1	52	44	-	44
Change in companies accounted for using the equity method	-5	-	-5	1	-	1
Other comprehensive income	146	-13	133	438	-90	348

¹ Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 65 ff.).

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Income statement (by quarter)

€m	2013			2012 ¹			
	3 rd quarter	2 nd quarter	1 st quarter	4 th quarter	3 rd quarter	2 nd quarter	1 st quarter
Net interest income	1,483	1,629	1,356	1,728	1,281	1,784	1,694
Loan loss provisions	-492	-537	-267	-614	-430	-404	-212
Net interest income after loan loss provisions	991	1,092	1,089	1,114	851	1,380	1,482
Net commission income	785	808	847	764	852	769	864
Net trading income	-79	-4	276	-411	218	103	171
Net income from hedge accounting	5	-5	41	28	6	-19	-7
Net trading income and net income from hedge accounting	-74	-9	317	-383	224	84	164
Net investment income	136	-120	-6	250	30	-23	-176
Current net income from companies accounted for using the equity method	31	11	8	12	16	7	11
Other net income	-80	-5	-62	-22	-33	-43	21
Operating expenses	1,686	1,699	1,724	1,775	1,732	1,732	1,790
Impairments of goodwill and brand names	-	-	-	-	-	-	-
Restructuring expenses	-	-	493	-	-	9	34
Net gain or loss from sale of disposal groups	-	-	-	-185	3	-86	-
Pre-tax profit or loss	103	78	-24	-225	211	347	542
Taxes on income	3	12	45	477	118	52	159
Consolidated profit or loss	100	66	-69	-702	93	295	383
Consolidated profit or loss attributable to non-controlling interests	23	23	25	24	26	25	28
Consolidated profit or loss attributable to Commerzbank shareholders	77	43	-94	-726	67	270	355

¹ Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 65 ff.).

Balance sheet

Assets €m	Notes	30.9.2013	31.12.2012	Change in %	1.1.2012 ¹
Cash reserve		11,122	15,755	-29.4	6,075
Claims on banks	(11,13,14)	109,482	88,028	24.4	87,790
of which pledged as collateral		44	45	-2.2	77
Claims on customers	(12,13,14)	250,530	278,546	-10.1	296,586
of which pledged as collateral		-	-	.	-
Value adjustment portfolio fair value hedges		91	202	-55.0	147
Positive fair values of derivative hedging instruments		4,053	6,057	-33.1	5,132
Trading assets	(15)	119,472	144,144	-17.1	155,700
of which pledged as collateral		12,743	12,680	0.5	16,025
Financial investments	(16)	84,487	89,142	-5.2	94,523
of which pledged as collateral		2,177	2,495	-12.7	3,062
Holdings in companies accounted for using the equity method		727	744	-2.3	694
Intangible assets	(17)	3,122	3,051	2.3	3,038
Fixed assets	(18)	1,721	1,372	25.4	1,399
Investment properties		668	637	4.9	808
Non-current assets and disposal groups held for sale		249	757	-67.1	1,759
Current tax assets		613	790	-22.4	716
Deferred tax assets		3,153	3,216	-2.0	4,229
Other assets	(19)	3,742	3,571	4.8	3,242
Total		593,232	636,012	-6.7	661,838

¹ 1 January 2012 is equivalent to 31 December 2011 after restatement due to the first-time application of the amended IAS 19 and changes in the reporting of equity (see page 65 ff.).

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Liabilities and equity €m	Notes	30.9.2013	31.12.2012	Change in %	1.1.2012 ¹
Liabilities to banks	(20)	124,315	110,242	12.8	98,481
Liabilities to customers	(21)	256,244	265,842	-3.6	255,344
Securitised liabilities	(22)	69,551	79,332	-12.3	105,673
Value adjustment portfolio fair value hedges		784	1,467	-46.6	938
Negative fair values of derivative hedging instruments		8,429	11,739	-28.2	11,427
Trading liabilities	(23)	82,646	116,111	-28.8	137,847
Provisions	(24)	3,965	4,099	-3.3	4,107
Current tax liabilities		240	324	-25.9	680
Deferred tax liabilities		96	91	5.5	189
Liabilities from disposal groups held for sale		-	2	-100.0	592
Other liabilities	(25)	6,590	6,523	1.0	6,568
Subordinated capital	(26)	12,136	12,316	-1.5	13,285
Hybrid capital	(27)	1,489	1,597	-6.8	2,175
Equity		26,747	26,327	1.6	24,532
Subscribed capital		1,139	5,828	-80.5	5,113
Capital reserve		15,938	8,730	82.6	8,232
Retained earnings		10,726	10,860	-1.2	11,477
Silent participations		-	2,376	-100.0	2,687
Other reserves		-1,967	-2,353	-16.4	-3,676
Total before non-controlling interests		25,836	25,441	1.6	23,833
Non-controlling interests		911	886	2.8	699
Total		593,232	636,012	-6.7	661,838

¹ 1 January 2012 is equivalent to 31 December 2011 after restatement due to the first-time application of the amended IAS 19 and changes in the reporting of equity (see page 65 ff.).

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 31.12.2011	5,113	11,158	8,822	2,687	-2,511	-810	-355	24,104	699	24,803
Change due to retrospective adjustments		-2,926	2,655					-271		-271
Equity as at 1.1.2012	5,113	8,232	11,477	2,687	-2,511	-810	-355	23,833	699	24,532
Total comprehensive income	-	-	-422	-	813	194	142	727	206	933
Consolidated profit or loss			-34					-34	103	69
Change in actuarial gains or losses			-388					-388	-1	-389
Change in revaluation reserve					813			813	51	864
Change in cash flow hedge reserve						194		194		194
Change in currency translation reserve							137	137	53	190
Change in companies accounted for using the equity method							5	5		5
Dividend paid on silent participations			-221					-221		-221
Dividend paid on shares								-	-16	-16
Capital increases	717	498						1,215	-2	1,213
Withdrawal from retained earnings								-		-
Decrease in silent participations				-311				-311		-311
Change in ownership interests			-5					-5	-2	-7
Other changes ¹	-2	-	31		-1		175	203	1	204
Equity as at 31.12.2012	5,828	8,730	10,860	2,376	-1,699	-616	-38	25,441	886	26,327

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

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€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	10,860	2,376	-1,699	-616	-38	25,441	886	26,327
Total comprehensive income	-	-	100	-	333	195	-146	482	31	513
Consolidated profit or loss			26					26	71	97
Change in actuarial gains or losses			74					74		74
Change in revaluation reserve					334			334	-14	320
Change in cash flow hedge reserve						195		195		195
Change in currency translation reserve							-144	-144	-26	-170
Change in companies accounted for using the equity method					-1		-2	-3		-3
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
Change in ownership interests			-1					-1		-1
Other changes ¹	2	10	-145				4	-129	37	-92
Equity as at 30.9.2013	1,139	15,938	10,726	-	-1,366	-421	-180	25,836	911	26,747

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 on 1 January 2012 was due in part to the retrospective application of the amended IAS 19. In addition, retained earnings and the capital reserve were affected by the changes in the accounting treatment of certain items within equity (see page 65 ff.).

The capital increase for cash and non-cash capital contributions announced on 13 March 2013 and approved by the Commerzbank AGM on 19 April 2013 was implemented as follows:

- The 10-to-1 reverse stock split of Commerzbank shares was carried out on 22 April 2013, and the shares have been traded under a new securities identification number since 24 April 2013. After the reverse stock split, the number of Commerzbank shares in issue fell to 582,951,385 and the subscribed capital was reduced by €5,247m to €583m. In parallel, the capital reserve increased by €5,247m.
- In May 2013 a capital increase with pre-emptive rights was carried out, which gave shareholders the right to subscribe to 20 new shares for every 21 existing shares held, and 555,555,556 no-par-value shares were issued at a price of €4.50 per share. The total amount raised in the capital increase was €2.5bn, with subscribed capital rising by €556m and the capital reserve by €1,951m.
- The Financial Market Stabilisation Fund (SoFFin) exercised its pre-emptive rights in full and converted silent participations of €0.6bn into Commerzbank shares in proportion to its stake in Commerzbank of 25% plus 1 share, which led to a corresponding reduction in its silent participation. At the same time €0.6bn of shares

previously held by SoFFin were placed with investors by a banking consortium at the beginning of the subscription period.

- SoFFin's remaining silent participation of around €1bn and Allianz SE's silent participation of €0.75bn were redeemed early and in full out of the issuance proceeds of the cash capital increase. As a result of the early redemption, compensation of €60.5m was paid to SoFFin and €27.9m to Allianz SE. This is reported as a withdrawal from retained earnings. The compensation payments comprise interest payments on the silent participations up to their normal redemption date.

SoFFin's stake in Commerzbank Aktiengesellschaft fell to around 17% as a result of these capital measures.

The costs incurred in the capital increase were €73m, which were recognised in retained earnings.

As at 30 September 2013, the subscribed capital of Commerzbank Aktiengesellschaft pursuant to the Bank's articles of association stood at €1,139m and was divided into 1,138,506,941 no-par-value shares with an accounting value per share of €1.00. The average number of ordinary shares in issue was 837,236,739 (30 September 2012: 554,279,907¹).

There was no impact on the other reserves from assets and disposal groups held for sale as at 30 September 2013.

There were no changes in ownership interests in the first nine months of 2013 as there were neither disposals of shares in subsidiaries that continue to be consolidated nor purchases of additional shares in already consolidated companies.

¹ After completion of the 10-to-1 reverse stock split of Commerzbank shares.

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For information: Statement of changes in equity from 1 January to 30 September 2012

€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 31.12.2011	5,113	11,158	8,822	2,687	-2,511	-810	-355	24,104	699	24,803
Change due to retrospective adjustments ¹		-2,926	2,655					-271		-271
Equity as at 1.1.2012	5,113	8,232	11,477	2,687	-2,511	-810	-355	23,833	699	24,532
Total comprehensive income	-	-	517	-	635	133	175	1,460	154	1,614
Consolidated profit or loss			692					692	79	771
Change in actuarial gains or losses			-175					-175	-1	-176
Change in revaluation reserve					635			635	27	662
Change in cash flow hedge reserve						133		133		133
Change in currency translation reserve							173	173	49	222
Change in companies accounted for using the equity method							2	2		2
Dividend paid on silent participations								-		-
Dividend paid on shares								-	-16	-16
Capital increases	717	498						1,215		1,215
Withdrawal from retained earnings								-		-
Decrease in silent participations				-311				-311		-311
Change in ownership interests			-1					-1		-1
Other changes ^{1,2}	-2	-	96					94	4	98
Equity as at 30.9.2012	5,828	8,730	12,089	2,376	-1,876	-677	-180	26,290	841	27,131

¹ Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 65 ff.).

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	2013	2012 ¹
Cash and cash equivalents as at 1.1.	15,755	6,075
Net cash from operating activities	-7,669	5,185
Net cash from investing activities	3,608	4,669
Net cash from financing activities	-233	-412
Total net cash	-4,294	9,442
Effects from exchange rate changes	-267	21
Effects from non-controlling interests	-72	-79
Cash and cash equivalents as at 30.9.	11,122	15,459

¹ Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 65 ff.).

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

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

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General information

Accounting policies

The interim financial statements of the Commerzbank Group as at 30 September 2013 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 September 2013. The reporting currency of the consolidated financial statements is the euro. Unless otherwise indicated, all amounts are shown in millions of euros. In the statement of comprehensive income, the balance sheet, the statement of changes in equity and the condensed cash flow statement amounts under €500,000.00 are shown as €0m; where an item is €0.00 this is denoted by a dash. In all other notes both amounts rounded down to €0m and zero items are indicated by a dash.

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 consolidated financial statements as at 31 December 2012 (see page 190 ff. of our 2012 Annual Report). These financial statements take into account the standards and interpretations that must be applied in the EU from 1 January 2013.

The new IFRS 10, 11 and 12 standards and the amended IAS 27 and 28 standards were voluntarily applied for the first time during the current financial year; application of the new

IFRS 13 standard and the amended standards IAS 1 and 19 as well as IFRS 7 was mandatory. Where retrospective application of the new or amended standards was required, the prior-year figures were restated accordingly so as to allow comparisons with the previous year or period. We also made several changes to the accounting policies. Where necessary, we have restated the prior-year figures accordingly. Significant changes from the previous year are set out below.

Effects of new and amended standards

As a consequence of the application of the amended IAS 1 (Presentation of Financial Statements), information about reclassifications from equity to profit or loss (“recycling”) has been added to the statement of comprehensive income.

The new IFRS 10 (consolidated financial statements) stipulates rules for the consolidation of companies and replaces IAS 27 and SIC Interpretation 12. The most impor-

tant change is the new definition of “control”. Under IFRS 10, a company has control if:

- it has the power to direct the relevant activities of the other company,
- it has exposure, or rights, to variable returns from its involvement, and
- it is able to use its power over the other company to affect the amount of its returns.

Please refer to the information on consolidated companies (page 70 f.) for details of the first-time consolidations and deconsolidations resulting from the first-time application of these standards.

The new IFRS 11 (joint arrangements) governs the accounting of jointly controlled entities or joint arrangements where two or more companies share joint control. It replaces IAS 31 and SIC Interpretation 13. Commensurate with the changes to the definitions under IFRS 11, joint arrangements are now classified as either:

- a joint venture or
- a joint operation.

The most significant change is the cessation of proportionate consolidation. Partner companies of a joint venture are now required to apply the equity method.

Companies participating in joint operations are subject to accounting rules similar to those which applied previously to joint assets or joint operations (proportionate recognition of assets, liabilities, expense and income).

The first-time application of this standard did not result in any changes in the companies accounted for using the equity method.

The new IFRS 12 (disclosure of interests in other entities) incorporates the requirements of IFRS 10 and IFRS 11 and IAS 27 and IAS 28, the application of which is not binding until 31 December 2013.

IFRS 10, 11 and 12 will be applied prospectively in the current financial year for the first time. The restatement of retained earnings as at 1 January 2013 amounted to €-69m and was entirely attributable to the changes in the group of consolidated companies. The first-time consolidations and deconsolidations resulted in a net increase of total assets by €0.2bn as at 31 March 2013.

The new IFRS 13 (Fair Value Measurement), which is to be applied prospectively, brings together the rules for measuring fair value, which until now were spread across several standards. We have also harmonised and expanded the relevant notes in these interim financial statements (see Note 31).

Fair value is now defined as the realisable price, i.e. the price that the market participant would receive to sell an asset or pay to transfer a liability in an orderly transaction. As previously, the 3-level fair value hierarchy is applied in the measurement of fair value. When valuing liabilities, non-performance risk must also be taken into account and a graduated valuation procedure applied. If it is not possible to value a liability due to a lack of quoted market prices, the valuation may instead be based on an identical instrument held as an asset by a third party. If this is not possible either, another appropriate valuation method is to be used. Moreover, under certain circumstances, a group valuation may also be possible for financial assets and liabilities which are managed on a net basis with respect to the market and credit risk. The first-time application of this standard had no significant impact on the statement of comprehensive income or the balance sheet as compared with the rules applicable up until now (see also the 2012 Annual Report, page 274 ff.).

Application of the amended IAS 19 (employee benefits) changes the treatment of actuarial gains and losses. As previously, pension obligations are valued according to a number of parameters (including retirement age, life expectancy, staff turnover). The difference between the revaluation of the pension obligation on the balance sheet date as compared with the value projected at the beginning of the year is the actuarial gain or loss. The “corridor” option for recognising actuarial gains or losses, which the Commerzbank Group has used up until now, has been abolished. Instead, actuarial gains and losses are recognised directly in equity in retained earnings.

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In addition, the past service cost resulting from retrospective plan changes must now be recognised in the income statement immediately and in full. Up to now, this was distributed on a straight-line basis until commencement of the vested benefits. In addition, partial retirement top-up payments are now also accumulated on a straight-line basis up to the end of the working period instead of being recognised in full on the grant date as previously.

Offsetting pension liabilities and plan assets while recognising actuarial gains or losses means that the effective net pension obligation is recognised in the balance sheet.

Furthermore, net interest costs must be calculated pursuant to the amended IAS 19 when pension liabilities are financed by plan assets. This involves calculating the interest on the net debt or net assets (defined benefit obligation less fair value of plan assets) at a uniform interest rate. In the previous standard, there were different rules for determining the interest rate used to discount the obligation and the interest rate used to calculate the anticipated income from plan assets.

The changes described above are coupled with certain requirements concerning reporting in the statement of comprehensive income. Past service cost and net interest must be recognised in profit or loss, while remeasurement effects (actuarial gain or loss) must be recognised in other comprehensive income.

In the first nine months of 2012, the impact of the retrospective restatements due to the first-time application of the amended IAS 19 was €15m for interest expense, €10m for operating expenses and €5m for taxes on income, which resulted in a reduction in consolidated profit by €30m from €722m to €692m as at 30 September 2012. The retrospective restatement of consolidated profit attributable to Commerzbank shareholders in each of the quarters of the 2012 financial year was as follows:

€m	Original Group financial statements	Adjustment	Restated Group financial statements
1.1.-31.3.2012	369	- 14	355
1.4.-30.6.2012	275	- 5	270
1.7.-30.9.2012	78	- 11	67
1.10.-31.12.2012	- 716	- 10	- 726

For the 2012 financial year, the earnings per share were €-0.45¹, compared to the earnings per share of €-0.38¹ as originally reported last year; in the first nine months of 2012, earnings per share were €1.04¹, compared to €1.09¹ as originally reported last year for the period. Retained earnings were adjusted downwards by €271m as at 1 January 2012 and by €705m as at 31 December 2012. Provisions for pensions and similar commitments increased by a net €346m as at 1 January 2012 (of which €-7m related to provisions for age-related part-time working) and by €840m as at 31 December 2012 (of which €-2m related to provisions for age-related part-time working). As compared with 31 December 2012, other assets declined by €67m and non-controlling interests by €2m, while deferred tax assets increased by €201m (€75m as at 1 January 2012) and deferred tax liabilities by €1m as at 31 December 2012.

The restatements affected the statement of comprehensive income, the balance sheet, the statement of changes in equity, segment reporting and other notes.

The amendments to IFRS 7 (Financial Instruments: Disclosures) require further information to be provided in the notes on the netting of financial instruments for the 2013 financial year and the preceding year. This must disclose the gross and net amounts of financial assets and liabilities resulting from offsetting and amounts of existing netting rights which do not satisfy the netting criteria (see Note 34). This improves the comparability of the netting of financial instruments with users of US GAAP.

¹ After completion of the 10-to-1 reverse stock split of Commerzbank shares.

Changes to accounting policies

The IFRS standards do not lay down any particular rules on how to structure equity, nor do they define clear criteria for the treatment of certain items. These items include the transaction costs of capital-raising measures, share-based payments settled in the form of equity instruments, and withdrawals from capital reserves to balance net losses in Commerzbank Aktiengesellschaft's parent company financial statements under German GAAP.

The composition of equity in the Commerzbank Group applies a structure common within the German legal system. For capital components that have a guarantee function (subscribed capital and capital reserve), we now apply the definition of Art. 272 (1) and (2) HGB for the Group, as for the individual financial statements under German GAAP. Since 1 January 2013, transaction costs in connection with capital increases, which under IAS 32.35 are to be shown as a deduction from equity, have therefore been deducted from retained earnings instead of from the capital reserve as was previously the case.

IFRS 2.10 stipulates that the fair value of share-based payments settled in the form of equity instruments is to be recognised in equity as at the grant date. Since 1 January 2013, we have also recognised these instruments in retained earnings instead of the capital reserve, as was previously the case. As under German GAAP, they are not shown in subscribed capital and the capital reserve until they are definitively drawn down by the recipient.

If the Company reports a net loss for the year under German GAAP and this is wholly or partly offset by a withdrawal from the capital reserve, the same amount is also transferred from the capital reserve in the consolidated financial statements under IFRS to the Group's retained earnings.

As a result, subscribed capital and capital reserves are consistent with the definitions under German company law and accounting regulations, thus increasing transparency.

We have restated the prior-year figures in the balance sheet and the statement of changes in equity accordingly. The reclassification from capital reserves to retained earnings amounted to €2,926m as at 1 January 2012 and €2,951m as at 1 January 2013. However, these reclassifications had no impact on consolidated profit or loss or earnings per share for the financial years 2011 and 2012.

In 2013 we have refined the process of recognising counterparty default adjustments (CDA), which reflect the expected loss in the event the counterparty should default, in particular for OTC derivatives. Since 1 January 2013, counterparty default risk has been accounted for by recognising credit valuation adjustments (CVA) for positive derivative exposures, with Commerzbank's non-performance risk accounted for by recognising debit valuation adjustments (DVA) for negative derivative exposures. This change led to an income of €41m within net trading income in the first nine months of 2013.

Furthermore, a refinement in the method of bid-offer adjustments in the second quarter of 2013 had a positive impact on net trading income of €39m.

IAS 1.82 requires that financing costs be reported separately. Up until 31 December 2012 we reported these costs as interest expense in net interest income or net trading income. However, it is now common practice to show interest from trading activities within net interest income. In order to report interest within the Commerzbank Group on a consistent basis, we have therefore decided to report interest from both the non-trading and trading books in net interest income with effect from 1 January 2013.

Income and expenses from trading transactions are only reported as interest income and expense if they clearly have interest-like characteristics and are not included in the valuation of the instrument. This also applies to interest effects from the purchase or sale of financial instruments in the trading transactions related to capital commitments.

To ensure that net trading income only reflects gains and losses on disposal and remeasurement of trading transactions, we also decided to reclassify commission income from syndication business to net commission income, previously recorded in net trading income.

In the first nine months of 2012, reclassifications of €686m from net trading income to net interest income were €641m (net balance of €1,447m in interest income and €806m in interest expense) and reclassifications to net commission income were €45m. However, the reclassifications had no impact on the consolidated profit, the balance sheet, the statement of changes in equity or earnings per share.

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In order to present interest income and expense on a consistent basis we have also decided to recognise the interest components of IAS 19 (net interest) in net interest income starting 1 January 2013, instead of in operating expenses, as has been the case until now. The reclassification for the first nine months of 2012 amounted to €8m and increased interest expense. Operating expenses declined accordingly. However, the reclassifications had no impact on the consolidated profit, the balance sheet, the statement of changes in equity or earnings per share.

Moreover, since 1 January 2013 we have reported all effects arising from the dedesignation of hedging transactions within hedge accounting in other interest expense. This pertains to the amortisation of effects from underlying transactions and the reversal of hedged transactions when fair value hedge accounting is ended. The reversals of the cash flow hedge reserve and the associated hedging instruments from the cash flow hedge accounting ended in the 2009 financial year are also recognised. The effects arising from the ending of hedge accounting are recognised in other interest income or other interest expense, depending on the net balance. In the first nine months of 2012, the net balance in other interest expense was €26m. Thus far, €254m of this was recognised in

interest income in the loans and receivables category and €199m as other interest expense. A further €–81m was offset against interest income from available-for-sale financial instruments. However, these reclassifications had no impact on the consolidated profit, the balance sheet, the statement of changes in equity or earnings per share.

In addition, since 1 January 2013, we have recognised commission income from electronic banking in commission income from payment transactions and foreign business, instead of in other commission income as previously. The reclassification for the first nine months of 2012 totalled €52m. Since 1 January 2013 we have also reported commission from syndicated business and similar transactions in commission income from syndications across the Group. The reclassification from intermediary business in the first nine months of 2012 amounted to €29m. However, these reclassifications had no impact on the consolidated profit, the balance sheet, the statement of changes in equity or earnings per share.

The table below shows the material restatements for the 2012 financial year and for each quarter, including the effects of the application of the amended IAS 19 on the income statement:

€m	Original Group financial statements 1.1.– 31.12.2012	Adjustment					Restated Group financial statements 1.1.– 31.12.2012
		1.1.– 31.3.2012	1.4.– 30.6.2012	1.7.– 30.9.2012	1.10.– 31.12.2012	1.1.– 31.12.2012	
Net interest income	5,539	265	451	– 98	330	948	6,487
Interest income	14,559	389	711	174	547	1,821	16,380
Interest expense	9,020	124	260	272	217	873	9,893
Net commission income ¹	3,191	21	12	12	13	58	3,249
Net trading income	1,113	– 293	– 471	78	– 346	– 1,032	81
Operating expenses	7,025	1	1	–	2	4	7,029
Pre-tax profit or loss	905	– 8	– 9	– 8	– 5	– 30	875
Taxes on income	796	6	– 4	3	5	10	806
Consolidated profit or loss	109	– 14	– 5	– 11	– 10	– 40	69
Consolidated profit or loss attributable to Commerzbank shareholders	6	– 14	– 5	– 11	– 10	– 40	– 34

¹ Restatement affected commission income only.

We have restated the prior-year figures for the changes noted above in interest income, commission income, trading income and operating expenses in the income statement, the relevant notes and the segment reporting.

Consolidated companies

The following companies were consolidated for the first time as at 30 September 2013:

Name of company	Equity share and voting rights	Acquisition cost	Assets	Liabilities
	%	€m	€m	€m
Agate Assets S.A. (S014), Luxembourg	0.0	–	87.0	87.0
Aspiro S.A., Lodz, Poland	69.7	12.4	37.2	5.0
BRE Centrum Operacji Sp. z o.o., Aleksandrów Łódzki, Poland	69.7	7.5	13.9	3.1
BRE Wealth Management S.A., Warsaw, Poland	69.7	2.9	6.8	0.8
CB Leasing Summer AB, Stockholm, Sweden	100.0	–	0.0	–
Commerz Real Kapitalverwaltungsgesellschaft mbH, Düsseldorf	100.0	–	5.0	0.0
ComStage ETF S&P SMIT 40 Index TRN, Luxembourg	77.6	–	30.3	30.3
CoTraX Finance II–1 Ltd, Dublin, Ireland	0.0	–	20.8	20.8
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Alpha Objekt Hauptverwaltung Frankfurt KG, Düsseldorf ¹	0.0	–	218.9	218.9
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Beta Objekt Hauptverwaltung Frankfurt KG, Düsseldorf ¹	0.0	–	219.0	219.0
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Frankfurt Neue Mainzer Straße KG, Düsseldorf ¹	0.0	–	113.9	191.0
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Objekt Halle am Markt KG, Düsseldorf ¹	0.0	–	7.5	10.9
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Objekt Erfurt KG, Düsseldorf ¹	0.0	–	20.1	22.8
Dr. Gubelt Grundstücks-Vermietungsges. mbH & Co. Objekt Schwabing KG, Düsseldorf ¹	0.0	–	37.3	39.4
Dr. Gubelt Grundstücks-Vermietungsges. mbH & Co. Objekt Essen, Linden KG, Düsseldorf ¹	0.0	–	11.6	17.6
Garbary Sp. z.o.o., Poznan, Poland	69.7	13.6	11.1	2.1
GRAMOLINDA Vermietungsgesellschaft mbH, Grünwald ¹	50.0	–	–	–
GRAMOLINDA Vermietungsgesellschaft mbH & Co. Objekt Frankfurt KG, Grünwald ^{1,2}	97.0	–	80.3	80.4
Green Loan Fund I, Luxembourg	0.0	–	87.2	87.0
Greene Birch Ltd., Grand Cayman, Cayman Islands	100.0	151.1	199.7	21.2
Greene Elm Trading I LLC, New York, USA	100.0	75.6	75.1	10.8
Greene Elm Trading II LLC, New York, USA	100.0	75.6	75.1	16.7
Greene Oak LLC, New York, USA	100.0	75.6	251.1	175.6
Groningen Urban Invest B.V., Amsterdam, Netherlands	100.0	5.4	18.0	12.6
Hanseatic Ship Asset Management GmbH, Hamburg	100.0	1.0	1.0	–

¹ As a result of the first-time application of IFRS 10.

² Differing voting rights of 70.0%.

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Name of company	Equity share and voting rights	Acquisition cost	Assets	Liabilities
	%	€m	€m	€m
MOLARIS Verwaltungs- und Vermietungsgesellschaft mbH, Düsseldorf ¹	0.0	–	12.6	12.4
MS BEETHOVEN Schiffahrtsgesellschaft mbH & Co. KG, Hamburg	100.0	23.1	23.3	0.2
MS MOZART Schiffahrtsgesellschaft mbH & Co. KG, Hamburg	99.0	17.8	18.0	0.5
MS PUCCINI Schiffahrtsgesellschaft mbH & Co. KG, Hamburg	51.0	4.8	9.3	0.4
Netherlands Urban Invest B.V., Amsterdam, Netherlands	100.0	8.4	14.6	6.1
Number X Bologna S.r.l., Milan, Italy	100.0	7.5	11.3	4.3
SCM SPV Group, Stockholm, Sweden	0.0	–	0.0	–
SME Commerz SCB GmbH, Frankfurt/Main	100.0	–	605.4	605.2
Urban Invest Holding GmbH, Eschborn	100.0	8.4	8.4	–

¹ As a result of the first-time application of IFRS 10.

The entities listed above, which were consolidated for the first time, were consolidated due to the first-time application of IFRS 10 or were newly formed or acquired, some in the course of structured financing transactions. The first-time consolidations did not give rise to any goodwill.

The following companies were liquidated, permanently fell below our materiality threshold for consolidation, or are no longer consolidated due to the first-time application of IFRS 10:

- ASCARA Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf²
- AJUNTA Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf²
- Asset Securitisation Programme for Insured Receivables Ltd. (ASPIRE), Dublin, Ireland¹
- Classic I (Netherlands) BV 2008–1, Amsterdam, Netherlands
- CSA COMMERZ SOUTH AFRICA (PROPRIETARY) LIMITED, Johannesburg, South Africa²
- Dresdner UK Investments 2 B.V., Amsterdam, Netherlands
- Dresdner UK Investments N.V., Amsterdam, Netherlands
- EH MoLu IV, LLC, Dover, Delaware, USA²
- FAF Inc., George Town, Grand Cayman¹

- Idilias SPC Inc., George Town, Grand Cayman¹
- LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Anthropolis KG i.L., Ludwigshafen²
- LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Grindelwaldweg KG i.L., Düsseldorf²
- Loxodrome Inc., George Town, Grand Cayman¹
- MLV 35 Sp. z o.o. SKA, Warsaw, Poland
- MORE Global Inc., George Town, Grand Cayman¹
- Real Estate Holdings Limited, Hamilton, Bermuda
- Semper Finance 2006–1 Ltd., St. Helier, Jersey¹
- Semper Finance 2007–1 GmbH, Frankfurt/Main¹
- Steel Finance Inc., George Town, Grand Cayman¹
- Truckman Inc, George Town, Grand Cayman¹
- AFÖG GmbH & Co. KG, Frankfurt am Main, was merged with a company that is consolidated within the Group.

The following companies are no longer accounted for using the equity method:

- Captain Holdings S.à.r.l., Luxembourg
- GIE Northbail, Puteaux, France
- Inmobiliaria Colonial S.A., Barcelona, Spain
- Reederei MS “E.R. INDIA” Beteiligungsgesellschaft mbH & Co. KG, Hamburg

There were no other changes in the companies accounted for using the equity method.

¹ Deconsolidation due to the first-time application of IFRS 10.

² Fell below materiality threshold.

Receivables and investment fund units are held for sale in the Non-Core Assets (NCA) and Private Customers 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.

The following companies:

- Real Estate TOP TEGEL Drei GmbH, Eschborn
- Real Estate TOP TEGEL Eins GmbH, Eschborn

- Real Estate TOP TEGEL Sechs GmbH, Eschborn
- Real Estate TOP TEGEL Vier GmbH, Eschborn
- Real Estate TOP TEGEL Zwei GmbH, Eschborn

are no longer classified as held for sale, as the real estate these companies held was sold in the third quarter of 2013. The negotiations to sell GO German Office GmbH, Wiesbaden¹ have been terminated. As a result these assets have mainly been reported as investment properties since June 2013.

¹ CG New Venture 2 Verwaltungsgesellschaft mbH, Wiesbaden and CG New Venture 4 GmbH & Co. KG, Wiesbaden, were merged with GO German Office GmbH, Wiesbaden.

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Notes to the income statement

(1) Net interest income

€m	1.1.–30.9.2013	1.1.–30.9.2012 ¹	Change in %
Interest income	10,711	12,355	- 13.3
Interest income from lending and money market transactions and from the securities portfolio (available-for-sale)	698	725	- 3.7
Interest income from lending and money market transactions and from the securities portfolio (loans and receivables)	7,893	9,627	- 18.0
Interest income from lending and money market transactions and from the securities portfolio (due to application of fair value option)	511	613	- 16.6
Interest income from lending and money market transactions and from the securities portfolio (held for trading)	1,221	582	.
Prepayment penalty fees	120	94	27.7
Gains on the sale of loans and receivables and repurchase of liabilities	143	166	- 13.9
Dividends from securities	57	127	- 55.1
Current net income from equity holdings and non-consolidated subsidiaries	14	15	- 6.7
Current income from properties held for sale and from investment properties	54	51	5.9
Other interest income	-	355	- 100.0
Interest expense	6,243	7,596	- 17.8
Interest expense from subordinated and hybrid capital and from securitised and other liabilities	5,070	6,640	- 23.6
Interest expense from applying the fair value option	721	692	4.2
Interest expense from securitised liabilities held for trading	86	78	10.3
Loss on the sale of loans and receivables and repurchase of liabilities	62	98	- 36.7
Current expenses from properties held for sale and from investment properties	43	32	34.4
Other interest expense	261	56	.
Total	4,468	4,759	- 6.1

¹ Prior-year restated (see page 65 ff.). Before the restatement interest income was €11,081m, interest expense was €6,940m and net interest income was €4,141m.

The unwinding effect for the period 1 January to 30 September 2013 was €92m (previous year: €125m).

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

books) 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 consolidated income statement was as follows:

€m	1.1.–30.9.2013	1.1.–30.9.2012	Change in %
Allocations to loan loss provisions ¹	- 2,350	- 2,282	3.0
Reversals of loan loss provisions ¹	1,174	1,340	- 12.4
Net balance of direct write-downs, write-ups and amounts recovered on claims written-down	- 120	- 104	15.4
Total	- 1,296	- 1,046	23.9

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

(3) Net commission income

€m	1.1.–30.9.2013	1.1.–30.9.2012	Change in %
Securities transactions	701	656	6.9
Asset management	113	112	0.9
Payment transactions and foreign business ¹	950	984	- 3.5
Real estate lending business	52	88	- 40.9
Guarantees	134	133	0.8
Net income from syndicated business ¹	205	190	7.9
Intermediary business ¹	114	158	- 27.8
Fiduciary transactions	4	4	0.0
Other ¹	167	160	4.4
Total²	2,440	2,485	- 1.8

¹ Prior-year restated (see page 65 ff.). Before the restatement commission income was €2,818m and net commission income was €2,440m.

² Of which commission expense: €408m (prior year: €378m).

(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.

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€m	1.1.–30.9.2013	1.1.–30.9.2012	Change in %
Net trading gain or loss ^{1, 2}	130	645	-79.8
Net gain or loss from applying the fair value option	63	-153	.
Total	193	492	-60.8

¹ Including net gain or loss on the remeasurement of derivative financial instruments.

² Prior-year restated (see page 65 ff.). Before the restatement, the net trading gain was €1,331m and overall net trading income was €1,178m.

(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 hold-

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

€m	1.1.–30.9.2013	1.1.–30.9.2012	Change in %
Net gain or loss from interest-bearing business	-10	-251	-96.0
In the available-for-sale category	161	24	.
Gain on disposals (including reclassification from revaluation reserve) ¹	262	223	17.5
Loss on disposals (including reclassification from revaluation reserve) ¹	-109	-197	-44.7
Net remeasurement gain or loss ¹	8	-2	.
In the loans and receivables category	-171	-275	-37.8
Gain on disposals	1	18	-94.4
Loss on disposals	-10	-224	-95.5
Net remeasurement gain or loss ²	-162	-69	.
Net gain or loss on equity instruments	20	82	-75.6
In the available-for-sale category	13	14	-7.1
Gain on disposals (including reclassification from revaluation reserve) ¹	13	14	-7.1
Loss on disposals (including reclassification from revaluation reserve) ¹	-	-	.
In the available-for-sale category, measured at acquisition cost	42	124	-66.1
Net remeasurement gain or loss ¹	-22	-11	100.0
Net gain or loss on disposals and remeasurement of companies accounted for using the equity method	-13	-45	-71.1
Total	10	-169	.

¹ Includes a net €65m of reclassifications from the revaluation reserve created in the financial year 2013 (previous year: €81m).

² Includes reversals of portfolio valuation allowances for reclassified securities of €46m (previous year: allocations of €65m).

(6) Other net income

€m	1.1.–30.9.2013	1.1.–30.9.2012	Change in %
Other material items of expense	447	422	5.9
Operating lease expenses	101	127	- 20.5
Allocations to provisions	346	295	17.3
Other material items of income	287	341	- 15.8
Operating lease income	122	165	- 26.1
Reversals of provisions	165	176	- 6.3
Balance of sundry other income/expenses	13	26	- 50.0
Total	- 147	- 55	.

The increase in allocations to provisions in the first nine months of 2013 compared with the same period last year was due to revisions of our estimates of litigation losses.

(7) Operating expenses

€m	1.1.–30.9.2013	1.1.–30.9.2012	Change in %
Personnel expenses ¹	2,963	3,021	- 1.9
Operating expenses	1,858	1,939	- 4.2
Depreciation/amortisation of fixed assets and other intangible assets	288	294	- 2.0
Total	5,109	5,254	- 2.8

¹ Prior-year restated (see page 65 ff.). Before the restatement personnel expenses were €3,019m and the overall operating expenses were €5,252m.

(8) Restructuring expenses

€m	1.1.–30.9.2013	1.1.–30.9.2012	Change in %
Expenses for restructuring measures initiated	493	43	.
Total	493	43	.

The restructuring expenses in the first nine months of 2013 were due to Commerzbank's new strategy and the resultant planned adjustment to personnel capacities. The expenses in the previous year mainly derived from the realignment of the

Group in compliance with the European Commission requirement to wind down Hypothekenbank Frankfurt (formerly Eurohypo).

(9) Taxes on income

Group tax expense was €60m as at 30 September 2013. With pre-tax profit of €157m the Group's effective tax rate was therefore 38.2% (Group income tax rate: 31.23%). Group tax expense derived from current tax expenses of the BRE Bank sub-group, comdirect, Erste Europäische Pfandbrief- und

Kommunalkreditbank and Commerzbank Aktiengesellschaft in Luxembourg and New York. In contrast, in the impairment analysis of deferred taxes, deferred tax income resulted from the recognition of multi-year planning (2014 to 2017).

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(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. The Portfolio Restructuring Unit (PRU), which was wound up on 1 July 2012, is shown separately with its results for the same period last year. 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. In 2013 we have further refined the segmentation of assets. Minor modifications in the segments' business models led to slight adjustments in the business responsibilities of the segments. In addition, the definition of the average staff headcount was harmonised across the Group with effect from 30 September 2013. The prior-year figures were restated accordingly. Various new IFRS requirements were implemented in the Commerzbank Group in 2013 (see page 65 ff.), the effects of which are also reflected in the segment reporting.

- 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, security, payments traffic and pension products. Wealth Management provides services to wealthy clients in Germany and abroad and also contains the Group's portfolio management activities. The focus is on services such as securities 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. The Mittelstand Germany division serves small and mid-sized customers, the public sector and institutional clients. Our comprehensive service offering includes payments and cash management solutions, flexible financing solutions, interest rate and currency management products, professional investment advisory services and innovative investment banking solutions. In the Corporate Banking & International division we concentrate on serving corporate groups with revenues of over €500m (except for multinational corporates, which are handled by Client Relationship Management within the Corporates & Markets segment). Smaller groups with a strong capital market affinity are also serviced by this division. With our foreign branch offices we act as a strategic partner for both the international activities of our German corporate customers and for international companies with business

activities in our home market of Germany. The Corporate Banking & International division also contains the competence centre for companies from the renewable energy sector. The Financial Institutions division is responsible for relationships with banks and financial institutions in Germany and abroad, as well as with central banks. The strategic focus is on Commerzbank becoming customers' preferred source of trade finance 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.

- 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 BRE Bank, which offers banking products for corporate customers as well as financial services for private customers in Poland, the Czech Republic and Slovakia. The CEE segment also included an investment in a microfinance bank which was divested in the third quarter.
- Corporates & Markets consists of four main businesses: Equity Markets & Commodities comprises trading and sales of equity and commodity-related financial products. Fixed Income & Currencies includes trading and sales of interest rate, credit and currency instruments. Corporate Finance provides arrangement and advisory services for equity, debt and hybrid instruments, securitisation solutions and mergers & acquisitions. Credit Portfolio Management is responsible for actively managing the credit risk portfolio of Corporates & Markets on a uniform global basis. The assets transferred from the Portfolio Restructuring Unit are also worked out in this division in a value-maximising manner. Corporates & Markets also houses Client Relationship Management, which is responsible for servicing German multinational industrial companies, German and international insurers, private equity investors, sovereign wealth funds and public sector customers.
- The Non-Core Assets (NCA) segment groups together the results from the Commercial Real Estate (CRE) Germany, Commercial Real Estate (CRE) International, Public Finance (including Private Finance Initiatives) and

Deutsche Schiffsbank (DSB) divisions. CRE Germany, CRE International and Public Finance belong almost entirely to the Commerzbank subsidiary Hypothekenbank Frankfurt Aktiengesellschaft. The DSB division contains the ship financing business of the Commerzbank Group, including all ship financing activities of the former Deutsche Schiffsbank Aktiengesellschaft. The NCA segment also comprises the warehouse assets of Commerz Real Aktiengesellschaft.

- The Portfolio Restructuring Unit segment was dissolved as at 1 July 2012. The remaining assets were transferred either to the Corporates & Markets segment or to the Non-Core Assets (NCA) segment. The Portfolio Restructuring Unit was responsible for reducing assets related to proprietary trading and investment activities which no longer fitted into Commerzbank's client-centric strategy and were discontinued in 2009. The segment's goal was to reduce the portfolio in a way that optimised the bank's capital position. The positions managed by this segment initially included asset-backed securities (ABSs) without a state guarantee, other structured credit products, proprietary trading positions in corporate or financial bonds and exotic credit derivatives. These positions were primarily transferred from the Corporates & Markets and former Commercial Real Estate segments to the Portfolio Restructuring Unit.
- The Others and Consolidation segment contains the income and expenses which are not attributable to the operating business segments. The Others category within this segment includes equity holdings which are not assigned to the operating segments as well as Group Treasury. The costs of the service units, which – except for integration and restructuring costs – are charged in full to the segments, are also shown here. The restructuring expenses for implementing the strategic agenda up until 2016 are recognised under "Others". Consolidation includes income and expense items that represent the reconciliation of internal management reporting figures shown in segment reporting with the consolidated financial statements in accordance with IFRS. The costs of the Group management units which are charged in full to the segments – except for integration and restructuring costs, which are recognised under "Others" – are also reported under this heading.

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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 II methodology, based on average risk-weighted assets and the capital charges for market risk positions (risk-weighted asset equivalents). At Group level, investors' capital is shown, which is used to calculate the return on equity. The regulatory capital requirement for risk-weighted assets assumed for segment reporting purposes is 9%. The capital allocation for the risks of EU government bonds required by the EBA is shown in the NCA segment.

The segment reporting of the Commerzbank Group shows the segments' pre-tax profit or loss. To reflect the impact on earnings of specific tax-related transactions in the Corporates & Markets segment, the net interest income of Corporates & Markets includes a pre-tax equivalent of the after-tax income from these transactions. When segment reporting is reconciled with the figures from external accounting this pre-tax equivalent is eliminated in Others and Consolidation.

The operating expenses reported under operating profit or loss contain personnel expenses, other operating expenses as well as depreciation and write-downs on fixed assets and other intangible assets. Restructuring expenses and impairments on 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 intra-group services is charged at market prices or at full cost.

The carrying amounts of companies accounted for using the equity method were €727m (previous year: €730m) and were divided over the segments as follows: Private Customers €378m (previous year: €323m), Mittelstandsbank €98m (previous year: €95m), Corporates & Markets €89m (previous year: €91m), Non-Core Assets €79m (previous year: €136m) and Others and Consolidation €83m (previous year: €85m).

The tables below contain information on the segments as at 30 September 2013 and on the comparative figures for the previous financial year.

1.1.–30.9.2013 €m	Private Custo- mers	Mittel- stands- bank	Central & Eastern Europe	Corporates & Markets	Non- Core Assets	Others and Consoli- dation	Group
Net interest income	1,325	1,315	313	1,130	411	-26	4,468
Loan loss provisions	-93	-331	-83	2	-765	-26	-1,296
Net interest income after loan loss provisions	1,232	984	230	1,132	-354	-52	3,172
Net commission income	1,196	815	150	267	44	-32	2,440
Net trading income and net income from hedge accounting	2	7	84	85	-55	111	234
Net investment income	9	42	13	75	-145	16	10
Current net income from companies accounted for using the equity method	25	7	-	10	8	-	50
Other net income	-35	27	28	43	19	-229	-147
<i>Income before loan loss provisions</i>	<i>2,522</i>	<i>2,213</i>	<i>588</i>	<i>1,610</i>	<i>282</i>	<i>-160</i>	<i>7,055</i>
<i>Income after loan loss provisions</i>	<i>2,429</i>	<i>1,882</i>	<i>505</i>	<i>1,612</i>	<i>-483</i>	<i>-186</i>	<i>5,759</i>
Operating expenses	2,264	991	315	1,003	262	274	5,109
Operating profit or loss	165	891	190	609	-745	-460	650
Impairments of goodwill and brand names	-	-	-	-	-	-	-
Restructuring expenses	-	-	-	-	-	493	493
Net gain or loss from sale of disposal groups	-	-	-	-	-	-	-
Pre-tax profit or loss	165	891	190	609	-745	-953	157
Assets	68,872	80,000	24,781	206,008	137,641	75,930	593,232
Average capital employed	3,967	5,932	1,673	3,121	9,680	4,217	28,590
Operating return on equity¹ (%)	5.5	20.0	15.1	26.0	-10.3		3.0
Cost/income ratio in operating business (%)	89.8	44.8	53.6	62.3	92.9		72.4
Return on equity of pre-tax profit or loss¹ (%)	5.5	20.0	15.1	26.0	-10.3		0.7
Staff (average headcount)	17,084	5,743	7,701	2,005	684	18,380	51,597

¹ Annualised.

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1.1.–30.9.2012 ¹ €m	Private Custo- mers	Mittel- stands- bank	Central & Eastern Europe	Corporates & Markets	Non- Core Assets	Portfolio Restruc- turing Unit ²	Others and Consoli- dation	Group
Net interest income	1,366	1,497	379	807	467	66	177	4,759
Loan loss provisions	-79	12	-81	-33	-862	-3	-	-1,046
Net interest income after loan loss provisions	1,287	1,509	298	774	-395	63	177	3,713
Net commission income	1,192	803	144	291	72	-	-17	2,485
Net trading income and net income from hedge accounting	2	-24	72	85	-161	122	376	472
Net investment income	-2	-7	8	125	-336	28	15	-169
Current net income from companies accounted for using the equity method	16	3	-	12	-	-	3	34
Other net income	-36	-20	28	-35	13	-	-5	-55
<i>Income before loan loss provisions</i>	<i>2,538</i>	<i>2,252</i>	<i>631</i>	<i>1,285</i>	<i>55</i>	<i>216</i>	<i>549</i>	<i>7,526</i>
<i>Income after loan loss provisions</i>	<i>2,459</i>	<i>2,264</i>	<i>550</i>	<i>1,252</i>	<i>-807</i>	<i>213</i>	<i>549</i>	<i>6,480</i>
Operating expenses	2,257	995	352	984	278	29	359	5,254
Operating profit or loss	202	1,269	198	268	-1,085	184	190	1,226
Impairments of goodwill and brand names	-	-	-	-	-	-	-	-
Restructuring expenses	-	-	-	-	43	-	-	43
Net gain or loss from sale of disposal groups	-	-	-83	-	-	-	-	-83
Pre-tax profit or loss	202	1,269	115	268	-1,128	184	190	1,100
Assets	67,620	84,418	24,968	230,708	172,624	-	95,379	675,717
Average capital employed	3,953	5,816	1,793	3,186	10,132	1,378	2,718	28,976
Operating return on equity³ (%)	6.8	29.1	14.7	11.2	-14.3			5.6
Cost/income ratio in operating business (%)	88.9	44.2	55.8	76.6				69.8
Return on equity of pre-tax profit or loss³ (%)	6.8	29.1	8.6	11.2	-14.8			5.1
Staff (average headcount)	17,677	5,856	8,865	2,009	817	24	19,198	54,446

¹ Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 65 ff.).

² The assets of the dissolved Portfolio Restructuring Unit (PRU) segment were transferred as at 1 July 2012 either to the Corporates & Markets segment or the Non-Core Assets (NCA) segment. The results of this segment up to then will continue to be reported.

³ Annualised.

Details for Others and Consolidation:

€m	1.1.–30.9.2013			1.1.–30.9.2012 ¹		
	Others	Consolidation	Others and Consolidation	Others	Consolidation	Others and Consolidation
Net interest income	8	-34	-26	219	-42	177
Loan loss provisions	-26	-	-26	-	-	-
Net interest income after loan loss provisions	-18	-34	-52	219	-42	177
Net commission income	-30	-2	-32	-16	-1	-17
Net trading income and net income from hedge accounting	84	27	111	351	25	376
Net investment income	23	-7	16	21	-6	15
Current net income from companies accounted for using the equity method	-	-	-	3	-	3
Other net income	-218	-11	-229	-6	1	-5
<i>Income before loan loss provisions</i>	-133	-27	-160	572	-23	549
<i>Income after loan loss provisions</i>	-159	-27	-186	572	-23	549
Operating expenses	296	-22	274	364	-5	359
Operating profit or loss	-455	-5	-460	208	-18	190
Impairments of goodwill and brand names	-	-	-	-	-	-
Restructuring expenses	493	-	493	-	-	-
Net gain or loss from sale of disposal groups	-	-	-	-	-	-
Pre-tax profit or loss	-948	-5	-953	208	-18	190
Assets	75,930	-	75,930	95,379	-	95,379

¹ Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 65 ff.).

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

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

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Segmentation on the basis of the location of the branch or group company (geographic markets) produced the following breakdown:

1.1.–30.9.2013 €m	Germany	Europe excluding Germany	America	Asia	Others	Total
Net interest income	3,408	961	53	46	–	4,468
Loan loss provisions	– 853	– 486	37	6	–	– 1,296
Net interest income after loan loss provisions	2,555	475	90	52	–	3,172
Net commission income	2,000	364	30	46	–	2,440
Net trading income and net income from hedge accounting	– 522	608	50	98	–	234
Net investment income	26	– 15	–	– 1	–	10
Current net income from companies accounted for using the equity method	41	4	3	2	–	50
Other net income	– 222	80	– 2	– 3	–	– 147
<i>Income before loan loss provisions</i>	<i>4,731</i>	<i>2,002</i>	<i>134</i>	<i>188</i>	<i>–</i>	<i>7,055</i>
<i>Income after loan loss provisions</i>	<i>3,878</i>	<i>1,516</i>	<i>171</i>	<i>194</i>	<i>–</i>	<i>5,759</i>
Operating expenses	4,023	914	92	80	–	5,109
Operating profit or loss	– 145	602	79	114	–	650
Credit-risk-weighted assets	109,723	49,527	3,209	3,343	–	165,802

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

1.1.–30.9.2012 ¹ €m	Germany	Europe excluding Germany	America	Asia	Others	Total
Net interest income	3,191	1,423	77	68	–	4,759
Loan loss provisions	– 532	– 486	2	– 30	–	– 1,046
Net interest income after loan loss provisions	2,659	937	79	38	–	3,713
Net commission income	2,103	322	33	27	–	2,485
Net trading income and net income from hedge accounting	163	266	26	17	–	472
Net investment income	– 247	69	1	8	–	– 169
Current net income from companies accounted for using the equity method	21	9	4	–	–	34
Other net income	– 39	– 31	– 12	27	–	– 55
<i>Income before loan loss provisions</i>	<i>5,192</i>	<i>2,058</i>	<i>129</i>	<i>147</i>	<i>–</i>	<i>7,526</i>
<i>Income after loan loss provisions</i>	<i>4,660</i>	<i>1,572</i>	<i>131</i>	<i>117</i>	<i>–</i>	<i>6,480</i>
Operating expenses	4,087	985	101	81	–	5,254
Operating profit or loss	573	587	30	36	–	1,226
Credit-risk-weighted assets	111,242	54,104	4,618	3,415	–	173,379

¹ Prior-year figures restated due to the first-time application of the amended IAS 19 and other disclosure changes (see page 65 ff.).

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

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

Notes to the balance sheet

(11) Claims on banks

€m	30.9.2013	31.12.2012	Change in %
Due on demand	34,816	34,492	0.9
With a residual term	74,761	53,642	39.4
up to three months	48,804	34,180	42.8
over three months to one year	17,377	10,597	64.0
over one year to five years	8,197	8,125	0.9
over five years	383	740	-48.2
Total	109,577	88,134	24.3
of which reverse repos and cash collaterals	76,604	55,861	37.1
of which relate to the category:			
Loans and receivables	48,064	53,453	-10.1
Available-for-sale financial assets	-	-	.
At fair value through profit or loss (fair value option)	61,513	34,681	77.4

Claims on banks after deduction of loan loss provisions amounted to €109,482m (previous year: €88,028m).

(12) Claims on customers

€m	30.9.2013	31.12.2012	Change in %
With an indefinite residual term	30,003	29,308	2.4
With a residual term	227,665	256,892	-11.4
up to three months	42,765	45,564	-6.1
over three months to one year	25,556	37,340	-31.6
over one year to five years	75,951	84,913	-10.6
over five years	83,393	89,075	-6.4
Total	257,668	286,200	-10.0
of which reverse repos and cash collaterals	26,486	33,924	-21.9
of which relate to the category:			
Loans and receivables	233,012	255,157	-8.7
Available-for-sale financial assets	-	-	.
At fair value through profit or loss (fair value option)	24,656	31,043	-20.6

Claims on customers after deduction of loan loss provisions amounted to €250,530m (previous year: €278,546m).

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(13) Total lending

€m	30.9.2013	31.12.2012	Change in %
Loans to banks	21,851	21,041	3.8
Loans to customers	231,185	251,807	- 8.2
Total	253,036	272,848	- 7.3

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. Inter-

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

(14) Loan loss provisions

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

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

Development of provisioning €m	2013	2012	Change in %
As at 1.1.	8,092	8,663	- 6.6
Allocations	2,350	2,282	3.0
Deductions	2,183	2,568	- 15.0
Utilisation	1,009	1,228	- 17.8
Reversals	1,174	1,340	- 12.4
Changes in group of consolidated companies	-	-	.
Exchange rate changes/reclassifications/unwinding	- 729	- 459	58.8
As at 30.9.	7,530	7,918	- 4.9

With direct write-downs, write-ups and recoveries on written-down claims taken into account, the allocations and reversals recognised in profit or loss resulted in provisions of €1,296m (30 September 2012: €1,046m) (see Note 2).

Loan loss provisions €m	30.9.2013	31.12.2012	Change in %
Specific valuation allowances	6,441	6,993	- 7.9
Portfolio valuation allowances	792	767	3.3
Provisions for on-balance-sheet loan losses	7,233	7,760	- 6.8
Specific loan loss provisions	170	212	- 19.8
Portfolio loan loss provisions	127	120	5.8
Provisions for off-balance-sheet loan losses	297	332	- 10.5
Total	7,530	8,092	- 6.9

For claims on banks, loan loss provisions amounted to €95m (previous year: €106m) and for claims on customers to €7,138m (previous year: €7,654m).

(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
- 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	30.9.2013	31.12.2012	Change in %
Bonds, notes and other interest-rate-related securities	18,727	18,381	1.9
Promissory note loans	1,203	1,366	- 11.9
Shares, other equity-related securities and units in investment funds	26,523	17,759	49.3
Positive fair values of derivative financial instruments	72,682	106,400	- 31.7
Currency-related derivative transactions	12,251	12,939	- 5.3
Interest-rate-related derivative transactions	56,292	89,139	- 36.8
Other derivative transactions	4,139	4,322	- 4.2
Other trading assets	337	238	41.6
Total	119,472	144,144	- 17.1

Other transactions involving positive fair values of derivative financial instruments consist mainly of €2,310m in equity derivatives (previous year: €1,917m) and €1,360m in credit derivatives (previous year: €2,104m).

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(16) Financial investments

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

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

€m	30.9.2013	31.12.2012	Change in %
Bonds, notes and other interest-rate-related securities ¹	83,099	87,548	- 5.1
Shares, other equity-related securities and units in investment funds	1,098	1,299	- 15.5
Equity holdings	154	138	11.6
Holdings in non-consolidated subsidiaries	136	157	- 13.4
Total	84,487	89,142	- 5.2
of which relate to the category:			
Loans and receivables ¹	46,933	52,427	- 10.5
Available-for-sale financial assets	35,013	34,268	2.2
of which measured at amortised cost	198	423	- 53.2
At fair value through profit or loss (fair value option)	2,541	2,447	3.8

¹ Reduced by portfolio valuation allowances for reclassified securities of €103m (previous year: €149m).

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 €-0.6bn as at 30 September 2013 (previous year: €-0.7bn). Without these reclassifications, the revaluation reserve for these portfolios after deferred taxes would have been €-3.1bn (previous year: €-4.2bn) as at 30 September 2013; the carrying amount of these portfolios on the balance sheet date was €44.7bn (previous year: €50.0bn) and fair value was €41.1bn (previous year: €45.0bn).

(17) Intangible assets

€m	30.9.2013	31.12.2012	Change in %
Goodwill	2,080	2,080	0.0
Other intangible assets	1,042	971	7.3
Customer relationships	406	438	-7.3
Brand names	-	-	.
In-house developed software	418	349	19.8
Other	218	184	18.5
Total	3,122	3,051	2.3

(18) Fixed assets

€m	30.9.2013	31.12.2012	Change in %
Land, buildings and other fixed assets	1,251	851	47.0
Office furniture and equipment	470	521	-9.8
Total	1,721	1,372	25.4

(19) Other assets

€m	30.9.2013	31.12.2012	Change in %
Collection items	34	311	-89.1
Precious metals	741	666	11.3
Leased equipment	799	851	-6.1
Accrued and deferred items	356	256	39.1
Initial/variation margins receivable	223	296	-24.7
Other assets ¹	1,589	1,191	33.4
Total	3,742	3,571	4.8

¹ Prior-year figures restated due to the first-time application of the amended IAS 19 (see page 65 ff.).

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(20) Liabilities to banks

€m	30.9.2013	31.12.2012	Change in %
Due on demand	48,111	43,089	11.7
With a residual term	76,204	67,153	13.5
up to three months	40,955	21,670	89.0
over three months to one year	10,117	5,382	88.0
over one year to five years	14,267	27,396	-47.9
over five years	10,865	12,705	-14.5
Total	124,315	110,242	12.8
of which repos und cash collaterals	57,192	23,850	.
of which relate to the category:			
Liabilities measured at amortised cost	68,869	90,206	-23.7
At fair value through profit or loss (fair value option)	55,446	20,036	.

(21) Liabilities to customers

€m	30.9.2013	31.12.2012	Change in %
Savings deposits	5,877	12,960	-54.7
With an agreed period of notice of			
three months	5,781	10,807	-46.5
over three months	96	2,153	-95.5
Other liabilities to customers	250,367	252,882	-1.0
Due on demand	151,787	142,377	6.6
With a residual term	98,580	110,505	-10.8
up to three months	42,807	50,556	-15.3
over three months to one year	16,771	14,610	14.8
over one year to five years	14,535	16,049	-9.4
over five years	24,467	29,290	-16.5
Total	256,244	265,842	-3.6
of which repos und cash collaterals	27,974	31,997	-12.6
of which relate to the category:			
Liabilities measured at amortised cost	221,039	228,643	-3.3
At fair value through profit or loss (fair value option)	35,205	37,199	-5.4

(22) Securitised liabilities

Securitised liabilities consist of bonds and notes, including mortgage and public Pfandbriefe, money market instruments (e.g. certificates of deposit, euro notes and commercial

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

€m	30.9.2013	31.12.2012	Change in %
Bonds and notes issued	64,998	78,855	- 17.6
of which Mortgage Pfandbriefe	18,377	21,530	- 14.6
Public Pfandbriefe	20,045	27,758	- 27.8
Money market instruments issued	4,546	466	.
Own acceptances and promissory notes outstanding	7	11	- 36.4
Total	69,551	79,332	- 12.3
of which relate to the category:			
Liabilities measured at amortised cost	66,578	75,903	- 12.3
At fair value through profit or loss (fair value option)	2,973	3,429	- 13.3

Residual maturities of securitised liabilities €m	30.9.2013	31.12.2012	Change in %
Due on demand	-	-	.
With a residual term	69,551	79,332	- 12.3
up to three months	6,796	8,301	- 18.1
over three months to one year	17,337	9,662	79.4
over one year to five years	35,042	47,302	- 25.9
over five years	10,376	14,067	- 26.2
Total	69,551	79,332	- 12.3

In the first nine months of 2013, material new issues with a total volume of €11.3bn were floated. In the same period the volume of redemptions and repurchases amounted to €1.6bn and the volume of bonds maturing to €18.1bn.

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(23) Trading liabilities

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

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

€m	30.9.2013	31.12.2012	Change in %
Currency-related derivative transactions	12,649	13,959	- 9.4
Interest-rate-related derivative transactions	51,539	85,503	- 39.7
Other derivative transactions	5,971	5,672	5.3
Certificates and other notes issued	5,017	5,201	- 3.5
Delivery commitments arising from short sales of securities, negative market values of lending commitments and other trading liabilities	7,470	5,776	29.3
Total	82,646	116,111	- 28.8

Other derivative transactions consisted mainly of €3,837m in equity derivatives (previous year: €3,220m) and €1,792m in credit derivatives (previous year: €2,183m).

(24) Provisions

€m	30.9.2013	31.12.2012	Change in %
Provisions for pensions and similar commitments ¹	770	1,050	- 26.7
Other provisions	3,195	3,049	4.8
Total	3,965	4,099	- 3.3

¹ Prior-year figures restated due to the first-time application of the amended IAS 19 (see page 65 ff.).

Following restatement due to the retrospective application of the amended IAS 19, provisions were €4,107m as at 31 December 2011 or 1 January 2012 respectively (of which

€783m related to provisions for pensions and similar commitments).

(25) Other liabilities

€m	30.9.2013	31.12.2012	Change in %
Liabilities attributable to film funds	1,829	1,915	- 4.5
Liabilities attributable to non-controlling interests	2,785	2,441	14.1
Accrued and deferred items	393	439	- 10.5
Variation margins payable	144	162	- 11.1
Other liabilities	1,439	1,566	- 8.1
Total	6,590	6,523	1.0

(26) Subordinated capital

€m	30.9.2013	31.12.2012	Change in %
Subordinated liabilities	11,283	11,186	0.9
Profit-sharing certificates	892	865	3.1
Accrued interest, including discounts	-391	-161	.
Remeasurement effects	352	426	-17.4
Total	12,136	12,316	-1.5
of which relate to the category:			
Liabilities measured at amortised cost	12,126	12,308	-1.5
At fair value through profit or loss (fair value option)	10	8	25.0

In the first nine months of 2013, material new issues with a total volume of €0.8bn were floated for subordinated liabilities; in turn, €0.5bn matured in the same period. There were no other material changes.

(27) Hybrid capital

€m	30.9.2013	31.12.2012	Change in %
Hybrid capital	2,035	2,057	-1.1
Accrued interest, including discounts	-886	-969	-8.6
Remeasurement effects	340	509	-33.2
Total	1,489	1,597	-6.8
of which relate to the category:			
Liabilities measured at amortised cost	1,489	1,597	-6.8
At fair value through profit or loss (fair value option)	-	-	.

There were no material changes to report in the first nine months of financial year 2013.

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(28) Capital requirements and capital ratios

€m	30.9.2013	31.12.2012	Change in %
Core Tier I	24,957	24,986	- 0.1
Hybrid capital	816	2,259	- 63.9
Total Tier I	25,773	27,245	- 5.4
Tier II capital	11,011	9,878	11.5
Total capital	36,784	37,123	- 0.9

€m	Capital adequacy requirement		Risk-weighted assets ¹		Change in %
	30.9.2013	31.12.2012	30.9.2013	31.12.2012	
Credit risk	13,264	13,967	165,802	174,584	- 5.0
Market risk	672	880	8,399	10,999	- 23.6
Operational risk	1,847	1,804	23,086	22,552	2.4
Total capital requirement	15,783	16,651	197,287	208,135	- 5.2
Core Tier I	24,957	24,986			
Tier I capital	25,773	27,245			
Total capital	36,784	37,123			
Core Tier I capital ratio (%)	12.7	12.0			
Tier I capital ratio (%)	13.1	13.1			
Total capital ratio (%)	18.6	17.8			

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

(29) Contingent liabilities and irrevocable lending commitments

€m	30.9.2013	31.12.2012	Change in %
Contingent liabilities	35,018	35,837	- 2.3
from rediscounted bills of exchange credited to borrowers	2	5	- 60.0
from guarantees and indemnity agreements	34,986	35,783	- 2.2
from other commitments	30	49	- 38.8
Irrevocable lending commitments	50,774	49,747	2.1

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

(30) Derivative transactions

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

The netting volume as at 30 September 2013 totalled €111,879m (previous year: €162,271m). On the assets side,

€110,741m of this was attributable to positive fair values and €1,138m to variation margins received. Netting on the liabilities side involved negative fair values of €111,763m and liabilities for variation margin payments of €116m.

30.9.2013 €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	253,931	160,517	186,333	119,254	720,043	12,815	12,753
Interest-based forward transactions	6	501,011	2,365,274	1,952,774	1,692,606	6,511,671	170,522	171,627
Other forward transactions	1,335	80,286	41,332	135,226	21,304	279,483	4,139	5,971
Total	1,349	835,228	2,567,123	2,274,333	1,833,164	7,511,197	187,476	190,351
<i>of which exchange-traded</i>	–	48,235	78,937	30,389	11,747	169,308		
Net position in the balance sheet							76,735	78,588

31.12.2012 €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	6	283,437	159,023	170,519	118,569	731,554	13,592	14,119
Interest-based forward transactions	16	525,624	2,092,073	2,024,487	1,739,143	6,381,343	253,072	259,183
Other forward transactions	1,013	44,994	76,422	129,138	17,155	268,722	4,354	5,704
Total	1,035	854,055	2,327,518	2,324,144	1,874,867	7,381,619	271,018	279,006
<i>of which exchange-traded</i>	–	30,304	112,507	22,591	11,174	176,576		
Net position in the balance sheet							112,457	116,873

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

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

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 corresponds to a realisable price. For liabilities, fair value is defined as the price which would be paid to transfer the liability in question in an orderly transaction with a third party. The fair value of a liability also reflects non-performance 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 I). Thus, quoted prices are to be used if they are available. The relevant market for determining the fair value is generally the most active market. To reflect the price at which an asset could be exchanged or a liability settled, asset positions are measured at the bid price and liability positions are measured at the offer price.

If quoted prices are not 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 II).

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 measurements based 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 valuation methods 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 III).

The fair values which can be realised at a later date can deviate from the fair values as calculated under Level III.

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

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

The allocation of given 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 I), observable market data (Level II) or unobservable market data (Level III).

Financial assets €bn		30.9.2013				31.12.2012			
		Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
Claims on banks	At fair value through profit or loss	–	61.5	–	61.5	–	34.7	–	34.7
Claims on customers	At fair value through profit or loss	–	24.4	0.3	24.7	–	30.7	0.3	31.0
Positive fair values of derivative hedging instruments	Hedge accounting	–	4.1	–	4.1	–	6.1	–	6.1
Trading assets	Held for trading	43.9	73.3	2.3	119.5	34.6	107.3	2.2	144.1
	of which positive fair values from derivatives	–	71.6	1.1	72.7	–	105.4	1.0	106.4
Financial investments	At fair value through profit or loss	1.7	0.8	–	2.5	2.3	–	0.1	2.4
	Available-for-sale financial assets	32.1	2.8	0.1	35.0	30.7	3.0	0.6	34.3
Total		77.7	166.9	2.7	247.3	67.6	181.8	3.2	252.6

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Financial liabilities €bn		30.9.2013				31.12.2012			
		Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
Liabilities to banks	At fair value through profit or loss	–	55.4	–	55.4	–	20.0	–	20.0
Liabilities to customers	At fair value through profit or loss	–	35.2	–	35.2	–	37.2	–	37.2
Securitised liabilities	At fair value through profit or loss	3.0	–	–	3.0	3.4	–	–	3.4
Negative fair values of derivative hedging instruments	Hedge accounting	–	8.4	–	8.4	–	11.7	–	11.7
Trading liabilities	Held for trading	12.4	69.5	0.7	82.6	10.8	104.5	0.8	116.1
	of which negative fair values from derivatives ¹	–	69.5	0.7	70.2	–	104.5	0.8	105.3
Subordinated capital	At fair value through profit or loss	–	–	–	–	–	–	–	–
Total		15.4	168.5	0.7	184.6	14.2	173.4	0.8	188.4

¹ Prior-year Level III restated.

In the third quarter of 2013 we reclassified €0.6bn of available-for-sale bonds and €0.8bn of securities held for trading and receivables from Level I to Level II, as no quoted market prices were available. In turn, we reclassified €0.1bn of bonds held for trading from Level II to Level I, as quoted market prices were available again. We also reclassified €0.4bn of positive fair values from derivatives and €0.1bn of

claims held for trading from Level II to Level III, as observable market data were not available for valuation purposes. The reclassifications were determined on the basis of the holdings on 30 June 2013. Apart from this, there were no other significant reclassifications between Level I, Level II and Level III.

The changes in financial instruments in the Level III 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 1.1.2012	192	4,224	2,536	163	827	5,406
Changes in group of consolidated companies	–	–	–	–	–	–
Gains or losses recognised in the income statement during the period	–6	–60	–48	8	–	–58
Gains or losses recognised in revaluation reserve	–	–	–	–	–	–
Purchases	–	98	3	–	–	98
Sales	–	–1,232	–760	–18	–164	–1,414
Issues	–	–	–	–	–	–
Redemptions	–	–61	–1	–96	–8	–165
Reclassification	116	–794	–776	–4	–10	–692
Fair value as at 31.12.2012	302	2,175	954	53	645	3,175
Changes in group of consolidated companies	–	–	–	–	–	–
Gains or losses recognised in the income statement during the period	–19	–179	–87	15	–236	–419
of which unrealised gains or losses	–2	–49	–24	20	–	–31
Gains or losses recognised in revaluation reserve	–	–	–	–	–10	–10
Purchases	–	149	3	–	–	149
Sales	–	–160	–29	–30	–3	–193
Issues	–	–	–	–	–	–
Redemptions	–	–1	–1	–	–233	–234
Reclassification into level III	–	486	372	2	1	489
Reclassifications out of level III	–	–179	–161	–	–33	–212
Fair value as at 30.9.2013	283	2,291	1,051	40	131	2,745

Unrealised gains or losses from financial instruments held for trading purposes (trading assets and derivatives) are included in net trading income. Unrealised gains or losses

from claims and financial investments measured at fair value through profit or loss are accounted for in the net gain or loss from applying the fair value option.

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Financial liabilities €m	Trading liabilities Held for trading	of which negative fair values from derivatives Held for trading	Total
Fair value as at 1.1.2012	1,403	1,162	1,403
Changes in group of consolidated companies	–	–	–
Gains or losses recognised in the income statement during the period	– 48	– 48	– 48
Purchases	89	89	89
Sales	2	2	2
Issues	–	–	–
Redemptions	– 47	– 47	– 47
Reclassification ¹	– 559	– 321	– 559
Fair value as at 31.12.2012	840	837	840
Changes in group of consolidated companies	–	–	–
Gains or losses recognised in the income statement during the period	– 90	– 90	– 90
of which unrealised gains or losses	– 84	– 84	– 84
Purchases	–	–	–
Sales	– 7	– 7	– 7
Issues	–	–	–
Redemptions	– 53	– 53	– 53
Reclassification into level III	36	31	36
Reclassifications out of level III	–	–	–
Fair value as at 30.9.2013	726	718	726

¹ Restatement of negative fair values from derivatives.

Unrealised gains or losses from financial instruments held for trading purposes (trading liabilities and derivatives) are included in net trading income.

Sensitivity analysis

Where the value of financial instruments is based on unobservable input parameters (Level III), 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 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 III). These 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 1% to 10% as deemed appropriate by our independent valuation experts for each type of instrument or a measure of standard deviation was applied.

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 III. This sensitivity analysis for financial instruments in the fair value hierarchy level III is broken down by type of instrument:

€m	2013		Changed parameters
	Positive effects on income statement	Negative effects on income statement	
Derivatives	73	-75	
Equity-related transactions	14	-13	Cash flow
Credit derivatives	44	-46	Correlation, discount yield
Interest-rate-related transactions	15	-16	Mean reversion, correlation
Other transactions	-	-	
Securities	66	-53	
Interest-rate-related transactions	66	-53	Credit spread, discount yield
of which ABS	34	-21	Discount yield, recovery rate, credit spread
Equity-related transactions	-	-	
Loans	-	-	

Day one profit or loss

The Commerzbank Group has entered into transactions where the fair value was calculated using a valuation model and where not all material input parameters were based on observable market parameters. The initial carrying value of such transactions is the transaction price. The difference between the transaction price and the fair value of the valuation model is termed the "day one profit or loss". The day one profit or loss is not recognised in profit or loss immedi-

ately, but over the tenor of the respective 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 all Level III inventory.

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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 1.1.2012	-	3	3
Allocations not recognised in income statement	-	1	1
Reversals recognised in income statement	-	2	2
Balance as at 31.12.2012	-	2	2
Allocations not recognised in income statement	-	-	-
Reversals recognised in income statement	-	-	-
Balance as at 30.9.2013	-	2	2

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 and deposits as there are no organised markets in which these financial instruments are traded. Fair value is determined for these instruments by using recognised mathematical valuation methods with current market parameters.

A discounted cash flow model is used for loans with parameters based on a risk-free yield curve (swap curve), credit spreads and a maturity-based premium to cover liquidity spreads, plus fixed premiums for administrative expenses and the cost of capital.

A risk-free yield curve is also used to determine the fair value of liabilities, with Commerzbank Aktiengesellschaft's own credit spread and a premium for administrative costs being incorporated separately. The model also uses market risk premiums for mortgage Pfandbriefe, public Pfandbriefe and loans taken out by the Bank.

The fair value of securitised liabilities, subordinated liabilities and hybrid capital is determined on the basis of available market prices. A number of different factors, including current market interest rates and the Group's credit rating are taken into account in determining fair value. If market prices are not available, the fair values are determined on the basis of mathematical valuation models (e.g. discounted cash flow or option price models), which are in turn based on yield curves, volatilities, own credit spreads etc. Particularly in cases where the Bank has issued structured debt instruments, which are measured at fair value, the Bank's own credit spread is used in determining fair value.

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

€bn	Fair value		Carrying amount		Difference	
	30.9.2013	31.12.2012	30.9.2013	31.12.2012	30.9.2013	31.12.2012
Assets						
Cash reserve	11.1	15.8	11.1	15.8	–	–
Claims on banks	109.5	87.9	109.5	88.0	0.0	–0.1
Claims on customers	252.4	281.5	250.5	278.5	1.9	3.0
Value adjustment portfolio fair value hedges ¹	0.0	0.0	0.1	0.2	–0.1	–0.2
Positive fair values of derivative hedging instruments	4.1	6.1	4.1	6.1	–	–
Trading assets	119.5	144.1	119.5	144.1	–	–
Financial investments	81.0	84.3	84.5	89.1	–3.5	–4.8
Other assets ²	14.0	14.1	14.0	14.1	–	–
Liabilities						
Liabilities to banks	124.3	110.3	124.3	110.2	0.0	0.1
Liabilities to customers	256.2	266.1	256.2	265.8	0.0	0.3
Securitised liabilities	71.8	83.0	69.6	79.3	2.2	3.7
Value adjustment portfolio fair value hedges ¹	0.0	0.0	0.8	1.5	–0.8	–1.5
Negative fair values of derivative hedging instruments	8.4	11.7	8.4	11.7	–	–
Trading liabilities	82.6	116.1	82.6	116.1	–	–
Subordinated and hybrid capital	13.7	13.2	13.6	13.9	0.1	–0.7
Other liabilities ²	10.9	11.0	10.9	11.0	–	–

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

² Prior-year figures restated due to the first-time application of the amended IAS 19 (see page 65 ff.).

(32) Treasury shares

	Number of shares in units ¹	Accounting par value ² in €1,000	Percentage of share capital
Balance as at 30.9.2013	–	–	–
Largest number acquired during the financial year	536,806	537	0.05
Total shares pledged by customers as collateral as at 30.9.2013	4,900,051	4,900	0.43
Shares acquired during the current financial year	6,072,771	6,073	
Shares disposed of during the current financial year	6,192,106	6,192	

¹ After completion of the 10-to-1 reverse stock split of Commerzbank shares.

² Accounting par value per share €1.00.

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(33) Related party transactions

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

As a result of the capital measures carried out in April and May 2013 (reverse stock split, capital increase and redemption of silent participations), the stake held by the German federal government as guarantor of the Financial

Market Stabilisation Authority, which administers the Financial Market Stabilisation Fund (SoFFin), in Commerzbank Aktiengesellschaft fell to around 17%. However, besides the size of a stake, 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 government-controlled entities) were as follows:

€m	30.9.2013	31.12.2012	Change in %
Claims on banks	99	172	- 42.4
Claims on customers	1,898	1,569	21.0
Trading assets	29	37	- 21.6
Financial investments	12	188	- 93.6
Other assets	427	271	57.6
Total	2,465	2,237	10.2
Liabilities to banks	2	-	.
Liabilities to customers	877	1,145	- 23.4
Securitised liabilities	203	-	.
Trading liabilities	2	-	.
Subordinated capital	622	620	0.3
Other liabilities	26	21	23.8
Total	1,732	1,786	- 3.0
Off-balance-sheet items			
Guarantees and collaterals granted	118	109	8.3
Guarantees and collaterals received	1	8	- 87.5

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

€m	1.1.–30.9.2013	1.1.–30.9.2012	Change in %
Income			
Interest	114	92	23.9
Commission income	14	19	-26.3
Goods and services	1	2	-50.0
Expenses			
Interest income	36	41	-12.2
Commission income	2	29	-93.1
Operating expenses	12	6	.
Goods and services	48	22	.
Write-downs/impairments	14	81	-82.7

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

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

€m	30.9.2013	31.12.2012	Change in %
Cash reserve	2,820	5,637	-50.0
Claims on banks	262	129	.
Claims on customers	1,920	2,114	-9.2
Trading assets	2,640	2,761	-4.4
Financial investments	4,111	4,066	1.1
Total	11,753	14,707	-20.1
Liabilities to banks	12,522	14,866	-15.8
Liabilities to customers	169	382	-55.8
Trading liabilities	1,437	1,312	9.5
Silent participation	-	1,626	-100.0
Total	14,128	18,186	-22.3
Off-balance-sheet items			
Guarantees and collaterals granted	258	333	-22.5
Guarantees and collaterals received	-	-	.

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

€m	1.1.–30.9.2013	1.1.–30.9.2012	Change in %
Income			
Interest income	177	291	- 39.2
Commission income	4	5	- 20.0
Goods and services	-	2	- 100.0
Expenses			
Interest income	47	42	11.9
Commission income	-	2	- 100.0
Goods and services	-	-	.
Write-downs/impairments	2	-	.

(34) 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).

With regard to 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). These netting agreements allow us to offset the positive and negative fair values of the derivatives contracts covered by a master agreement against one another. This netting process reduces the credit risk to a single net claim on the party to the contract (close-out netting).

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

Assets €m	30.9.2013		31.12.2012	
	Reverse repos	Positive fair values of derivative financial instruments	Reverse repos	Positive fair values of derivative financial instruments
Gross amount of financial instruments	88,895	187,476	71,208	271,018
Book values not eligible for netting	38,112	5,939	4,606	9,244
a) Gross amount of financial instruments I & II	50,783	181,537	66,602	261,774
b) Amount netted in the balance sheet for financial instruments I	18,683	110,741	13,323	158,561
c) Net amount of financial instruments I & II = a) – b)	32,100	70,796	53,279	103,213
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	10,115	54,946	4,595	82,974
Fair value of financial collaterals relating to financial instruments I & II not already accounted for in b) ²				
Non-cash collaterals ³	8,634	908	30,891	1,260
Cash collaterals	204	7,636	23	10,678
e) Net amount of financial instruments I & II = c) – d)	13,147	7,306	17,770	8,301
f) Fair value of financial collaterals of central counterparties relating to financial instruments I	12,011	3,487	13,480	172
g) Net amount of financial instruments I & II = e) – f)	1,136	3,819	4,290	8,129

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).

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Liabilities €m	30.9.2013		31.12.2012	
	Repos	Negative fair values of derivative financial instruments	Repos	Negative fair values of derivative financial instruments
Gross amount of financial instruments	78,961	190,351	50,185	279,006
Book values not eligible for netting	11,358	602	2,843	6,439
a) Gross amount of financial instruments I & II	67,603	189,749	47,342	272,567
b) Amount netted in the balance sheet for financial instruments I	18,683	111,763	13,323	162,133
c) Net amount of financial instruments I & II = a) – b)	48,920	77,986	34,019	110,434
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	10,115	54,946	4,595	82,974
Fair value of financial collaterals relating to financial instruments I & II not already accounted for in b) ²				
Non-cash collaterals ³	19,055	826	13,280	1,876
Cash collaterals	11	15,924	1	22,366
e) Net amount of financial instruments I & II = c) – d)	19,739	6,290	16,143	3,218
f) Fair value of financial collaterals of central counterparties relating to financial instruments I	19,048	3,487	12,004	172
g) Net amount of financial instruments I & II = e) – f)	691	2,803	4,139	3,046

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.-Ing. Burckhard Bergmann
(until 19.4.2013)

Dr. Nikolaus von Bomhard

Karin van Brummelen¹
(until 19.4.2013)

Gunnar de Buhr¹
(since 19.4.2013)

Stefan Burghardt¹
(since 19.4.2013)

Astrid Evers¹
(until 19.4.2013)

Karl-Heinz Flöther
(since 19.4.2013)

Uwe Foullong¹
(until 19.4.2013)

Daniel Hampel¹
(until 19.4.2013)

Dr.-Ing. Otto Happel
(until 19.4.2013)

Beate Hoffmann¹
(until 19.4.2013)

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

Dr. Markus Kerber
(since 19.4.2013)

Alexandra Krieger¹

Oliver Leiberich¹
(since 19.4.2013)

Dr. h. c. Edgar Meister
(until 19.4.2013)

Beate Mensch¹
(since 19.4.2013)

**Prof. h. c. (CHN) Dr. rer. oec.
Ulrich Middelmann**
(until 2.7.2013)

Dr. Roger Müller
(since 3.7.2013)

Dr. Helmut Perlet

Barbara Priester¹

Mark Roach¹

Petra Schadeberg-Herrmann
(since 19.4.2013)

Dr. Marcus Schenck
(until 10.9.2013)

Margit Schoffer¹
(since 19.4.2013)

Dr. Gertrude Tumpel-Gugerell

Solms U. Wittig
(since 11.9.2013)

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

Jochen Klösges

Michael Reuther

Dr. Stefan Schmittmann

Ulrich Sieber

Martin Zielke

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Frankfurt am Main, 1 November 2013

The Board of Managing Directors



Martin Blessing



Frank Annuscheit



Markus Beumer



Stephan Engels



Jochen Klösges



Michael Reuther



Stefan Schmittmann



Ulrich Sieber



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 September 2013 which are part of the quarterly financial report pursuant to § (Article) 37 x para. 3 WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company’s Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

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

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

Frankfurt am Main, 4 November 2013

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

Operative foreign branches

Amsterdam, Barcelona, Bratislava, Beijing, Brno (office), Brussels, Dubai, Hong Kong, 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

Lena Kuske
Manager of a Commerzbank branch
in Hamburg



2014 Financial calendar

13 February 2014	Annual Results Press Conference
End-March 2014	Annual Report 2013
8 May 2014	Annual General Meeting
9 May 2014	Interim Report as at 31 March 2014
7 August 2014	Interim Report as at 30 June 2014
6 November 2014	Interim Report as at 30 September 2014

Commerzbank AG

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