Q1/2012

Interim Report as at 31 March 2012

Achieving more together

Key figures

Income statement	1.1.–31.3.2012	1.1.–31.3.2011
Operating profit (€m)	584	1,144
Operating profit per share (€)	0.10	0.88
Pre-tax profit/loss (€m)	550	1,144
Consolidated profit/loss[1] (€m)	369	985
Earnings per share (€)	0.06	0.73
Operating return on equity[2] (%)	8.2	14.1
Cost/income ratio in operating business (%)	69.2	59.6
Return on equity of consolidated profit/loss[1,2,3] (%)	5.3	12.5

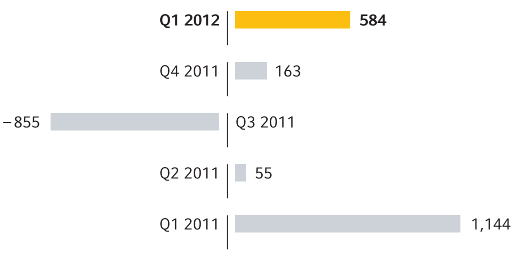
Balance sheet	31.3.2012	31.12.2011
Total assets (€bn)	691.0	661.8
Risk-weighted assets (€bn)	222.9	236.6
Equity as shown in balance sheet (€bn)	26.8	24.8
Own funds as shown in balance sheet (€bn)	41.7	40.3

Capital ratios		
Tier I capital ratio (%)	12.3	11.1
Core Tier I capital ratio[4] (%)	11.3	9.9
Equity Tier I ratio[5] (%)	10.5	9.1
Total capital ratio (%)	17.2	15.5

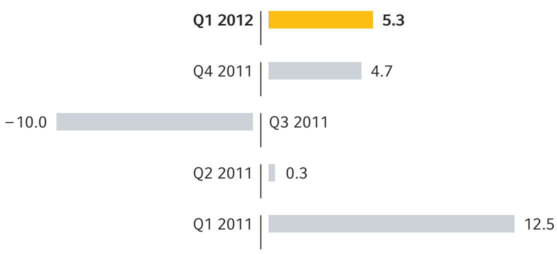
Staff	31.3.2012	31.3.2011
Germany	43,654	44,771
Abroad	13,479	13,864
Total	57,133	58,635

Long/short-term rating		
Moody's Investors Service, New York	A2/P-1[6]	A2/P-1
Standard & Poor's, New York	A/A-1	A/A-1
Fitch Ratings, New York/London	A+/F1+	A+/F1+

Operating profit (€m)



Return on equity of consolidated profit/loss[1,2,3] (%)



[1] Insofar as attributable to Commerzbank shareholders. [2] Annualized. [3] The capital base comprises the average Group capital attributable to Commerzbank shareholders without the average revaluation reserve and the cash flow hedge reserve. [4] 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. [5] The equity Tier I ratio is the ratio of Tier 1 capital (core Tier I capital excluding silent participations) to risk-weighted assets. [6] Rating since January 2012 "Review for Downgrade".

Contents

Letter from the Chairman of the Board of Managing Directors

Martin Blessing
Chairman of the Board of Managing Directors

Dear shareholders,

Commerzbank made a solid start to 2012 in what was a difficult market environment for the banking industry. In the first quarter we generated an operating profit of €584m. In the core bank the result almost matched the good first-quarter result of 2011, adjusted for the effects of capital management. The performance in the individual segments varied, however, from one segment to another. The Mittelstandsbank and the Central & Eastern Europe segment both delivered a pleasing performance, and results in the Private Customer segment were almost on a par with the prior year despite the constraints of the low interest rate environment and the ongoing cautious attitude shown by our customers. Corporates & Markets benefited from the slight pick-up in customer activities in certain areas of business compared with the second half of 2011.

Outside the core bank, the Portfolio Restructuring Unit made further progress, accelerating the run-off of the portfolio and risk assets. Through the consistent exploitation of market opportunities we could at the same time generate an operating profit in the segment. The performance of the Asset Based Finance (ABF) segment was adversely affected in the reporting period by several factors: the sale of our Greek sovereign bonds, the rigorous reduction in risk in the Public Finance and Commercial Real Estate divisions

In addition the increasingly difficult conditions in the shipping markets became evident, with resultant negative effects on loan loss provisions.

At the end of March 2012, the EU's decision on Eurohypo made the situation with regard to the Asset Based Finance segment. more clear. The original requirement was for Eurohypo AG to be sold by 2014, but now most of the old portfolio has to be run off and the Eurohypo AG brand given up. The commercial real estate run-off portfolio, the public finance business and part of Europhypo's retail business will be merged into the new Non Core Assets segment as from 1 July 2012. This will enable us to follow a focused and value-preserving reduction strategy with clear targets for downsizing the portfolio and risk assets. The new core bank segment Real Estate and Ship Finance (RES) will comprise a significantly smaller commercial real estate core business together with ship finance and Commerz Real's real estate asset management.

I am particularly pleased to be able to inform you that the European Banking Authority's (EBA) requirements for the Bank to report a core Tier I ratio of 9%, in a simulated scenario of a partial default on European government bonds, were already met by the end of this first quarter due to the rigorous implementation of our action programme. We were even able to clearly exceed the capital requirement of €5.3bn set by the EBA in December of last year. We were also helped by the planned reductions in risk assets as well as additional savings in other operating costs and the accumulation of profits from the two previous quarters.

Our capital was further strengthened by another successful transaction to optimise the capital structure through the repurchase of hybrid capital instruments, subordinated debt securities and other financial instruments in exchange for the issue of new shares. The result of this transaction shows how attractive the offer was for participating investors and the capital market's confidence in the Bank; Commerzbank shareholders will also benefit from the significantly positive effects on earnings over the coming years.

The core bank remains well positioned in a fragile market environment due to its customer oriented business model. Given a stable economic environment we continue to aim for a solid operating profit in the core bank for the full year 2012.

Yours sincerely

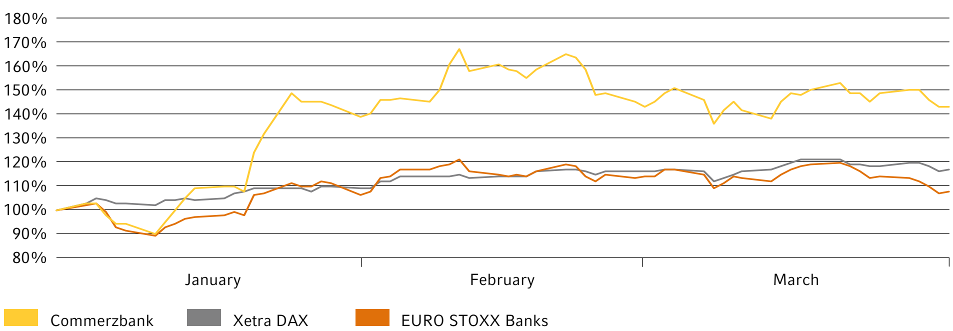
Martin Blessing, Chairman of the Board of Managing Directors

Development of Commerzbank shares

The price of bank shares at the beginning of 2012 was still influenced by worries about the sector's continuing need for capital which could even force German banks to resort to the capital markets again. The capital increase of a southern European bank at the beginning of January depressed bank share prices in particular. In this environment, the Commerzbank share price fell to its lowest point for the quarter of €1.17 on 9 January 2012. On 19 January this year, Commerzbank announced a wide-ranging package of measures that met the European Banking Authority's capital requirements. This helped create a positive mood, as nearly all analysts had assumed that Commerzbank would need a capital increase to be able to meet the European Banking Authority's tough core Tier I ratio of 9% by 30 June 2012. The programme of measures also boosted the share price, particularly given the net asset value per share of €3.94 as at 31 December 2011. The share price was also bolstered by developments in Greece. In mid-February, the Greek parliament approved the austerity package imposed by the European Union which then released the second bail-out package for Greece. Risk premiums on Italian and Spanish sovereign debt fell at the same time, signalling that the European sovereign debt crisis was easing further. Another positive feature was the ECB's 3-year tender in December 2011 and February 2012, as it temporarily stabilised the money and capital markets. As a result of these developments, the share price rose by just under 90% from its low point on 9 January to €2.21 on 9 February 2012.

Commerzbank announced a further transaction to optimise its capital structure when it reported its annual results on 23 February this year. In the course of this transaction, hybrid capital instruments, subordinated debt securities and other financial instruments with a nominal value of €965m were brought into Commerzbank as a non-cash contribution against issuance of 360,509,967 shares from authorised capital, a capital increase of roughly 7%. This increase in capital depressed the share price, which fell by almost 10% in the days following the announcement. On the basis of the daily volume-weighted XETRA average price of Commerzbank shares from 24 February to 2 March 2012, the exchange was transacted at a new theoretical price of €1.9128 per share of Commerzbank's new shares. With this transaction Commerzbank took advantage of the favourable market environment to strengthen its capital structure further with a view to the adoption of the new Basel III regulatory requirements.

Commerzbank share vs. performance indices in first quarter 2012
Daily figures, 30.12.2011 = 100



The EURO STOXX Banks index rose by 7.6% and the DAX by 17.8%, the DAX's best first-quarter performance since 1998. Commerzbank shares rose by 46%, making it the leading share in the DAX in the first quarter of 2012. At the end of the first quarter of 2012, Commerzbank's share price stood at €1.90.

The daily trading volume in Commerzbank shares – measured by the number of shares traded – rose sharply in the first three months of 2012 compared with the same period last year (+76%), with an average daily trading volume of 85.0 million (first quarter 2011: 48.2 million). At the peak of trading on 19 January 2012, 208 million shares were traded on German stock exchanges. Commerzbank's market capitalisation at the end of the first quarter stood at €10.6bn.

The Bank's investor relations strategy is to maintain comprehensive, timely and open communication with private and institutional investors as well as with analysts. We publish important company information on a same-day basis via investor relations press releases or ad-hoc announcements. In addition, we provide a wide range of information on the Investor Relations pages of our website.

Highlights of the Commerzbank share

	1.1.–31.3.2012	1.1.–31.3.2011
Shares issued in million units (31.3.)	5,594.1	1,338.9
Xetra intraday prices[1] in €		
High	2.21	5.18
Low	1.17	4.24
Closing price (31.3.)	1.90	4.41
Daily trading volume[2] in million units		
High	208.5	48.2
Low	22.2	4.1
Average	85.0	12.2
Index weighting in % (31.3.)		
Xetra DAX	1.3	0.8
EURO STOXX Banks	3.0	1.3
Earnings per share in €	0.06	0.73
Book value per share[3] in € (31.3.)	4.21	9.39
Net asset value per share[4] in € (31.3.)	3.97	8.52
Market value/Net asset value[1] (31.3.)	0.48	0.52

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

Interim Management Report

Business and overall conditions

Overall economic situation

The global economy remained on a growth course at the beginning of the new year, but there were major differences between individual global regions. While the recovery stabilised and the economy started to grow somewhat stronger again in the US, it is likely to have contracted again in the eurozone. Even now, trends in the emerging markets vary: while there are increasing signs of a downturn in China, South American countries have already overcome the economic weakness of the past year. Overall, the emerging markets so far remain the main drivers of global economic growth.

The economy in the eurozone is still suffering from the sovereign debt crisis. The ECB's massive injection of liquidity temporarily stemmed the crisis which has also been a driving factor for the slight pick-up in business confidence since the autumn. Nevertheless, the economy, notably in the periphery countries, continues to be slowed by the urgently needed consolidation of public finances and reduction in the indebtedness of companies and private households, which has risen substantially in many countries in the past few years.

The German economy is still outperforming the eurozone average, but even here, it is still not firing properly after contracting slightly at the end of 2011. However, GDP looks to have posted a small increase in the first quarter. Although orders from outside the eurozone are rising strongly again, demand from other euro countries has so far been weaker.

On the financial markets, particularly risky asset structures benefited from the temporary lull in the sovereign debt crisis and therefore from the somewhat improved outlook for the global economy. The German DAX equity index rose by close on 18% in the first three months, and commodities markets also posted for the most part very substantial gains. In the bond markets, the risk premiums on the debt of periphery countries declined in the first three months of the year, as there was an adequate supply of liquidity in the market. However, German Bund yields also remained very low, with those in the 10 year range only temporarily edging above the 2% mark. The euro also gained from the temporary easing in the crisis, and after falling significantly in the second half of 2011, moved sideways against the US dollar.

Important business policy events

Further optimisation of the capital structure

As part of the optimisation measures approved on 23 February 2012, Commerzbank's Board of Managing Directors resolved to increase the ordinary share capital by around 7% (360,509,967 shares) against a non-cash contribution of selected securities. The non-cash contribution of selected securities comprised hybrid capital instruments, subordinated debt securities and other capital instruments issued by Commerzbank and other companies with a nominal volume of €965 million. Goldman Sachs International ("Goldman Sachs") acquired the securities as intermediary from qualified investors outside the United States of America with the aim of exchanging them for new Commerzbank shares.

Against the contribution of the financial instruments thus acquired to Commerzbank's capital, Goldman Sachs as intermediary underwrote the entire volume of 360,509,967 new Commerzbank shares to be issued for the exchange and, upon completion and entry of the deal in the commercial register on 7 March 2012, transferred them to the appropriate qualified investors. On the basis of the average daily volume-weighted XETRA average price of Commerzbank shares from 24 February to 2 March 2012 at 3 p.m. (CET), the exchange took place at a theoretical price of €1.9128 per new Commerzbank share.

The transaction enabled Commerzbank to use a favourable market environment to strengthen its capital structure, without resorting to the EBA's package of measures.

This successful transaction, involving the repurchase of hybrid capital instruments, subordinated debt securities and other financial instruments, is the third capital structure optimisation measure that Commerzbank has carried out in the past 13 months. The result of this transaction shows how attractive the offer was for participating investors and the capital market's confidence in the Bank. Commerzbank shareholders will also benefit from the positive effects on earnings over the coming years.

The Financial Market Stabilisation Fund (SoFFin) converted part of its silent participations of over €230.8m into 120,169,989 million shares in order to maintain its stake in Commerzbank at 25% plus one share. This reduced SoFFin's remaining silent participation in Commerzbank to around €1.71bn.

The completion of the non-cash capital contribution and SoFFin's subsequent conversion have increased the number of Commerzbank shares to a total of 5,594,109,009. Trading in the new shares began on the stock exchange on 8 March 2012.

Measures to meet the EBA's requirements

In mid-January 2012, Commerzbank presented a comprehensive package of measures designed to meet from its own resources the European Banking Authority's (EBA) requirement that Commerzbank strengthen its Core Tier I capital by €5.3bn by 30 June 2012.

Commerzbank had already introduced comprehensive measures in November 2011 to meet the Core Tier I ratio specified by the EBA. As at December 31, 2011, the Bank had reduced its capital requirement as prescribed by the EBA to around €1.8bn. This amount stems from retained earnings for the fourth quarter of 2011, which contained a one-off contribution to IFRS earnings from the buyback of hybrid capital instruments and from the management of risk-weighted assets. In addition, regulatory capital deduction items were significantly lowered in the fourth quarter of 2011 through efficient management of the capital structure. The write-downs applied to Greek government bonds in the fourth quarter of 2011 could be credited to the capital buffer specified by the EBA.

In the first quarter of 2012, the EBA's capital requirement was already exceeded, in particular through rigorous continuation of our RWA management and the retention of first-quarter profits. Commerzbank's capital adequacy is now comfortable as a result of the additional capital strengthening effects of the capital structure optimisation measure carried out in February 2012.

Restructuring of Eurohypo AG and repositioning of the Commercial Real Estate business

At the end of March 2012, it was agreed with the European Commission that the requirement dating from 2009 for Eurohypo AG to be sold would be altered to a requirement for it to be wound down. Commerzbank must therefore fully run off the Public Finance business and the bulk of the non-core areas of the Commercial Real Estate financing business of Eurohypo AG. Only a considerably reduced portion of commercial real estate financing may be carried on in specific target markets.

According to the agreement with the European Commission, the non-core activities of Eurohypo AG (Public Finance and non-core areas of Commercial Real Estate business) are to be clearly separated organisationally from the core activities (core areas of Commercial Real Estate business).

The non-core activities will from 1 July 2012 be merged into one new run-off unit called "Non Core Assets" (NCA) in which Commerzbank will continue the strategy pursued in past years. The Public Finance portfolio was already reduced by some 40% over the period 2008 to 2011. Portfolio volume in Commercial Real Estate, was reduced by more than 20% in the same period. Commerzbank aims to continue resolutely downsizing the portfolios of these non-core activities. The new run-off unit is not part of Commerzbank's core bank. It will in future come under the responsibility of Ulrich Sieber at Board of Managing Directors level.

The significantly reduced Commercial Real Estate business in selected markets will gradually be transferred to Commerzbank Aktiengesellschaft over the next few years. In operational terms, it will become part of Commerzbank's new Real Estate and Ship Finance (RES) segment. Under the EU Commission's requirements, Commercial Real Estate's core activities may not exceed €25bn at the end of 2015, including an annual maximum new business volume of €5bn. Commercial Real Estate's core activities will also continue to be optimised from a risk and profitability perspective.

According to the EU Commission, the Eurohypo AG brand must also be relinquished. Eurohypo AG will initially be continued, with adjustments made to reflect the changed operating conditions of its business. The new company name will be announced at a later date. The EU Commission's decision also contains other stipulations: Commerzbank's total assets – apart from its non-core activities – may not exceed €600bn at the end of 2014. The prohibition on acquisitions is also extended to the end of March 2014.

Further details on the implementation of these measures will be worked out in the coming months.

Earnings performance, assets and financial position

Commerzbank made a solid start to 2012 in an environment that was marked by uncertainty over the European sovereign debt crisis. Operating profit for the first quarter of 2012 came to €584m and that of the core bank to €845m. That represents a decline versus the first quarter of 2011 attributable to lower revenues. This was mainly due to the absence of a positive special effect in the previous year connected with the measures to optimise the capital structure, to negative effects from the valuation of the Bank's own liabilities, the reduction in volumes caused by de-risking efforts, the low interest rate environment and weak customer activity. This development was only partially offset by the considerable reduction in operating expenses and loan loss provisions.

At the end of the first quarter of 2012 Commerzbank had prematurely met and even exceeded the EBA capital requirement with a Core Tier I ratio of 11.3% and a Tier I ratio of 12.3%. This was accompanied by a significant decline in risk assets of €13.7bn to €222.9bn. The Bank's liquidity position was stable throughout the reporting period. We were thus able to meet the funding plan for the whole of 2012 in the first quarter, additionally aided by premature fund raising in the second half of 2011.

Income statement of the Commerzbank Group

Net interest income fell by 17.3% to €1,429m during the first three months of 2011 compared with the same period the prior year. This was primarily attributable to two factors: firstly, the low interest rate environment which led to lower deposit spreads in the Private Customers and Mittelstandsbank segments in particular; secondly, the effects of declining credit volumes in some segments. This was primarily due to the planned reduction in our public finance and commercial real estate portfolios in the Asset Based Finance segment, as well as our RWA management with the aim of meeting the EBA capital target.

The net allocation to loan loss provisions fell year-on-year by a sizeable 33.3% to €–212m. With the exception of the Corporates & Markets segment and the PRU – where no negative effects were recorded in the prior year period – loan loss provisions in all other segments were down substantially from the previous year's levels. In the core bank especially, loan loss provision costs for the whole year were at a very low level. Even though the Asset Based Finance segment accounted for the bulk of loan loss provisions in the first quarter, there was a significant decrease in their level. This was attributable primarily to lower provisioning requirements in commercial real estate financing, whereas the trend in the shipping markets tended in the other direction due to the continued difficult economic situation there.

Net commission income came to €843m in the first three months of 2012, down 17.4% from the prior-year level. This was due in particular to the ongoing reluctance shown by our private customers especially in securities investments, against the backdrop of continuing uncertainty in the financial markets, which had an adverse impact on transaction-driven securities income.

Net trading income and net income from hedge accounting was down year-on-year by 11.9% to €457m, with developments in the individual segments showing a very different pattern. Corporates & Markets was affected in particular by the remeasurement of its own liabilities to fair value in line with IFRS. Additional negative effects stemmed from the fact that early in the year customer activities and transaction volumes in the group division Equity Markets & Commodities were lower than in the first quarter of 2011. The Others and Consolidation segment, by contrast, achieved a significant rise in income in Group Treasury. Outside the core bank, the ABF segment generated a negative effect from the remeasurement of derivatives in line with IAS 39, while the Portfolio Restructuring Unit posted a significant increase in net trading income. This increase was attributable to realisation gains on certain assets, positive remeasurement effects and valuation adjustments in connection with the counterparty risk of credit insurers.

Net income from financial investments was down €188m from the year-earlier level to €–176m. This was due first to negative effects from the sale of the Greek sovereign bond portfolio and second to losses on sales of assets incurred through our focused reduction of the public finance portfolio. Both were reflected in the performance of the Asset Based Finance segment.

Other net income was €21m compared with €338m a year earlier. The previous year's figure was connected with the measures implemented in January 2011 to optimize the capital structure, primarily by redeeming hybrid capital instruments.

Operating expenses in the first three months were down 16.9% on the prior-year first quarter at €1,789m. The decline in other operating expense including depreciation was particularly marked, with a drop of 27.6%. This was attributable chiefly to the realisation of cost synergies, but also to the cost-saving measures planned to achieve the EBA target. Personnel expense was down by 7.2% as a result of lower regular salary payments for the reduced workforce but also because of lower performance-related elements of remuneration.

Given the developments described above, the Commerzbank Group posted an operating profit of €584m in the first quarter of the current year, compared with €1,144m in the same period last year. In connection with the European Commission's requirement to wind down Eurohypo AG we recognised restructuring provisions of €34m in the first three months of the year; these relate mainly to personnel. Pre-tax profit also came to €550m, compared with €1,144m in the same period of 2011.

Tax expense for the reporting period was €153m, after €135m for the equivalent prior-year period. Consolidated profit after tax amounted to €397m, compared with €1,009m in the first quarter of 2011. €28m of consolidated profit was attributable to non-controlling interests and €369m to Commerzbank shareholders.

Operating earnings per share were €0.10 and earnings per share €0.06. In the prior-year period the comparable figures were €0.88 and €0.73 respectively.

Consolidated balance sheet

Total assets of the Commerzbank Group amounted to €691.0bn as at 31 March 2012. This rise of 4.4% or €29.3bn was attributable to the higher volume of collateralised money market transactions and the investment of free cash with central banks, which was only partially offset by the planned reduction in balance sheet volume and risk assets.

On the assets side, the rise in volume was mainly visible in claims on banks. Cash reserves came to €5.6bn, some €0.4bn lower than a year earlier. Claims on banks were up sharply at the end of the quarter, rising by €32.0bn to €119.8bn, particularly call money. The main factors here were higher deposits with central banks as a means of investing cash funds. Claims on customers were up slightly compared to year-end 2011, rising by €3.4bn to €300.0bn. While lending declined owing to the focus on the Bank's strategic core business, reverse repos and cash collaterals rose. Trading assets were down versus year-end 2011 by €1.7bn to €154.0bn. Whereas equities, other equity-related securities and units in investment funds increased by €4.9bn, the positive market values of derivative financial instruments, mainly currency derivatives, declined by €6.3bn. Financial investments were down by €2.9bn to €91.6bn, particularly through the reduction in bonds and notes and other interest-rate-related securities.

On the liabilities side the rise was chiefly in liabilities to banks and in equity capital. Liabilities to banks were up substantially by €42.8bn to €141.2bn, primarily due to a rise in repos and cash collateral business. Liabilities to customers remained virtually unchanged at €256.3bn versus year-end 2011. Securitised liabilities declined by €11.0bn to €94.7bn, largely as a result of maturing mortgage and public-sector Eurohypo Pfandbriefe. At €134.2bn, trading liabilities were €3.7bn below the 2011 year-end figure. As with trading assets, this fall was attributable to lower fair values for currency derivatives. This was only partially offset by an increase in delivery commitments from securities transactions.

Capital and reserves

The equity capital reported in the balance sheet at 31 March 2012 rose by 8.2%, or €2.0bn, to €26.8bn compared with year-end 2011. This increase was due mainly to current profit in the first quarter and the capital structure optimisation measure implemented in the first quarter of 2012. The transaction involved the non-cash contribution of hybrid capital instruments, subordinated bonds and other financial instruments to Commerzbank capital against the issuance of shares from authorised capital. The Financial Market Stabilisation Fund (SoFFin) converted part of its silent participation of over €230.8m into 120,169,989 shares in order to maintain its stake in Commerzbank at 25% plus one share. The completion of the non-cash capital contribution and SoFFin's subsequent conversion have increased the number of Commerzbank shares to a total of 5,594,109,009.

As a result of the capital structure optimisation measures and the subsequent conversion of part of the silent participation by SoFFin, subscribed capital rose in the first quarter by €0.5bn to €5.6bn, with capital reserves up by €0.4bn to €11.6bn and retained earnings by €0.4bn to €9.3bn. Total silent participations decreased following SoFFin's conversion by €0.2bn to €2.5bn. As at 31 March 2012, the revaluation reserve, the cash flow hedge reserve and the currency translation reserve were negative at €–2.9bn. This was an improvement of €0.8m compared with the end of 2011, attributable in particular to a rise in the fair values of Italian sovereign bonds.

As at 31 March 2012, risk-weighted assets fell by €13.7bn from year-end 2011 to €222.9bn, mainly due to planned reduction measures, securitisations and higher collaterals. Regulatory Tier 1 capital increased by €1.2bn compared with the end of 2011 to €27.4bn. In conjunction with the lower level of risk-weighted assets the Tier I ratio rose to 12.3%. Core Tier I capital, which is a key variable in the context of Basel III, came to around €25.2bn, or a ratio of 11.3%. The Total capital ratio was 17.2% on the reporting date.

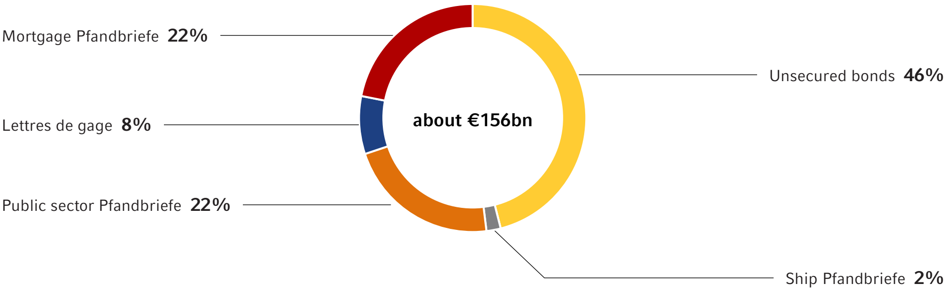
Funding and liquidity

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

Guidelines and limits for the funding profile and funds are derived from the business strategy and reflect risk tolerance. The Group's short, medium and long-term funding is diversified commensurate with the business model in terms of investor groups, regions, products and currencies.

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

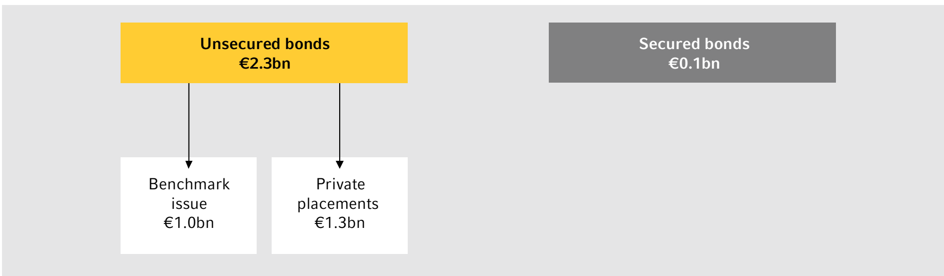
Capital market funding structure
as of March 31, 2012



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

In that period, unsecured private placements with a volume of €1.3bn were issued in addition to the aforementioned benchmark bond. A total volume of €2.4bn issues were placed in the capital market in the first three months of 2012.

Group capital market funding in first quarter 2012
Volume €2.4bn



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

This liquidity portfolio, which is supplemented by freely available cash resources, liquid securities positions and credit balances with central banks, forms Commerzbank's liquidity reserve. The liquidity reserve totalled €87.2bn at the end of the quarter.

The regulatory provisions applicable to liquidity were complied with at all times. As at the reporting date of 31 March 2012, Commerzbank Aktiengesellschaft's key liquidity ratio calculated using the German Liquidity Regulation's standard approach was 1.29, significantly higher than the minimum regulatory requirement of 1.00.

Money and capital markets in the eurozone were dominated in the reporting period by the ECB's 3-year tender operations conducted in December 2011 and February 2012. These measures by the central bank helped calm money and capital markets temporarily, offsetting the negative effects of the Greek haircut on the eurozone. Thanks to its conservative and forward-looking funding strategy, Commerzbank Aktiengesellschaft is not reliant on central bank liquidity facilities.

Nevertheless, entities of the Bank took part in both 3-year tenders, in particular with a view to reducing the need for intra-group funding. Eurohypo participated in the 3-year tender in December 2011, taking up €10bn to fund its existing portfolios. The Commerzbank Group tapped much less from the 3-year tender in February 2012 than in December 2011, the proceeds being used principally to fund European sovereign bonds in our foreign entities.

Key figures for the Commerzbank Group

As a result of the decline in revenues described above the main profitability ratios of the Commerzbank Group for the first three months of the year were down significantly overall on the same period last year. The operating return on equity fell from 14.1% in the same period of last year to 8.2%. The return on equity based on the consolidated surplus was 5.3%, compared with 12.5% a year earlier. Due to lower revenues the cost/income ratio rose to 69.2% despite much lower costs, compared with 59.6% in the prior-year period.

Segment reporting

The comments on segments' results are still based to a large extent on the structure that was applicable at year-end 2011. An exception to this is the reclassification of our branches in the Czech Republic and Slovakia, Commerzbank Eurasija in Russia and Commerzbank Zrt. in Hungary from the Central & Eastern Europe segment to the Mittelstandsbank segment with effect from 1 January 2012. The restructuring of Eurohypo AG will be reflected in the segmental structure from 1 July 2012. As from that date, the Portfolio Restructuring Unit will be disbanded. The portfolio still remaining, will be transferred to the Corporates & Markets core segment.

The core bank achieved an operating profit of €0.8bn in the first quarter of 2012; this was almost on a par with the good profit levels of the first three months of 2011 adjusted for the effects of capital management. Outside the core bank, the picture was mixed in terms of earnings: while the Portfolio Restructuring Unit's results took particular advantage of the market recovery for structured loans, the significant loss in the Asset Based Finance segment derived primarily from remeasurement effects and risk reduction measures.

Private Customers

€m	1.1.–31.3.2012	1.1.–31.3.2011	Change in %/%-points
Income before provisions	845	1,045	–19.1
Loan loss provisions	–6	–41	–85.4
Operating expenses	727	888	–18.1
Operating profit/loss	**112**	**116**	**–3.4**
Average capital employed	3,783	4,003	–5.5
Operating return on equity (%)	11.8	11.6	0.3
Cost/income ratio in operating business (%)	86.0	85.0	1.1

In the Private Customers segment, the impact of low market rates and the cautiousness of our customers, notably with regard to capital market transactions, was clearly reflected in earnings levels. The decline in revenues was largely offset, however, by further progress in the area of costs. Operating profit was €112m compared with €116m a year earlier.

In the first quarter of 2012, income before provisions came to €845m, which was substantially below the prior-year figure of €1,045m. Net interest income was down 7.9% year-on-year to €453m. In particular the substantially lower level of market interest rates impacted on the trend of revenues in deposit business. Net commission income fell significantly by 32.7% to €383m, mainly as a result of a decline in revenues from the transaction-driven securities business. This reflected a cautious attitude on the part of customers as a result of the uncertainty on the financial markets caused by the sovereign debt crisis. Other net income in the first three months of 2012 came to €–1m, compared with a loss of €–22m in the prior-year period due to commission adjustment payments.

Loan loss provisions fell by 85.4% to €–6m, mainly as a result of parameter adjustments and the good performance of the German economy.

Operating expenses saw an 18.1% reduction to € 727m. This included a decline in personnel expenses of 10.5% to €316m, while other operating expenses were down by 9.4% to €192m.

Overall the Private Customers segment posted a pre-tax profit of €112m compared with €116m in the prior-year period.

The operating return on equity based on average capital employed of €3.8bn was 11.8% (prior-year period: 11.6%). At 86.0%, the cost/income ratio was marginally lower than in the first three months of 2011 (85.0%).

Mittelstandsbank

€m	1.1.–31.3.2012	1.1.–31.3.2011	Change in %/%-points
Income before provisions	790	837	– 5.6
Loan loss provisions	35	– 11	.
Operating expenses	338	393	– 14.0
Operating profit/loss	**487**	**433**	**12.5**
Average capital employed	5,977	7,238	– 17.4
Operating return on equity (%)	32.6	23.9	8.7
Cost/income ratio in operating business (%)	42.8	47.0	– 4.2

Our branches in the Czech Republic and Slovakia, Commerzbank Eurasija in Russia and Commerzbank Zrt. in Hungary were transferred from the Central & Eastern Europe segment to the Mittelstandsbank segment with effect from 1 January 2012. The previous year's comparative figures were restated accordingly. This resegmentation is designed to help these units benefit more strongly from the growing business potential of German companies in the cross-border business of Mittelstandsbank.

Against the backdrop of a stable economic environment in the German domestic market, the Mittelstandsbank segment posted an operating profit of €487m in the first quarter of 2012, representing year-on-year growth of 12.5%.

In the period under review, income before provisions came to €790m, which was 5.6% below the prior-year figure. While there was growth in revenues from direct customer business in some categories, this was offset in particular by negative remeasurement effects compared with the same period last year. At €542m, net interest income was 1.5% higher than in the same period of 2011. Although deposit business contributed less due to lower margins caused by low market interest rates, rising lending volumes, which also reported slightly lower margins than last year, boosted net interest income. Corporate customers, however, remain generally very cautious in drawing down their credit lines. Net commission income fell 7.5% to €270m. Although income from foreign trade and related product categories increased in the reporting period, the demand from SMEs for capital market products was subdued in the first few months of the current year. Net trading income was negative at €–13m, down €31m year-on-year, due largely to remeasurement effects from credit hedge transactions. Net investment income for the reporting period was €–1m compared with €–10m in the previous year. Other net income came to €–8m compared with €1m a year earlier.

Thanks to the stable economic environment in Germany in the first three months of the year and a reduced need for loan loss provisions in the same period, net reversals of loan loss provisions amounted to €–35m in the period under review. The first quarter of 2011 saw a net allocation of €11m.

Operating expenses fell to €338m which was 14% lower than the previous year's figure of €393m. While personnel expenses were down by 8.8% as a result of lower accruals for variable compensation in particular, other operating expenses of €64m remained at the prior-year level. There was a particularly sharp drop in IT costs which were still heavily dominated last year by the integration of the former Dresdner Bank's IT systems.

All in all, the Mittelstandsbank segment generated pre-tax earnings of €487m in the first three months of the current year, a 12.5% rise on the prior-year period.

The operating return on equity based on average capital employed of €6.0bn was 32.6% (prior-year period: 23.9%. The cost/income ratio remained an excellent 42.8% (prior year period: 47.0%).

Central & Eastern Europe

€m	1.1.–31.3.2012	1.1.–31.3.2011	Change in %/%-points
Income before provisions	220	218	0.9
Loan loss provisions	–18	–27	–33.3
Operating expenses	115	131	–12.2
Operating profit/loss	**87**	**60**	**45.0**
Average capital employed	1,893	1,745	8.5
Operating return on equity (%)	18.4	13.8	4.6
Cost/income ratio in operating business (%)	52.3	60.1	–7.8

The branches in the Czech Republic and Slovakia, Commerzbank Eurasija as well as Commerzbank Zrt. in Hungary were transferred to the Mittelstandsbank segment with effect from 1 January 2012. The previous year's comparative figures have been restated accordingly. As a result, the Central & Eastern Europe segment now includes the activities of the Group's Polish subsidiary BRE Bank and Bank Forum in the Ukraine which remains under the responsibility of the management holding company.

Owing to the European sovereign debt crisis, the favourable economic development in Poland began to cool off somewhat in the first quarter of this year. In the Ukraine, the market environment has stabilised despite the difficult economic conditions. Overall, the Central & Eastern Europe segment generated an operating profit of €87 m in the first three months of this year compared with €60 m in the prior-year period.

Income before loan loss provisions increased marginally to €220m. Net interest income declined by 12.4% year-on-year to €120m. Growth in deposits and lending at BRE Bank was more than offset by volatile exchange rate movements. At €50m, commission income was marginally higher than in the same period last year. BRE Bank's insurance and credit card business in particular posted growth. The approx. 58.3% rise in trading income to €38m was due almost entirely to exchange rate effects on the remeasurement of the sale option on the Russian Promsvyazbank.

Loan loss provisions fell to €–18m compared with €–27m in the same period of 2011. Especially at Bank Forum loan loss provisions for lending business were reduced.

Operating expenses were lowered substantially to €115m compared with €131m in the prior-year period. Besides BRE Bank's continual cost management, exchange rate effects also had a positive impact compared to the previous year.

The Central & Eastern Europe segment generated pre-tax profit of €87m in the first three months of 2012, up from €60m in the same period of 2011.

The operating return on equity based on average capital employed of €1.9bn was 18.4% (prior-year period: 13.8%. The cost/income ratio was 52.3% compared with 60.1% in the prior-year period.

Corporates & Markets

€m	1.1.–31.3.2012	1.1.–31.3.2011	Change in %/%-points
Income before provisions	397	679	–41.5
Loan loss provisions	–27	0	.
Operating expenses	340	439	–22.6
Operating profit/loss	**30**	**240**	**–87.5**
Average capital employed	3,244	4,204	–22.8
Operating return on equity (%)	3.7	22.8	–19.1
Cost/income ratio in operating business (%)	85.6	64.7	21.0

Operating conditions for capital market business in the first quarter of 2012 were characterised by a slight easing in concerns over the eurozone, which had dominated the previous year. In the first three months of 2012, the gradual return of investor confidence stimulated equity and bond prices, reducing volatility in many markets. In absolute terms however, customer activity and transaction volumes were lower than in the extremely active first quarter of 2011. Against this backdrop, the Corporates & Markets segment posted an operating profit of €30m in the first quarter of 2012 compared with €240m in the same period last year. The results of the first quarter include a loss of €–158m from the remeasurement of own liabilities, which compares with a profit of €7m in the same period last year.

The Corporate Finance division increased its income in the second half of 2011, but fell short of the strong first quarter of 2011 due to the volume reduction in the non strategic lending book as well as due to lower transaction volumes in Equity Capital Markets and M&A Advisory. Income in the Equity Markets & Commodities division was also boosted by rising levels of customer transactions and activities during the quarter compared with the second half of 2011. The performance of the Fixed Income & Currencies division was boosted by resurgent customer activity in the bond markets, increasing income compared to the last quarter. The loss on remeasurement of own liabilities of €–158m was charged to this division.

Overall, income before loan loss provisions fell by €282m to €397m year on year. Net interest income was down by €41m to €119m in line with the reduction in the loan portfolio. Net commission income rose by €35m to €83m thanks to positive contributions from the Fixed Income & Currencies division. At €195m, net trading income was down from the previous year's €456m due to a fall-off in customer activity compared to the strong first quarter of 2011 and the remeasurement of own liabilities.

Loan loss provisions for the first quarter of 2012 totalled €–27m, compared with zero in the same period of 2011.

Operating expenses saw a considerable reduction of €99m to €340m, due to synergy effects realised in the back office area.

Pre-tax profit amounted to €30m, compared with €240m in the year-earlier quarter.

With average capital employed down by 22.8% to €3.2bn, the operating return on equity was 3.7% (prior-year period: 22.8%). The cost/income ratio was 85.6%, compared with 64.7% a year earlier.

Asset Based Finance

€m	1.1.–31.3.2012	1.1.–31.3.2011	Change in %/%-points
Income before provisions	–117	257	.
Loan loss provisions	–179	–241	–25.7
Operating expenses	129	154	–16.2
Operating profit/loss	**–425**	**–138**	**.**
Average capital employed	6,450	7,166	–10.0
Operating return on equity (%)	.	.	.
Cost/income ratio in operating business (%)	.	59.9	.

Although most international real estate markets were stable in the first three months of 2012, the situation in some countries continued to be extremely difficult. Following the European Central Bank's comprehensive liquidity measures for the European banking sector, the European sovereign debt crisis saw a considerable easing of tensions for a while. The situation in the shipping markets, however, has deteriorated increasingly since the prior-year period Against the backdrop of ongoing difficult conditions in the markets, the continued reduction in the commercial real estate and public finance portfolios and the sale of our Greek sovereign bonds, the Asset Based Finance (ABF) segment posted an operating loss of €–425m for the first quarter of 2012, after a loss of €–138m a year earlier.

Income before loan loss provisions was negative at €–117m for the period, following a positive €257m in the same quarter of 2011. Net interest income came to €206m in the reporting period, a decline of 30.4%, which was largely attributable to the downsizing of the portfolio, particularly in commercial real estate financing. Net commission income was down 22.2% on the previous year's level at €63m due in particular to the virtual cessation of new business. There was a net trading loss of €–215m in the first three months of 2012 due mainly to the measurement of derivatives in accordance with IAS 39. Net investment income reported a €–203m loss which stemmed chiefly from the negative effects of the restructuring, the subsequent sale of Greek government bond holdings and the systematic, risk-driven reduction in other holdings of European sovereign debt.

Loan loss provisions of €–179m were substantially below the prior-year figure of €–241m. The trend towards lower loan loss provisions in real estate finance continued due to the above-average reduction in receivables with a higher risk content in the past few years. Nevertheless, the tighter risk situation in the shipping markets required significant valuation allowances of €114m in this business area.

Operating expenses stood at €129m in the first quarter of 2012, down 16.2% on the same figure last year.

In connection with the run down of the public finance and commercial real estate business restructuring provisions of €34m were accrued in the first three months of the year.

The pre-tax loss was €–459m compared with a pre-tax loss of €–138m in the same period of 2011. Most of this loss, which increased by €321m was attributable to public finance activities. By contrast, commercial real estate financing reported a small positive contribution to earnings thanks to an improved risk situation.

Average capital employed declined by 10.0% to €6.5bn.

Portfolio Restructuring Unit

€m	1.1.–31.3.2012	1.1.–31.3.2011	Change in %/%-points
Income before provisions	192	84	.
Loan loss provisions	–16	1	.
Operating expenses	12	22	–45.5
Operating profit/loss	**164**	**63**	**.**
Average capital employed	1,704	1,159	47.0
Operating return on equity (%)	38.5	21.7	16.8
Cost/income ratio in operating business (%)	6.3	26.2	–19.9

The results of the Portfolio Restructuring Unit (PRU) in the first three months of the year were driven by the recovery of markets for structured loans and an improved economic environment in the US, all of which helped substantially to manage down the portfolio further. The PRU segment reported an overall operating profit of €164m compared with €63m in the same period of 2011.

Income before loan loss provisions rose to €192m compared with €84m in the first quarter of 2011. This rise was almost entirely due to an increase in trading income which went up by some €108m to €169m. This was attributable to portfolio sales above book value, positive remeasurement effects on the remaining portfolio and valuation adjustments with regard to the counterparty risk of credit insurers.

Loan loss provisions totalled €–16m in the first quarter, following a net reversal of €1m for the same period in 2011.

Operating expenses in the first quarter fell by 45.5% year-on-year to €12m, due mainly to staff reduction measures in line with the further run-off of the portfolio.

Pre-tax profit rose to €164m, compared with €63m in the first quarter of 2011.

The portfolio volume under management at the end of the reporting period was €8.7bn, a fall of 3.2bn compared with year-end 2011. This contraction was mainly due to greater investor interest and the exploitation of market opportunities.

The operating return on equity based on average capital employed of €1.7bn was 38.5% (prior-year period: 21.7%). The cost/income ratio was 6.3% compared with 26.2% in the same period of the previous year.

Others and Consolidation

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

Operating profit for the first quarter of 2012 came to €129m compared with €370m in the prior-year period. Operating income before loan loss provisions fell from €496m in the first quarter of 2011 to €258m in the first quarter of 2012. This €238m decline was mainly due to positive special effects relating to the measures to optimise the capital structure implemented in the first quarter of 2011 . The first quarter of 2011 also contained income from the partial sale of a participation. This was partially compensated for by the rise in Group Treasury income which saw a significant year-on-year increase. Operating expenses were €128m, the same level as a year earlier. Pre-tax profit for the first quarter of 2012 came to €129m after €370m in the first quarter of 2011.

Outlook and opportunities report

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

Future economic situation

The global economy is expected to remain on a growth path as the year progresses. However, even if the emerging markets remain the main drivers, it is likely that key regional areas will shift somewhat. The economy will probably lose momentum in China, but it can be assumed that the US economy will post somewhat higher growth rates. However, a strong upswing in the US economy will continue to be held back by the aftermath of the excesses of the past which have not all been corrected.

The European sovereign debt crisis will continue to depress the economy in the eurozone. The economies of the periphery nations will probably still be influenced in the next few quarters by very restrictive financial policies as well as deleveraging by companies and private households. The only hopeful sign is the gradual recovery of the global economy which should at least stem the slide in these countries and even help the economy grow again by the end of 2012 and beginning of 2013.

As financial policy in Germany is not designed to be restrictive and there is no sharp rise in corporate and household indebtedness to correct, Germany should generally report better growth figures than the eurozone for the foreseeable future. There is even a risk here that the economy may overheat in the long term. This is because there will probably be no more interest rate hikes by the ECB this year or next, even if these were necessary from a German perspective.

The greatest risk factor for the global economy, particularly the economy in the eurozone, is still an escalation of the sovereign debt crisis. However, it can be assumed that the governments of the euro countries will work with the ECB to prevent this. Nevertheless, volatile markets with a repeated tendency to escalate will continue to unsettle investors at regular intervals.

As it could be some time before we see a strong upturn in the major industrialised countries, monetary policy there will retain its highly accommodative stance for the time being. Further quantitative easing is still possible in the US, the UK and Japan; in the eurozone, it will be managed by continuing to give banks unrestricted access to a supply of liquidity. As a result, the yields on bunds will increase slightly for the foreseeable future, and the euro will increasingly suffer under the ECB's expansive monetary policy and the uncertain outlook for the monetary union.

Future situation in the banking sector

After banks in the eurozone found it increasingly difficult to access market-based funding resources in the second half of 2011, the ECB's exceptional liquidity policy action greatly eased the situation in the first quarter of 2012. Between January and March 2012, European banks were able to increase the issue volume of unsecured bonds by almost two thirds compared to the whole of the second half of 2011; in doing so, the risk premiums for bank bonds almost halved in this period. This improvement in banks' funding terms prevented any disorderly elimination of assets. The sovereign debt crisis was prevented from spilling over into the credit and financial markets in the reporting quarter by increasing confidence in budget consolidation in the eurozone following agreement of the fiscal pact and by signs of economic stabilisation.

Nevertheless, it is much too early to signal the all-clear for the banking environment. Fears of a renewed intensification of the sovereign debt crisis and another collapse in the confidence of international investors, fresh worries that the extended bail-out packages were not sufficient and ineffective after all, plus resurgent fears of economic weakening as a result of the sharp rise in the oil price could quickly have adverse effects on the operating conditions for the banking sector again. At the beginning of the second quarter of 2012, it became clear that the impact of the eurozone's accommodative monetary policy was diminishing.

The earnings situation of European banks is only likely to stabilise further as the year progresses if interest margins improve and there is only a moderate correction following the strong rebound in equity prices during the first quarter of 2012. In Europe, we expect economic output to decline on average in 2012. This will be negatively impacted by restrictive fiscal policy and high unemployment overall which set limits for deposit business and the demand for credit. The ECB will remain the most important source of funding for many banks. The banking environment will be dominated by volatility in the capital markets, an ongoing low interest rate environment, higher capital requirements and possibly further regulatory measures. Stricter capital adequacy and liquidity requirements will be the main dampers for the sector in the foreseeable future as regulation increases.

Should the debt crisis in Europe deepen, the possibility of contagion for banks in the US and emerging nations should be regarded as a matter of concern. In view of the stricter regulatory requirements, European banks continue to face the challenge of strengthening their capital bases while downsizing their balance sheets. Given the industry-wide pressure, there is still a risk that banks will be forced to offer price reductions on asset sales and when raising liable capital. At the same time, high volumes of bank bonds are also due to mature in the period up to 2013, thus competing with heavy borrowing requirements by governments.

Over the medium term, banking in Europe will probably be much less profitable than it was in the years leading up to 2007. The major profit drivers of the past, such as high lending growth and falling credit default rates, are only available to a limited extent to boost profits further. Given the weakening momentum in the economy, loan loss provisions will initially have an adverse impact, thus acting as a constraint on growth in Corporate Customer business. Furthermore and at least until the end of 2012, demand for new lending with domestic corporate customers will have a dampening effect, affecting the need for liquidity and also investment resources. In Private Customer business, commission income will remain under pressure due to the uncertain economic situation and probably more volatile markets. In investment banking, we see a rather difficult year ahead, given the still subdued levels of activity in IPOs, mergers and takeovers, and globally we expect market adjustments as banks focus on core competencies and their own home region.

Even if it is possible to convince market participants long-term that a viable solution to the European sovereign debt crisis has been reached, there are two key potent developments that will shape the banking environment: Firstly, the banking sector must adjust to the lack of secure assets that originated in both the government and private spheres. Secondly, the banking industry must realise that the deleveraging process required of countries and households will be patchy rather than smooth, and this will reduce overall trend growth and continue to produce short periods of uncertainty in the financial markets.

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

Expected financial outlook for the Commerzbank Group

Financing plans

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

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

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

Long-term funding is mainly assured by means of secured and unsecured capital market products, along with customer deposits that can be regarded as stable and available to the Bank over the long term. The Commerzbank Group's funding needs on the capital markets for the full year 2011 were overfulfilled by more than €2bn as a result of the Bank's ability to take advantage of existing market opportunities. Taking into consideration these funds, which serve as pre-financing for the year 2012, and the additional reduction in assets as part of the EBA's measures and the placement of an unsecured benchmark bond in February 2012, the Commerzbank Group has more than covered its funding requirement in the capital markets for 2012. Nevertheless, we intend to launch more capital market issues this year as well: firstly private placements to meet demand from our customers and secondly in the form of products that further diversify our funding base.

By regularly reviewing and adjusting the assumptions we use for liquidity management, the Bank will continue to respond actively to changes in the market environment in order to secure a solid liquidity cushion and an appropriate funding structure.

Planned investments

As a result of the EU Commission's decision on 30 March this year requiring us to wind down Europhypo rather than sell it, Europhypo's business will be divided into core and non-core activities from 1 July 2012 and will also be split organisationally. The future core activities of the Commercial Real Estate business in specific target markets plus Ship Finance and Asset Management and Leasing will form a new core segment known as "Real Estate and Ship Finance" (RES) from 1 July 2012. CRE non-core business (outside the selected target markets), all Public Finance business and the remaining retail banking business that is not partially integrated into the Private Customers segment as a core area will be transferred to the new internal Non Core Assets (NCA) run-off unit. Around €34m in restructuring costs were already set aside for this purpose in the first quarter of 2012. A strategy project launched at Commerz Real AG in 2009 was successfully completed and the remaining activities transferred into the line organisation.

In the period under review, there has been no significant change in the investment planning discussed on pages 149–151 of the 2011 annual report.

Liquidity outlook

The situation in the bond markets of European periphery countries has eased noticeably in the past few months. The ECB's injection of liquidity has meant that the eurozone's existing problems were temporarily relieved but not resolved. The problems of the periphery countries are likely to resurface once the injection of liquidity subsides. The sovereign debt crisis will probably intensify once more in the second half of the year. We assume that the ECB will continue to monitor current events closely and if the crisis does intensify again, then it will take further action on interest rates this year where required. This could involve narrowing the spread between the top refinancing rate and the deposit facility.

In terms of interest rates for the rest of 2012, we expect the euro yield curve to continue flattening for maturities up to one year, combined with a further narrowing of the spread between the 3-month Eonia and 3-month Euribor rates. The flattening of the yield curve for maturities of less than one year is driven in particular by the decline in Euribor rates which are nearing their historically low spreads to the corresponding Eonia rate. The Eonia yield curve as a credit risk-free curve is extremely flat from overnight to 18 months, indicating that the market has no expectations of interest rate rises or cuts. Nevertheless, there is enormous potential for a setback in the market both on a current and future basis.

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

General statement on the outlook for the Group

Commerzbank expects the current challenging environment to persist over the remainder of the year. Many of the factors adversely affecting earnings in the first quarter such as the low interest rate environment and the ongoing restraint particularly among private customers in securities business, but also among corporate clients in new lending business will likely persist. The economic outlook, especially in the EU periphery countries, will remain subdued. The action taken by the European Central Bank has effectively contained the effects of the sovereign debt crisis for the moment, but has not removed its causes. A slowdown in the much more robust German economy in the course of the year cannot be excluded.

Despite economic uncertainty and most likely higher valuation allowances in ship finance, Commerzbank assumes that loan loss provisions for the full year of not more than €1.7bn will be reported, given that it judges the German corporate sector to be in robust shape. In view of the progress achieved on the cost side, we are confident that we can undercut the cost target of €7.6bn set for the current year.

As long as the activities of customers and investors in our investment and credit business do not pick up, net interest and commission income in the core segments will be subdued. These results are also expected to decline in Asset Based Finance, where Commerzbank is continuing to rigorously manage down the portfolio in the areas of shipping and commercial real estate. The development of the segment real estate and ship finance which will be reported for the first time as of mid-year further to the realignment of Eurohypo AG, will depend substantially on the development of the international transport markets. In the commercial real estate business business development is limited by the EU Commission's modified requirement that imposes a maximum volume on the commercial real estate financing portfolio of €25bn. On the other hand, we expect a stable development in Central & Eastern Europe where BRE Bank is benefiting from the good conditions in the Polish market.

Commerzbank has already prematurely reached the milestone of a Core Tier I ratio as defined by the EBA of at least 9% by the end of June. Even with a smaller contribution – due to the continued difficult framework conditions – than the €1.2bn originally planned for the first half of 2012, Commerzbank will with the measures planned, build a significant puffer with regard to the EBA requirement.

Due to its customer oriented business model the core bank remains well positioned despite the difficult market conditions. Given a stable economic environment we continue to aim for a solid operating profit in the core bank for the full year 2012. In addition, Commerzbank will also make further progress in reducing its non-core activities both with regard to the balance sheet and to risk considerations. As at the beginning of 2013, Commerzbank expects to attain a Basel III Core Tier I capital ratio of at least 10%.

Report on events after the reporting period

Change in Commerzbank's Board of Managing Directors completed

As approved at the meeting of the Supervisory Board on 2 December 2011, Mr Stephan Engels succeeded Mr Eric Strutz as CFO as planned on 1 April 2012.

Commerzbank opens a representative office in Bangladesh

Commerzbank Aktiengesellschaft opened a representative office in Bangladesh's capital city Dhaka in the middle of April 2012; thus further expanding its network on the emerging Indian sub-continent. Commerzbank's strategic aim is to increase its presence in worldwide growth markets. The new representative office will be a contact point for local banks and for international and German companies in Bangladesh.

Interim Risk Report

Due to rounding, numbers and percentages presented throughout this report may not add up precisely to the totals provided.

Risk-oriented overall bank management

Risk management organisation

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

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

Risk management activities are split between Credit Risk Management, Market Risk Management, Intensive Care as well as Risk Controlling and Capital Management, all of which are led by a division head with group-wide responsibility and report directly to the CRO. The heads of these four risk management divisions together with the CRO make up the Risk Management Board within Group Management.

Details on the risk management organisation at Commerzbank may be found in the 2011 Annual Report.

Risk-bearing capacity and stress testing

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

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

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

The capital requirement for the risks taken is quantified using the internal economic capital model with a time horizon of one year. When setting the economic capital required, all types of risk at Commerzbank Group that are classified as material in the annual risk inventory are being considered.

The economic risk approach therefore also includes risk types that are not included in the regulatory requirements for banks' capital adequacy and reflects the effect of portfolio-specific interrelationships. The confidence level of 99.91% in the economic capital model is in line with the underlying gone concern assumptions and ensures the risk-bearing capacity concept is self-consistent.

The results of the yearly validation of the risk-bearing capacity concept have been implemented at the beginning of the year 2012. Amongst others this involved the introduction of an enhanced model for measuring and representing business risk in the framework of the risk-bearing capacity analysis. Methodic adjustments to distinguish and increase the stability of the risk measure were carried out. Associated herewith the business risk is no longer being considered in the economically required capital but is being potentially deducted from the risk coverage potential.

In addition since the beginning of the year the results of the risk-bearing capacity analysis are shown using the risk-bearing capacity ratio (RBC-ratio), indicating the excess of the risk coverage potential in relation to the economically required capital.

Risk-bearing capacity at Commerzbank Group level is monitored and managed monthly at Group level. Risk-bearing capacity is deemed to be assured as long as RBC-ratio is higher than 100%. In the first quarter of 2012, the RBC-ratio always remained over 100% and was 141% as at 31 March 2012.

Risk-bearing capacity Commerzbank Group | €bn	31.3.2012[1]	31.12.2011
Economic risk coverage potential	**28**	**27**
Economically required capital	**20**	**22**
thereof for credit risk	12	13
thereof for market risk	8	8
thereof for OpRisk	2	2
thereof for business risk	-	2
thereof diversification between risk types	–3	–4
RBC-ratio[2]	**141%**	**123%**

[1] Based on current methodology; only partially comparable to values for 2011.
[2] RBC-ratio = risk coverage potential/economically required capital.

The increased RBC-ratio in the first quarter is particularly due to the market-induced portfolio development in the Public Finance portfolio and the progress in the downsizing of portfolios in non-strategic business areas.

Macroeconomic stress scenarios are also used to check risk-bearing capacity in the face of an assumed adverse economic environment. The underlying scenarios, which are updated regularly every quarter, show negative developments in the world economy and are applied across all risk types. In the scenario calculations, the input parameters for the calculation of economic capital required are simulated to reflect the assumed macroeconomic situation. In addition to the amount of capital required, the income statement is also stressed using the macroeconomic scenarios and then, based on this, changes in the risk coverage potential are simulated. The risk-bearing capacity in stress scenarios is also assessed based on the resulting RBC-ratio. The RBC-ratio in the stress case was consistently over 100% in the first quarter of 2012.

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

Default risk

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

Commerzbank Group by segment

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

Credit risk figures by segment as at 31.3.2012	Exposure at default €bn	Expected loss €m	Risk density bp	CVaR €m
Private Customers	**65**	**208**	**32**	**743**
Residential mortgage loans	36	94	26	
Investment properties	6	13	23	
Individual loans	12	54	47	
Consumer and instalment loans/ credit cards	9	42	46	
Domestic subsidiaries	1	4	29	
Foreign subsidiaries and other	1	1	12	
Mittelstandsbank	**115**	**319**	**28**	**3,245**
Financial Institutions	19	56	30	
Corporates Domestic	80	217	27	
Corporates International	16	46	28	
Central & Eastern Europe	**23**	**164**	**73**	**542**
BRE Group	22	156	70	
Bank Forum	<1	8	379	
Corporates & Markets	**65**	**108**	**17**	**1,644**
Germany	23	29	13	
Western Europe	25	45	18	
Central and Eastern Europe	2	4	21	
North America	9	22	24	
Other	7	8	11	
Others and Consolidation	**31**	**44**	**14**	**693**
Asset Based Finance	**170**	**660**	**39**	**4,846**
Commercial Real Estate	54	301	55	
Eurohypo Retail	14	16	11	
Shipping	21	190	92	
thereof Ship Finance	*17*	*188*	*109*	
Public Finance	82	154	19	
PRU	**10**	**47**	**46**	**644**
Group	**480**	**1,551**	**32**	**12,358**

Compared to the end of 2011, EaD decreased at Group level by €12bn to €480bn and EL decreased by €129m to €1,551m. Risk density decreased slightly to 32 basis points.

Private Customers

The Private Customers segment covers the activities of the Private Customers division, which includes branch business in Germany for private and business customers, as well as the Wealth Management and the Direct Banking division.

We meet the financing needs of our customers with a broad and modern product range. The focus of the portfolio is on classical owner-occupied home financing and the financing of real estate capital investments (with an EaD of €42bn). Another major activity is to ensure the supply of credit services for our business customers (individual loans with an EaD of €12bn). In addition, we meet our customers' short-term lending requirements with consumer loans (consumer and instalment loans/credit cards with a total EaD of €9bn).

Portfolio development remained stable in the first quarter owing to optimised risk management and in particular the implementation of systematic management measures in lower rating classes, which included improving active overdraft management. Risk density in this area has slightly improved since the end of 2011 to 32 basis points.

Mittelstandsbank

This segment comprises all the Group's activities with mainly mid-size corporate customers (where they are not assigned to Central & Eastern Europe or Corporates & Markets), the public sector and institutional customers. The segment is also responsible for the Group's relationships with domestic and foreign banks, financial institutions and central banks.

The first quarter of 2012 was again dominated by the sovereign debt crisis and its predicted effects on the real economy. The initial effects of the crisis on Germany's core industries are not noticeable at present, and the German economy continues to appear robust. At the moment, only a slight slowdown has been detected in the major sectors such as mechanical engineering and the automotive industry (the level of incoming orders is still good), although the order backlog will gradually shrink. Chemicals, pharmaceuticals and the consumer-oriented retail and food/beverage sectors have still not experienced any significant slowdown.

In general, the current economic situation is reflected in the Corporates Domestic sub-portfolio in the form of a sideways movement in the risk ratios. Risk density in this area stood at 27 basis points as at 31 March 2012, which is still very low for the area of Mittelstand financing.

As at 1 January 2012 Commerzbank Eurasija, our branches in the Czech Republic and Slovakia as well as Commerzbank Zrt. were transferred from Central & Eastern Europe to the area of Corporates International. EaD in this area increased to €16bn and EL to €46m in the first quarter. Risk density stood at 28 basis points as at 31 March 2012.

Overall, EaD in the Mittelstandsbank remained stable at €115bn in the first quarter. For details of developments in the Financial Institutions portfolio see page 40 f.

Central & Eastern Europe

This segment includes the activities of the Group's operating units BRE Bank and Bank Forum and its investments in Central and Eastern Europe. Commerzbank Eurasija, the branches in the Czech Republic and Slovakia as well as Commerzbank Zrt. were transferred to the responsibility of the Mittelstandsbank segment as at 1 January 2012.

In 2012 Poland is predicted to achieve strong economic growth of 3.2%, although this will be slightly lower than in 2011. The appreciation of the Polish zloty improves the outlook for inflation in 2012. The BRE Group represents the largest part of the CEE segment with an exposure of around €22bn. Optimising our operational risk management remains our focus. Risk density of the segment remained at 73 basis points.

This year, our focus in the Ukrainian market remains on limiting risk in and restructuring the Bank Forum.

Corporates & Markets

This segment covers client-driven capital market activities ("Markets") and commercial business with multinationals, institutional customers and selected large corporate customers ("Corporates") of Commerzbank Group, including the Leveraged Acquisition Finance portfolio ("LAF"). The regional focus of the segment is on Germany and Western Europe, which account for approximately three-quarters of exposure. North America accounted for around €9bn.

In the first quarter of 2012, the Corporates & Markets portfolio increased by a €4bn to €65bn and the risk density improved. Through active risk management of the portfolio the higher requirements under Basel 2.5 were being cushioned successfully. Existing bulk risks could also be further reduced in the first quarter of 2012.

Asset Based Finance

Asset Based Finance (ABF) comprises the sub-portfolios Commercial Real Estate (CRE) including Asset Management, Eurohypo Retail, Ship Finance and Public Finance, which are described in detail below.

Commercial Real Estate On 30 March 2012 the European Commission informed the Federal Republic of Germany that the requirement dating from 2009 for Eurohypo AG to be sold had been changed into a requirement for it to be wound down.

Only a significantly reduced portion of the CRE business in the German, French, British and Polish markets Commerzbank will continue as a core activity. The bulk of the non-core Commercial Real Estate financing business of Eurohypo AG will be wound down.

In line with strategy, the first quarter of 2012 saw further reductions in holdings, primarily in Eurohypo AG. Total exposure (EaD) decreased by €3bn to €54bn in the first three months of the year. The portfolio composition by type of use remains constant; the main components of exposure are the sub-portfolios office (€20bn), commerce (€18bn) and residential real estate (€6bn). The CRE exposure also contains the Asset Management (Commerz Real) portfolios, which are composed of warehouse assets for funds as well as the typical leasing receivables of the movable property sector.

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

Even though the uncertainty resulting from the euro government debt crisis has lessened, growth prospects remain weak overall and thus offer little support for the CRE markets. However, performance is expected to remain at least stable in the majority of our CRE markets, including Germany. In the USA there are even signs of some improvement. The prospects for the recession-hit southern European countries remain markedly worse. In these markets the corrections in market values are set to continue. Loans secured by mortgages continue to have reasonable loan to value ratios.

Eurohypo Retail Eurohypo is only managing the existing loan book (legacy portfolio), whose private customer portfolio will be transferred to the Private customer segment during the scheduled restructuring activities.

In accordance with strategic requirements, no new business was acquired in this business area during the first quarter of 2012. We continue to focus directly on value-preserving portfolio reduction.

Exposure remained stable in the first quarter of 2012 and amounted to €14bn as at 31 March 2012; the focus remains on owner-occupied houses (€8bn) and apartments (€3bn). Given the lower loan to value ratios due to the residual terms of maturity, we continue to view the risk in this portfolio as relatively low.

Ship Finance The exposure of Ship Finance (including Deutsche Schiffsbank), which is largely denominated in US dollars, decreased from €18bn on 31 December 2011 to €17bn. Deutsche Schiffsbank has been a 100 percent subsidiary of Commerzbank since November 2011, and will be merged into Commerzbank AG in the current financial year.

The exposure is divided into three standard types of ship, whose shares are largely unchanged, i.e. containers (€6bn), tankers (€4bn) and bulkers (€4bn). The remaining portfolio consists of various special tonnages which are well diversified across the various ship segments.

The sovereign debt crisis, the uncertain economic situation in the USA and in various European countries, as well as efforts to prevent inflation in China, had a negative impact on shipping markets in the first quarter of 2012, as they had in 2011. The development of the markets will remain volatile, while a recovery of the freight rates can currently be noticed. Whether this recovery might also impact charter rates remains to be seen.

The strategy of systematic risk reduction in existing portfolios resulted in a greater degree of stabilisation during the period under review, particularly by restructurings executed in agreement with our clients. However, for the year 2012 we are expecting loan loss provisions to exceed those of the year under review.

Public Finance Commerzbank’s Asset Based Finance segment holds a large part of the government financing positions. The Public Finance portfolio comprises receivables and securities held in our subsidiaries Eurohypo AG and EEPK.

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

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

The remaining Public Finance portfolio in the ABF segment is accounted for by banks (€30bn EaD), where the focus is also on Germany and Western Europe (approximately 93%). Most of the bank portfolio comprises securities/loans which to a large extent are covered by grandfathering, guarantee/maintenance obligations or other public guarantees, or were issued in the form of covered bonds.

The Public Finance portfolio, which was decreased by €20bn to €109bn in 2010, largely by using maturities and also through active portfolio reduction, was further reduced in 2011 and amounted to €89bn at 31 December 2011 (including non-impaired portions of Greek bonds in LaR and AfS). As at 31 March 2012 the portfolio was further reduced to €82bn. The portfolio of Greek bonds was nearly totally sold after the change of Greek bonds in the context of the Private Sector Involvement (PSI). We are still targeting a reduction in public finance exposures to below €70bn for the end of 2014.

The future development of Public Finance is difficult to predict at the moment, since it is strongly dependent on how the sovereign debt crisis develops and the related political decisions.

Portfolio Restructuring Unit (PRU)

The PRU only manages assets that have been classified as non-strategic by Commerzbank and are therefore being wound down. Bundling allows these positions to be managed uniformly and efficiently. They consist mainly of structured credit positions (essentially asset-backed securities – ABSs) with a nominal value of €16.8bn as at 31 March 2012. This predominantly (> 85% of the risk value[1] of €10.2bn) relates to investment grade securities.

Cross-segment portfolio analysis

It is important to note that the following positions are already contained in full in the Group and segment presentations.

Financial Institutions portfolio

We maintained our risk strategy for the Financial Institution sub-portfolio in the first quarter of 2012. The focus continued to be both on proactive risk reduction across the whole portfolio, especially the existing bonds in Public Finance, and on facilitating selective new business with clients of a good rating level, either through trade finance activities performed on behalf of our customers at Mittelstandsbank or through capital market activities in Corporates & Markets. Consideration of country risks played a major part in this. We are assuming that the development of risk in the portfolio will also be influenced by the progress of the European and sovereign debt crisis.

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

	31.3.2012			31.12.2011		
FI portfolio by region	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Germany	16	8	5	17	10	6
Western Europe	29	49	17	28	81	29
Central/Eastern Europe	7	27	38	8	52	62
North America	2	0	2	3	1	6
Other	15	35	23	16	41	26
Total	**70**	**119**	**17**	**72**	**185**	**26**

Non-Bank Financial Institutions portfolio

The Non-Bank Financial Institutions (NBFI) portfolio continues to operate within the risk strategy framework, where the focus during the whole period under review was on attractive new business with clients of good credit standing and on continued portfolio optimisation. The EaD of the sub-portfolio increased from €32bn to €35bn. Despite predominantly positive results in their clients' operating businesses, we regard the uncertainty arising from the continuing sovereign debt crisis in Europe as a significant adverse factor for the sector.

	31.3.2012			31.12.2011		
NBFI portfolio by region	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Germany	12	19	17	10	22	22
Western Europe	14	28	19	13	22	18
Central/Eastern Europe	1	3	30	1	6	43
North America	5	38	79	5	42	92
Other	3	3	11	3	3	11
Total	**35**	**92**	**26**	**32**	**95**	**30**

Country classification

The regional breakdown of the exposure corresponds to the Bank's strategic direction and reflects the main areas of its global business activities. Around half of the Bank's exposure relates to Germany, another third to other countries in Europe and around 7% to North America. The rest is broadly diversified and is split between a large number of countries where we serve German exporters in particular or where Commerzbank has a local presence.

Portfolio by region as at 31.3.2012	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Germany	245	609	25
Western Europe	115	389	34
Central/Eastern Europe	40	240	60
North America	35	88	25
Other	45	224	50
Total	**480**	**1,551**	**32**

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. In March 2012 the Greek government bonds held by private investors were swapped into to new bonds. Commerzbank has nearly completely cut back its sovereign exposure to Greece after the swap of the bonds. As of the reporting date the Italian sovereign exposure was increased by around €0.5bn due to market making positions in the trading book that were held for the short term only.

EaD[1] as at 31.3.2012 €bn	Sovereign	Banks	CRE	Corporates/ Other	Total 31.03.2012	Total 31.12.2011
Greece	0.0	0.0	0.2	0.1	0.3	1.1
Ireland	0.0	0.8	0.1	0.8	1.7	2.0
Italy	8.4	1.2	2.4	2.3	14.2	14.0
Portugal	0.8	0.4	1.7	0.3	3.3	3.4
Spain	2.9	4.4	4.0	3.0	14.2	14.6

[1] Excluding exposure from Ship Finance.

Rating classification

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

Rating breakdown as at 31.3.2012 | EaD in %	1.0–1.8	2.0–2.8	3.0–3.8	4.0–4.8	5.0–5.8
Private Customers	30	43	19	5	3
Mittelstandsbank	13	59	21	4	2
Central & Eastern Europe	22	41	30	5	2
Corporates & Markets	47	38	11	3	1
Asset Based Finance	30	40	20	6	3
Group[1]	**31**	**44**	**18**	**4**	**2**

[1] Including PRU as well as Others and Consolidation.

Sector classification corporates

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

	31.3.2012			31.12.2011		
Sub-portfolio corporates by sector	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Basic materials/Energy/ Metals	24	89	37	25	96	38
Consumption	21	80	39	21	82	40
Chemicals/Plastics	11	32	30	11	33	29
Automotive	10	20	20	11	26	25
Services/Media	9	40	43	9	50	53
Technology/Electrical industry	9	21	23	10	23	23
Transport/Tourism	9	23	27	10	38	38
Mechanical engineering	8	24	30	8	25	32
Construction	4	19	43	4	17	41
Other	14	24	18	17	58	34
Total	**118**	**372**	**32**	**126**	**447**	**36**

Structured credit portfolio

Structured credit exposure PRU In the first quarter of 2012, the nominal volume of structured credit positions was reduced by €6.7bn to €16.8bn, and the risk value[1] by €3.5bn to €10.2bn. During the fourth quarter of 2011 the existing strategy of PRU was aligned with the new criterion capital optimisation. This was systematically implemented in the first quarter of 2012. Compared with 31 December 2011, the markdown ratios[2] changed significantly in the first quarter as a result of the successful liquidation approach.

The table below shows the composition and development of the structured credit exposure in PRU.

	31.3.2012			31.12.2011		
Structured credit portfolio PRU	**Nominal values** €bn	**Risk values** €bn	**Markdown-ratio** %	**Nominal values** €bn	**Risk values** €bn	**Markdown-ratio** %
RMBS	1.9	1.2	35	3.2	1.9	40
CMBS	0.4	0.3	35	0.6	0.3	43
CDO	5.7	4.2	26	9.8	5.9	40
Other ABS	1.3	0.9	29	2.1	1.7	19
PFI/Infrastructure financing	4.0	3.5	13	4.3	3.8	13
CIRC	0.0	0.0	-	0.0	0.0	-
Other structured credit positions	3.5	0.1	-	3.6	0.1	-
Total	**16.8**	**10.2**	**39**	**23.5**	**13.7**	**42**

[1] Risk value is the balance sheet value of cash instruments. For long CDS positions it comprises the nominal value of the reference instrument less the net present value of the credit derivative.
[2] Markdown ratio = 1 – (risk value/nominal value)

The bulk of the portfolio consists of **Collateralised Debt Obligations (CDO)**. These largely securitise US subprime RMBSs (CDOs of ABSs) in addition to corporate loans in the USA and Europe (CLOs). The exposure in **Private Finance Initiatives (PFI)/Infrastructure financing** consists of the private financing and the operation of public sector facilities and services, such as hospitals and water utilities. The credit risk of the portfolio is more than 80% hedged, mainly with monoline insurers. **Residential Mortgage-backed Securities (RMBSs)** are instruments that securitise private, largely European, real estate loans.

We expect write-ups over the residual life of these assets, with possible future write-downs on assets such as US RMBSs and US CDOs of ABSs, which have already been written down substantially, likely to be offset by a positive performance from other assets. However, they are clearly limited because of the portfolio reduction in the first quarter of 2012. The long period that has now passed since the structures were launched enables a more and more reliable basis for the assessment of the future performance of the portfolio. The overall economic development in countries of importance to us also progressed as we expected when we assessed the risks.

Structured credit exposure non-PRU Below are details of structured credit positions from our strategic customer business which will continue to be allocated to the core bank in future and therefore were not transferred to the PRU.

	31.3.2012		31.12.2011	
Structured credit portfolio non-PRU €bn	**Nominal values**	**Risk values**	**Nominal values**	**Risk values**
Conduit exposure	3.0	3.0	3.3	3.3
Other asset-backed exposures	5.9	5.6	6.1	5.8
Total	**8.9**	**8.6**	**9.4**	**9.1**

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

Originator positions Commerzbank AG and Eurohypo AG have in recent years securitised loan receivables due from the Bank's customers with a current volume of €10.8bn, primarily for capital management purposes. This also includes the securitisation of Mittelstand loans in the amount of €2bn placed in January 2012. As at the reporting date on 31 March 2012, risk positions of €6.8bn were retained, with by far the largest portion of these positions (€6.4bn) consisting of senior tranches.

		Commerzbank volume[1]				
Securitisation pool €bn	**Maturity**	**Senior**	**Mezzanine**	**First loss piece**	**Total volume[1] 31.3.2012**	**Total volume[1] 31.12.2011**
Corporates	2013–2027	5.9	0.2	0.1	6.5	4.5
MezzCap	2036	<0.1	<0.1	<0.1	0.2	0.2
RMBS	2048	<0.1	<0.1	<0.1	0.2	0.2
CMBS	2012–2084	0.6	<0.1	<0.1	4.0	4.0
Total		**6.4**	**0.3**	**0.1**	**10.8**	**8.9**

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

Intensive care

Loan loss provisions

Loan loss provisions were €212m in the first quarter of 2012, which was €106m below the level in the first quarter of the previous year. The amount was positively influenced by the regular annual updating of parameters as part of the recalibration of the rating systems. At Group level this led to a net release of general loan loss provisions by €91m. The table below illustrates the development at segment level:

Loan loss provisions	**2012**	**2011**				
€m	**Q1**	**Total**	**Q4**	**Q3**	**Q2**	**Q1**
Private Customers	6	57	–53	34	35	41
Mittelstandsbank	–35	190	149	58	–28	11
Central & Eastern Europe	18	86	24	26	9	27
Corporates & Markets	27	146	56	59	31	0
Asset Based Finance	179	907	179	254	233	241
Portfolio Restructuring Unit	16	5	26	–17	–3	–1
Others and Consolidation	1	–1	0	–1	1	–1
Group	**212**	**1,390**	**381**	**413**	**278**	**318**

In the first quarter of 2012 loan loss provisions in the Private Customers segment fell by €35m to €6m compared with the same period of 2011. This was primarily attributable to the annual updating of parameters. The operating provision, which had made good progress in 2011, also remained stable in the first quarter of 2012.

Loan loss provisions in the Mittelstandsbank declined once again compared with the already very good first quarter of 2011, falling by €46m to €–35m. This was driven by significant reversals in portfolio loan loss provisions (partly because of the updating of parameters) and releases of provisions due to successful restructuring, as well as a seasonally asymmetric quarter for loan loss provisions.

Loan loss provisions also exhibited positive development in the Central & Eastern Europe segment, falling by €9m compared with the same quarter of the previous year. The majority of the reduction was attributable to Bank Forum, where a net release was recognised in the first quarter.

Provisions in the Corporates & Markets segment rose by €27m compared with the same quarter of the previous year, as a result of an individual case.

In the first quarter of 2012 loan loss provisions in the Asset Based Finance segment decreased significantly compared with the same period of 2011, to €179m. Major risk driver was the Ship Finance area, where the risk provisioning is still at a high level. However, loan loss provisions of CRE Banking International could be reduced significantly. In contrast with the same period of the previous year, there were no net provisions here for exposures in Spain.

Provisions in the Portfolio Restructuring Unit rose by €17m compared with the previous year. As in the Corporates & Markets segment, this was largely owing to an individual exposure.

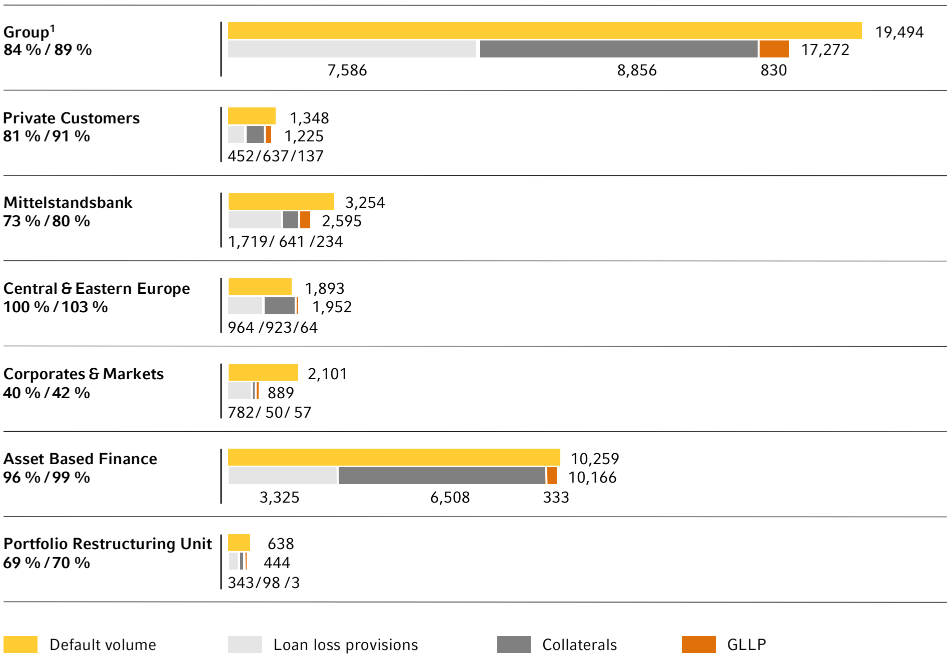
Compared with the same period of the previous year, net provisions were €16m lower in the first quarter of 2012, even after adjusting for the positive one-off effect of the regular annual parameter update. However, the level achieved in the first quarter cannot be extrapolated to the whole year because the low figure is partly affected by seasonal factors. Provided that no major changes in the external conditions or other unusual factors need to be taken into account, the operating provision for possible loan losses in the first quarter tends to be less than the figure required in the subsequent quarters. In addition, the specific provisions formed in January and February often need to be taken into account in the previous year as part of the value adjustment process.

In the second half of 2012 in particular, we expect a significant increase in provisioning for portfolios that are particularly sensitive to changes in the economy. From the current perspective, we continue to expect provisions of €1.7bn for the year as a whole. Nevertheless, the risks related to the macroeconomic framework are still high. If a massive economic downturn or defaults at financial institutions should arise, fuelled by the impact of the continuing sovereign debt crisis on the real economy, it is possible that significantly higher loan loss provisions may be necessary under certain circumstances.

Default portfolio

The default portfolio fell in the first quarter by €0.2bn and amounts to €19.5bn as at the reporting date. The portfolio includes receivables in the LaR category, but not impaired securities. The structure by segment can be seen below:

Default portfolio and coverage ratios by segment
€m – excluding/including GLLP



[1] Including Others and Consolidation.

Market risk

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

The main feature of the first quarter of 2012 continued to be the European debt crisis. The two three-year tenders of the European Central Bank (ECB) eased the government debt crisis to some extent. The avoidance of a disorderly default by Greece thanks to the initial Greek rescue through the debt cut, and the payment of the second bailout package for Greece, also helped stabilise the markets. However, in the coming months it is likely to become increasingly apparent that the crisis has still not been resolved, and this will again lead to high market fluctuations.

The initial Greek rescue, along with brighter economic prospects generally, led to lower demand for safe investments on the bond markets. In response, yields on ten-year Bunds have increased. In the coming months, yields are likely to reach more than 2%. On the peripheral markets the risk of setbacks is increasing, as the ECB's massive cash injection runs out. This applies in particular to government bonds from Spain, Portugal and Italy.

In the foreign exchange markets, the initial Greek rescue led to the euro stabilising against the US dollar. The unresolved sovereign debt crisis and the emerging European transfer and liability union are nevertheless likely to hit the euro again. In the first quarter of 2012 the Japanese yen weakened significantly against the major currencies. This was attributable to a foreign trade deficit resulting from the natural disaster and nuclear catastrophe, and interventions by the Japanese central bank.

In the first quarter, the high oil price was the distinctive feature of the commodity markets, mainly because of the ongoing conflict over Iran's nuclear programme and growing uncertainty about the global supply of crude oil.

Market risk in the trading book

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

VaR in the trading book declined significantly in the first quarter of 2012 compared with the end of the previous year. This is largely due to an additional reduction in non-strategic risk positions. Furthermore, based on the valid mapping criteria for transactions either to the trading or the banking book, positions have been rededicated to the regulatory banking book.

The VaR decreased by €12.0m to €47.1m. The dominant asset classes are interest risk (€18.5m) and credit spread risk (€17.5m).

VaR contribution by risk type in the trading book[1] | €m	**31.3.2012**	**31.12.2011**
Credit spreads	17.5	17.6
Interest rates	18.5	31.2
Equities	3.3	3.5
FX	4.4	4.0
Commodities	3.5	2.8
Total	**47.1**	**59.1**

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

The reliability of the market risk model is constantly monitored by backtesting. Apart from meeting supervisory requirements, the aim is to assess forecasting quality. Analysing the results of backtesting provides important guidance for checking parameters and further improving the model. All negative outliers at Group level are classified under a traffic light system laid down by the supervisory authorities and are reported immediately to the authorities with details of the size and cause of the failure. In the first quarter of 2012 there were no negative outliers, which means the model is within the green area of the supervisory traffic light system.

Market risk in the banking book

The key driver of market risk in the banking book is the credit spread risk in the Public Finance portfolio including the positions held by the subsidiaries Eurohypo AG and Erste Europäische Pfandbrief und Kommunalkreditbank (EEPK). The PRU portfolios, with their credit spread risk, and the Treasury portfolios, with their credit spread risk, interest rate risk and underlying risk, also have a particular impact on the market risk in the banking book.

The following figure documents the development of credit spread sensitivities for all securities and derivative positions (excluding loans) in Commerzbank Group. The reduction in credit spread sensitivity to €60m at the end of the first quarter was mainly due to the Public Finance portfolio. This is largely owing to an additional reduction as part of the de-risking strategy and changes in the market value of existing positions. 78% of credit spread sensitivity relates to securities positions classified as loans and receivables (LaR). Changes in credit spreads have no impact on the revaluation reserve or the income statement for these portfolios.

Credit spread sensitivities
Downshift 1 bp | €m

Market liquidity risk

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

Market liquidity risk is measured by creating a liquidation profile for each portfolio in order to classify the portfolio in terms of its convertibility into cash using a market liquidity factor. The market risk for the whole year is valued with the market liquidity factor to calculate the market liquidity risk.

At the end of the first quarter of 2012 Commerzbank earmarked €0.6bn in economic capital to cover market liquidity risk in the trading and banking book. Securities, which are more liable to market liquidity risk, include in particular asset-backed securities and specific positions in the equity investment portfolio.

Liquidity risk

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

Management and monitoring

Group Treasury at Commerzbank is responsible for managing liquidity risks. Additional information on this subject can be found in the section "Funding and Liquidity" in the Interim Management Report. Liquidity risks occurring over the course of the year are monitored by the independent risk function using an internal bank liquidity risk model. Key decisions on liquidity risk management and monitoring are made by the Group Asset Liability Committee (ALCO). At the operating level, additional sub-committees are responsible for dealing with liquidity risk issues at a local level and with methodological issues regarding the quantification and limitation of liquidity risks that are of lesser significance for the Group.

Quantification of liquidity risk and stress testing

The internal bank liquidity risk model is the basis for liquidity management and reporting to the Board of Managing Directors. In relation to a reference date the risk measurement approach calculates the available net liquidity (ANL) for the next twelve months based on various scenarios. Commerzbank's available net liquidity is calculated for various stress scenarios using the following three components: deterministic, i.e. contractually agreed cash flows (forward cash exposure, FCE), statistically expected economic cash flows for the relevant scenario (dynamic trade strategy, DTS), and the realisable assets in the relevant scenario (balance sheet liquidity, BSL).

The stress scenario used by management which underlies the modelling allows for the impact of both a bank-specific stress event and a broader market crisis when calculating liquidity and setting limits. This stress scenario is derived from the risk tolerance which was determined in accordance with the overall risk strategy. This also includes the definition of scenarios that are no longer covered by risk tolerance.

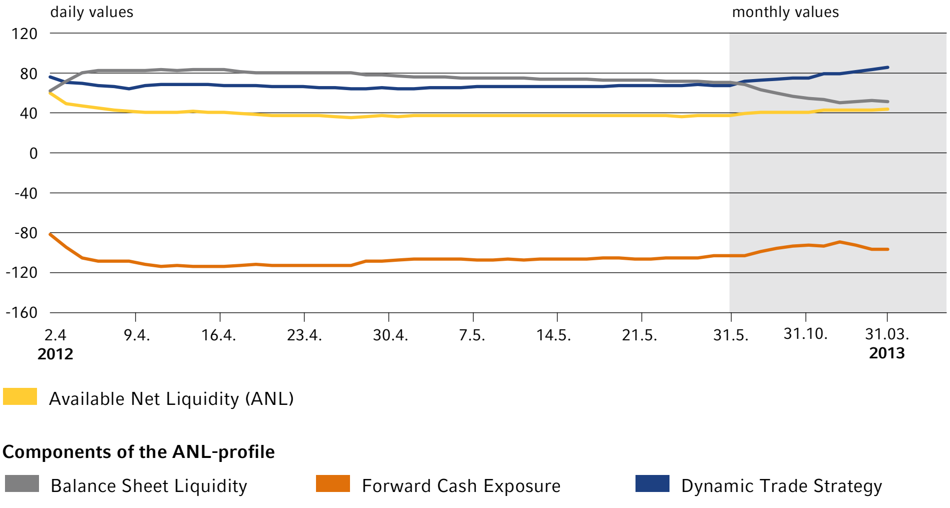
Additional components of liquidity risk management are a „survival period" calculation in terms of MaRisk and the analysis of additional inverse stress scenarios.

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

The stress scenarios described form the basis of detailed contingency plans, in the context of which the Group ALCO can approve various measures to secure liquidity. This contingency planning is based on an integrated process which consists of the liquidity risk contingency plan and the supplementary Treasury action plan. This concept enables a clear allocation of responsibility for the processes to be followed in emergency situations as well as the adequate definition of any action that may need to be taken. Liquidity risk contingency planning is an integral component of the recovery and resolution plans drawn up by Commerzbank as a system-relevant financial institution.

The graph shown below of ANL and its subcomponents FCE, DTS and BSL shows that, under the stress scenario relevant for the management of risks calculated as at 31 March 2012, a sufficient liquidity surplus existed throughout the period analysed.

Available net liquidity in the combined stress scenario of the internal liquidity model
€bn



In the first quarter of 2012, the growing liquidity surplus in the money market was reflected in Commerzbank's internal liquidity ratios, which were always significantly above the limits set by the Board of Managing Directors. The same applies to the compliance with the external regulatory requirements of the German Liquidity Regulation. In this respect we continue to benefit from our core business activities in retail and corporate banking and a widely diversified funding base in terms of products, regions and investors in the money and capital markets. In order to cope with short-term liquidity bottlenecks, the Bank has a liquidity buffer of assets eligible for discounting at the central bank. As at 31 March 2012, the volume of freely available assets eligible for discounting at the central bank after haircut that were included in ANL modelling as part of the balance sheet liquidity was €63.9bn.

Further development of liquidity risk management and Basel III

The Bank initiated a strategic project at the end of 2011 to coordinate and further develop central issues arising from Basel III, the cross-charging of liquidity costs and the management of liquidity risk using the internal liquidity risk model. Commerzbank takes into account the effect of the liquidity risk ratios defined in the Basel III requirements and actively participates in a constructive dialogue with the supervisory authorities. In addition, the bank is increasing the analysis options available for liquidity risk reporting by continuously developing the infrastructure used for this purpose.

Operational risk

Operational risk (OpRisk) at Commerzbank is based on the German Solvency Regulation and is defined as the risk of loss resulting from the inadequacy or failure of internal processes, systems and people or from external events. This definition includes legal risks; it does not cover reputational risks or strategic risks.

We will further pursue our objective of improving the Group OpRisk profile in the new financial year. The main priority here is to optimise our methods and processes, in particular the ongoing development of the early warning system. We aim to achieve this by dovetailing OpRisk more closely with the internal control system (ICS).

The total charge to Commerzbank in the first quarter of 2012 for OpRisk events (losses plus changes in provisions for operational risks and ongoing litigation, which are recognised in equity) was €27m (full year 2011: €250m).

OpRisk events by segment €m	**2012** **Q1**	**2011** **total**
Private Customers	26	85
Mittelstandsbank	2	15
Central & Eastern Europe	1	10
Corporates & Markets	–5	13
Asset Based Finance	2	14
Portfolio Restructuring Unit	0	0
Others and Consolidation	1	113
Group	**27**	**250**

The risk-weighted assets (RWA) for operational risks using the advanced measurement approach (AMA) amounted to €27.7bn as at the end of the first quarter of 2012 (31 December 2011: €26.3bn). Of this, roughly 55% related to Private Customers and Corporates & Markets.

Until the newly developed and integrated model has been certified by the regulatory authorities, the capital requirement for both regulatory and internal reporting purposes will still be calculated separately for Commerzbank (old) and former Dresdner Bank and reported as a total. We take the differences between the two separate models into account by applying an appropriate surcharge.

Other risks

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

Disclaimer

Commerzbank 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.

Interim Financial Statements

Statement of comprehensive income

Income statement

€m	Notes	1.1.–31.3.2012	1.1.–31.3.2011	Change in %
Interest income		4,014	4,204	–4.5
Interest expense		2,585	2,477	4.4
Net interest income	(1)	1,429	1,727	–17.3
Loan loss provisions	(2)	–212	–318	–33.3
Net interest income after loan loss provisions		1,217	1,409	–13.6
Commission income		963	1,155	–16.6
Commission expense		120	135	–11.1
Net commission income	(3)	843	1,020	–17.4
Net trading income	(4)	464	548	–15.3
Net income from hedge accounting		–7	–29	–75.9
Net trading income and net income from hedge accounting		457	519	–11.9
Net investment income	(5)	–176	12	.
Current net income from companies accounted for using the equity method		11	0	.
Other net income	(6)	21	338	–93.8
Operating expenses	(7)	1,789	2,154	–16.9
Impairments of goodwill and brand names		–	–	.
Restructuring expenses	(8)	34	–	.
Pre-tax profit or loss		**550**	**1,144**	**–51.9**
Taxes on income	(9)	153	135	13.3
Consolidated profit or loss		**397**	**1,009**	**–60.7**
Consolidated profit or loss attributable to non-controlling interests		28	24	16.7
Consolidated profit or loss attributable to Commerzbank shareholders		369	985	–62.5

Earnings per share | €	1.1.–31.3.2012	1.1.–31.3.2011	Change in %
Earnings per share	0.06	0.73	–91.8

The Earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit attributable to Commerzbank shareholders less the expected dividend on silent participations. No conversion or option rights were outstanding in the current year or comparable prior-year period. The figure for diluted earnings was therefore identical to the undiluted figure.

Condensed statement of comprehensive income

€m	1.1.–31.3.2012	1.1.–31.3.2011	Change in %
Consolidated profit or loss	397	1,009	–60.7
Change in revaluation reserve			
Reclassified to income statement	8	–61	.
Change in value not recognised in income statement	717	145	.
Change in cash flow hedge reserve			
Reclassified to income statement	47	64	–26.6
Change in value not recognised in income statement	13	29	–55.2
Change in currency translation reserve			
Reclassified to income statement	22	–	.
Change in value not recognised in income statement	67	–138	.
Change in companies accounted for using the equity method	–	–1	–100.0
Other comprehensive income	874	38	.
Total comprehensive income	**1,271**	**1,047**	**21.4**
Comprehensive income attributable to non-controlling interests	81	20	.
Comprehensive income attributable to Commerzbank shareholders	1,190	1,027	15.9

Other comprehensive income | €m	**1.1.–31.3.2012**			**1.1.–31.3.2011**		
	Before taxes	**Taxes**	**After taxes**	**Before taxes**	**Taxes**	**After taxes**
Change in revaluation reserve	986	–261	725	151	–67	84
Change in cash flow hedge reserve	81	–21	60	124	–31	93
Change in currency translation reserve	89	–	89	–138	–	–138
Change in companies accounted for using the equity method	–	–	–	–1	–	–1
Other comprehensive income	**1,156**	**–282**	**874**	**136**	**–98**	**38**

Income statement (by quarter)

€m	2012	2011			
	1st quarter	4th quarter	3rd quarter	2nd quarter	1st quarter
Net interest income	1,429	1,618	1,589	1,790	1,727
Loan loss provisions	−212	−381	−413	−278	−318
Net interest income after loan loss provisions	1,217	1,237	1,176	1,512	1,409
Net commission income	843	703	844	928	1,020
Net trading income	464	599	298	664	548
Net income from hedge accounting	−7	−61	55	−88	−29
Net trading income and net income from hedge accounting	457	538	353	576	519
Net investment income	−176	−1,402	−1,267	−954	12
Current net income from companies accounted for using the equity method	11	13	16	13	0
Other net income	21	846	59	10	338
Operating expenses	1,789	1,772	2,036	2,030	2,154
Impairments of goodwill and brand names	–	–	–	–	–
Restructuring expenses	34	–	–	–	–
Pre-tax profit or loss	**550**	**163**	**−855**	**55**	**1,144**
Taxes on income	153	−186	−191	2	135
Consolidated profit or loss	**397**	**349**	**−664**	**53**	**1,009**
Consolidated profit or loss attributable to non-controlling interests	28	33	23	29	24
Consolidated profit or loss attributable to Commerzbank shareholders	369	316	−687	24	985

Balance sheet

Assets I €m	Notes	**31.3.2012**	**31.12.2011**	Change in %
Cash reserve		5,643	6,075	−7.1
Claims on banks	(11,13,14)	119,827	87,790	36.5
of which pledged as collateral		73	77	−5.2
Claims on customers	(12,13,14)	300,020	296,586	1.2
of which pledged as collateral		–	–	.
Value adjustment for portfolio fair value hedges		158	147	7.5
Positive fair values of derivative hedging instruments		5,012	5,132	−2.3
Trading assets	(15)	153,975	155,700	−1.1
of which pledged as collateral		24,105	16,025	50.4
Financial investments	(16)	91,631	94,523	−3.1
of which pledged as collateral		2,546	3,062	−16.9
Holdings in companies accounted for using the equity method		694	694	0.0
Intangible assets	(17)	3,009	3,038	−1.0
Fixed assets	(18)	1,376	1,399	−1.6
Investment properties		735	808	−9.0
Non-current assets and disposal groups held for sale		516	1,759	−70.7
Current tax assets		686	716	−4.2
Deferred tax assets		3,852	4,154	−7.3
Other assets	(19)	3,880	3,242	19.7
Total		**691,014**	**661,763**	**4.4**

Liabilities and equity I €m	Notes	**31.3.2012**	**31.12.2011**	Change in %
Liabilities to banks	(20)	141,243	98,481	43.4
Liabilities to customers	(21)	256,302	255,344	0.4
Securitised liabilities	(22)	94,687	105,673	−10.4
Value adjustment portfolio fair value hedges		1,002	938	6.8
Negative fair values of derivative hedging instruments		10,386	11,427	−9.1
Trading liabilities	(23)	134,159	137,847	−2.7
Provisions	(24)	3,636	3,761	−3.3
Current tax liabilities		552	680	−18.8
Deferred tax liabilities		148	189	−21.7
Liabilities from disposal groups held for sale		11	592	−98.1
Other liabilities	(25)	7,197	6,568	9.6
Subordinated capital	(26)	13,325	13,285	0.3
Hybrid capital	(27)	1,531	2,175	−29.6
Equity		26,835	24,803	8.2
Subscribed capital		5,593	5,113	9.4
Capital reserve		11,604	11,158	4.0
Retained earnings		9,254	8,822	4.9
Silent participations		2,456	2,687	−8.6
Other reserves		−2,855	−3,676	−22.3
Total before non-controlling interests		26,052	24,104	8.1
Non-controlling interests		783	699	12.0
Total		**691,014**	**661,763**	**4.4**

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 1.1.2011	**3,047**	**1,507**	**9,140**	**17,178**	**−1,731**	**−1,005**	**−263**	**27,873**	**785**	**28,658**
Total comprehensive income	–	–	638	–	−780	195	−92	−39	47	8
Consolidated profit or loss			638					638	109	747
Change in revaluation reserve					−780			−780	−1	−781
Change in cash flow hedge reserve						195		195		195
Change in currency translation reserve							−91	−91	−61	−152
Change in companies accounted for using the equity method							−1	−1		−1
Dividend paid on silent participations								–		–
Dividend paid on shares								–	−26	−26
Change in accounting par value	−2,142	2,142						–		–
Capital increases	4,184	7,470						11,654		11,654
Withdrawal from retained earnings			−873					−873		−873
Decrease in silent participations				−14,491				−14,491		−14,491
Change in ownership interests			38					38	−57	19
Other changes[1]	24	39	−121					−58	−50	−108
Equity as at 31.12.2011	**5,113**	**11,158**	**8,822**	**2,687**	**−2,511**	**−810**	**−355**	**24,104**	**699**	**24,803**
Total comprehensive income	–	–	369	–	713	60	48	1,190	81	1,271
Consolidated profit or loss			369					369	28	397
Change in revaluation reserve					713			713	12	725
Change in cash flow hedge reserve						60		60	–	60
Change in currency translation reserve							48	48	41	89
Change in companies accounted for using the equity method							–	–		–
Dividend paid on silent participations								–		–
Dividend paid on shares								–		–
Change in accounting par value								–		–
Capital increases	481	440						921		921
Withdrawal from retained earnings								–		–
Decrease in silent participations				−231				−231		−231
Change in ownership interests			−1					−1	1	–
Other changes[1]	−1	6	64					69	2	71
Equity as at 31.3.2012	**5,593**	**11,604**	**9,254**	**2,456**	**−1,798**	**−750**	**−307**	**26,052**	**783**	**26,835**

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

As at 31 March 2012, there was no impact on the other reserves from assets held for sale and disposal groups.

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

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

The Financial Market Stabilisation Fund (SoFFin) subsequently converted a portion of its silent participations into shares in order to maintain its stake in Commerzbank of 25% plus 1 share. Thus silent participations with a nominal value of €0.2bn were converted into 120,169,989 shares from the conditional capital approved by the Annual General Meeting.

As at 31 March 2012, the subscribed capital of Commerzbank Aktiengesellschaft pursuant to the Bank's articles of association stood at €5,594m and was divided into 5,594,109,009 no-par-value shares with a notional value per share of €1.00. The average number of ordinary shares issued was 5,232,551,891 (31 March 2011: 1,292,971,720 shares).

For information: Statement of changes in equity from January 1 to 31 March 2011

€m	Subscribed capital	Capital reserve	Retained earnings	Silent participations	Other reserves: Revaluation reserve	Other reserves: Cash flow hedge reserve	Other reserves: Currency translation reserve	Total before non-controlling interests	Non-controlling interests	Equity
Equity as at 1.1.2011	**3,047**	**1,507**	**9,140**	**17,178**	**–1,731**	**–1,005**	**–263**	**27,873**	**785**	**28,658**
Total comprehensive income	–	–	985	–	84	93	–135	1,027	20	1,047
Consolidated profit or loss			985					985	24	1,009
Change in revaluation reserve					84			84	0	84
Change in cash flow hedge reserve						93		93		93
Change in currency translation reserve							–134	–134	–4	–138
Change in companies accounted for using the equity method							–1	–1		–1
Dividend paid on silent participations								–		–
Dividend paid on shares								–	0	–
Capital increases	410	423						833		833
Decrease in silent participations				–221				–221		–221
Change in ownership interests								–		–
Other changes[1,2]	24	3	25					52	0	52
Equity as at 31.3.2011	**3,481**	**1,933**	**10,150**	**16,957**	**–1,647**	**–912**	**–398**	**29,564**	**805**	**30,369**

[1] Including change in treasury shares, change in derivatives on own equity instruments and changes in the group of consolidated companies.
[2] Due to restatement of own shares (see page 212 of our 2011 annual report).

Cash flow statement (condensed version)

€m	2012	2011
Cash and cash equivalents as at 1.1.	**6,075**	**8,053**
Net cash from operating activities	–3,073	–9,691
Net cash from investing activities	2,648	7,483
Net cash from financing activities	92	1,041
Total net cash	**–333**	**–1,167**
Effects from exchange rate changes	–71	–241
Effects from non-controlling interests	–28	–24
Cash and cash equivalents as at 31.3.	**5,643**	**6,621**

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

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

Selected notes

General information

Accounting policies

The interim financial statements of the Commerzbank Group as at 31 March 2012 were prepared in accordance with Art. 315 a (1) of the German Commercial Code (HGB) and Regulation (EC) No. 1606 / 2002 of the European Parliament and of the Council of July 19, 2002 (the IAS Regulation), together with other regulations for adopting certain international accounting standards on the basis of the International Financial Reporting Standards (IFRS) approved and published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). This report takes particular account of the requirements of IAS 34 relating to interim financial reporting.

Uniform accounting and measurement methods are used throughout the Commerzbank Group in preparing the financial statements. For fully consolidated companies and holdings in companies accounted for using the equity method we predominantly used financial statements prepared as at 31 March 2012. The reporting currency of the consolidated financial statements is the euro. Unless otherwise indicated, all amounts are shown in millions of euros. In the statement of comprehensive income, the balance sheet, the statement of changes in equity and the condensed cash flow statement amounts under €500,000.00 are shown as €0m; where an item is €0.00 this is denoted by a dash. In all other notes both amounts rounded down to €0m and zero items are indicated by a dash.

Changes to accounting policies

In preparing these financial statements, we have employed the same accounting policies as in our consolidated financial statements as at 31 December 2011 (see page 210 ff. of our 2011 annual report) unless otherwise required by changes in the law. These financial statements take into account the standards and interpretations that must be applied in the EU from 1 January 2012. Significant changes from the previous year are set out below.

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

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

Consolidated companies

The following companies were consolidated for the first time in the first quarter of 2012:

Name of company	Equity share and voting rights	Acquisition cost	Assets	Liabilities
	%	€m	€m	€m
BRE Agent Ubezpieczeniowy, Warsaw	100.0	0.0	1.5	0.0
CFS Commerz Funds Solutions S.A., Luxembourg	100.0	5.0	12.3	4.7
Commerz Transaction Services Ost GmbH, Halle (Saale)	100.0	0.1	0.1	0.0
ComStage ETF MSCI Emerging Markets Leveraged 2x Daily TRN, Luxembourg	0.0	10.3	10.5	1.3
COSMO Finance II–2 Ltd., Dublin	0.0	0.0	193.1	193.1
Riverbank Trustees Limited, London	100.0	0.2	0.2	0.0

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

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

- Disposals
  - Dresdner Kleinwort Pfandbriefe Investments II, Inc., Wilmington/Delaware
  - Dresdner Kleinwort Wasserstein (Argentina) S.A., Buenos Aires

- Liquidations (including companies which have ceased operating activities and entities that have permanently fallen below our materiality threshold for consolidation or were no longer subject to a consolidation requirement)
  - CBK SICAV, Luxembourg
  - Commerzbank (South East Asia) Ltd., Singapore
  - Gresham Bond, Luxembourg
  - Langham Nominees Ltd, St. Peter Port, Guernsey
  - Millstone II LLC, Dover/Delaware
  - RCL Securitisation GmbH, Frankfurt/Main
  - Silver Tower 125 Inc., George Town, Grand Cayman
  - TIGNATO Beteiligungsgesellschaft mbH & Co. KölnTurm MediaPark KG, Eschborn
  - Victoria Capital S.A., Luxembourg
  - Victoria Capital Holdings S.A., Luxembourg
  - Victoria Capital (Ireland) Public Limited Company, Luxembourg

MM Cogène 2, Paris and RECAP Alta Phoenix Lofts Investment, L.P., New York, are no longer accounted for using the equity method.

The following companies:
- CG New Venture 2 Verwaltungsgesellschaft mbH, Wiesbaden,
- CG New Venture 4 GmbH & Co. KG, Wiesbaden,
- FM LeasingPartner GmbH, Bissendorf,
- GO German Office GmbH, Wiesbaden, and
- Property Invest Italy Srl, Milan

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

Receivables, fund units and equity holdings are also held for sale in the Mittelstandsbank, Private Customers and Central & Eastern Europe segments.

We measure non-current assets and disposal groups held for sale and liabilities from disposal groups held for sale in accordance with IFRS 5 and report them separately in the relevant balance sheet items and in the notes until transfer of the shares is completed.

Due to the current global crisis on the shipping market we no longer expect a sale of the following special purpose entities
- MS “CPO Alicante” Offen Reederei GmbH & Co. KG, Hamburg,
- MS “CPO Ancona” Offen Reederei GmbH & Co. KG, Hamburg,
- MS “CPO Bilbao” Offen Reederei GmbH & Co. KG, Hamburg,
- MS “CPO Marseille” Offen Reederei GmbH & Co. KG, Hamburg,
- MS “CPO Palermo” Offen Reederei GmbH & Co. KG, Hamburg,

- MS "CPO Toulon" Offen Reederei GmbH & Co. KG, Hamburg and
- MS "CPO Valencia" Offen Reederei GmbH & Co. KG, Hamburg

within the next year. As a result the underlying ships have been reported as leased equipment under other assets since 1 January 2012. Most of the associated liabilities are now reported under liabilities to banks.

Impact of the European sovereign debt crisis

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

- New Greek sovereign bonds with integrated but detachable GDP warrants[1] with a nominal value of €315 each (term from 11 to 30 years)
- EFSF bonds with a nominal value of €150 each (half with a maturity of 1 year and half with a maturity of 2 years)
- EFSF bonds for accrued interest (6-month term)

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

The Commerzbank Group took part in the exchange in March 2012 and afterwards sold almost all of the new Greek bonds including the GDP warrants. The exchange and the subsequent sale resulted in a loss of €69m. The book value of the remaining new Greek bonds was €7m as at 31 March 2012.

Notes to the income statement

(1) Net interest income

€m	1.1.–31.3.2012	1.1.–31.3.2011	Change in %
Interest income	4,014	4,204	–4.5
Interest income from lending and money market transactions and from the securities portfolio (available-for-sale)	235	296	–20.6
Interest income from lending and money market transactions and from the securities portfolio (loans and receivables)	3,623	3,734	–3.0
Interest income from lending and money market transactions and from the securities portfolio (from applying the fair value option)	30	24	25.0
Prepayment penalty fees	26	22	18.2
Gains on the sale of loans and receivables and repurchase of liabilities	59	94	–37.2
Dividends from securities	18	10	80.0
Current net income from equity holdings and non-consolidated subsidiaries	3	3	0.0
Current income from properties held for sale and from investment properties	20	21	–4.8
Other interest income	–	–	.
Interest expense	2,585	2,477	4.4
Interest expense on subordinated and hybrid capital and on securitised and other liabilities	2,426	2,284	6.2
Interest expense on applying the fair value option	18	13	38.5
Loss on the sale of loans and receivables and repurchase of liabilities	17	7	.
Current expenses from properties held for sale and from investment properties	12	11	9.1
Other interest expense	112	162	–30.9
Total	**1,429**	**1,727**	**–17.3**

The unwinding effect for the period January 1 to 31 March 2012 was €50m (previous year: €60m).

(2) Loan loss provisions

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

€m	1.1.–31.3.2012	1.1.–31.3.2011	Change in %
Allocation to loan loss provisions[1]	–855	–981	–12.8
Reversals of loan loss provisions[1]	658	724	–9.1
Net balance of direct write-downs, write-ups and amounts recovered on claims written-down	–15	–61	–75.4
Total	**–212**	**–318**	**–33.3**

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

Loan loss provisions were reduced by the regular annual updating of parameters as part of the recalibration of the rating systems. At Group level this led to a net reversal of provisions of €91m, which benefited the Mittelstandsbank and Private Customers segments in particular.

(3) Net commission income

€m	1.1.–31.3.2012	1.1.–31.3.2011	Change in %
Securities transactions	228	365	–37.5
Asset management	40	45	–11.1
Payment transactions and foreign business	312	289	8.0
Real estate lending business	36	43	–16.3
Guarantees	44	41	7.3
Net income from syndicated business	43	67	–35.8
Intermediary business[1]	67	90	–25.6
Fiduciary transactions	1	1	0.0
Other[1]	72	79	–8.9
Total[2]	**843**	**1,020**	**–17.4**

[1] Prior-year figure restated (see page 63).
[2] Of which commission expense: €120m (prior year: €135m).

(4) Net trading income

We have split net trading income into two components:

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

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

€m	1.1.–31.3.2012	1.1.–31.3.2011	Change in %
Net trading gain or loss[1]	555	496	11.9
Net gain or loss from applying the fair value option	–91	52	.
Total	**464**	**548**	**–15.3**

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

(5) Net investment income

Net investment income contains gains or losses on the disposal and remeasurement of securities in the loans and receivables and available-for-sale categories, equity holdings, holdings in companies accounted for using the equity method and subsidiaries.

€m	1.1.–31.3.2012	1.1.–31.3.2011	Change in %
Net gain or loss from interest-bearing business	**–160**	**–24**	**.**
In the available-for-sale category	15	26	–42.3
Gain on disposals (including reclassification from revaluation reserve)[1]	94	56	67.9
Loss on disposals (including reclassification from revaluation reserve)[1]	–81	–46	76.1
Net remeasurement gain or loss[1]	2	16	–87.5
In the loans and receivables category	–175	–50	.
Gain on disposals	12	2	.
Loss on disposals	–185	–37	.
Net remeasurement gain or loss[2]	–2	–15	–86.7
Net gain or loss on equity instruments	**–16**	**36**	**.**
In the available-for-sale category	6	53	–88.7
Gain on disposals (including reclassification from revaluation reserve)[1]	6	53	–88.7
Loss on disposals (including reclassification from revaluation reserve)[1]	–	–	.
In the available-for-sale category, measured at acquisition cost	–	–1	–100.0
Net remeasurement gain or loss[1]	–	–14	–100.0
Net gain or loss on disposals and remeasurement of companies accounted for using the equity method	–22	–2	.
Total	**–176**	**12**	**.**

[1] Includes a net €53m (previous year: €55m) of reclassifications from the revaluation reserve created in the financial year 2012.
[2] Includes portfolio valuation allowances of €2m (prior year: €15m) for reclassified securities.

(6) Other net income

€m	1.1.–31.3.2012	1.1.–31.3.2011	Change in %
Other material items of income	**110**	**80**	**37.5**
Operating lease income	65	47	38.3
Reversals of provisions	45	33	36.4
Other material items of expense	**104**	**89**	**16.9**
Operating lease expenses	43	37	16.2
Allocations to provisions	61	52	17.3
Balance of sundry other income/expenses	**15**	**347**	**−95.7**
Total	**21**	**338**	**−93.8**

(7) Operating expenses

€m	1.1.–31.3.2012	1.1.–31.3.2011	Change in %
Personnel expenses	1,045	1,126	−7.2
Operating expenses	646	918	−29.6
Depreciation/amortisation of fixed assets and other intangible assets	98	110	−10.9
Total	**1,789**	**2,154**	**−16.9**

(8) Taxes on income

Group tax expense was €153m as at 31 March 2012. With pre-tax profit of €550m the Group’s effective tax rate was therefore 27.8% (Group income tax rate: 31.17%). As a result of the restructuring of the Group in connection with the European Commission requirement to wind down Eurohypo the Group's effective tax rate was adversely affected by an impairment of deferred tax assets on loss carryforwards at Eurohypo. The repurchase of hybrid financial instruments, on the other hand, led to the recognition of deferred tax income. Loss carryforwards at other group entities, for which no deferred tax assets had previously been recognised, were set off against profits, which also helped to reduce the tax rate.

(9) Restructuring expenses

€m	1.1.–31.3.2012	1.1.–31.3.2011	Change in %
Expenses for restructuring measures initiated	34	–	.
Total	**34**	**–**	**.**

The restructuring expenses in 2012 derived from the realignment of the Group in compliance with the European Commission requirement to wind down Eurohypo. These expenses primarily involved personnel costs.

(10) Segment reporting

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

Our segment reporting covers six operating segments plus the Others and Consolidation segment. This reflects the Commerzbank Group's organisational structure and forms the basis for internal management reporting. The business segments are divided up on the basis of distinctions between products, services and/or customer target groups. As part of the ongoing refinement of the segments' business models the business responsibilities of the segments have been slightly adjusted. In 2011, assets were allocated based on this refined customer segmentation. The prior-year figures were restated accordingly.

- The Private Customers segment set up a new departmental organisation in 2011 and now consists of the divisions Private Customers, Direct Banking and Credit. The Private Customers division comprises the classic branch banking business, which offers standardised banking and financial services tailored to the typical needs of customers, and Wealth Management, which performs asset management and advisory services for high net worth customers in Germany and abroad. The division also includes Commerz Direct Service GmbH, which provides call centre services for private, commercial and wealth management customers. Direct Banking comprises the activities of comdirect bank Aktiengesellschaft and ebase GmbH, which together form the comdirect Group, a direct bank which primarily provides internet-based services, while the Credit division is responsible for the loan processing centres for Commerzbank Aktiengesellschaft in Germany.
- The Mittelstandsbank segment is divided into the three group divisions Mittelstand Germany, Corporate Banking & International and Financial Institutions. The Mittelstand Germany division serves small and mid-sized customers, the public sector and institutional clients. Our comprehensive service offering includes payments, flexible financing solutions, interest rate and currency management products, professional investment advisory services and innovative investment banking solutions. In the Corporate Banking & International division we concentrate on serving corporate groups with revenues of over €500m (except for multinational corporates, which are handled by Client Relationship Management within the Corporates & Markets segment). Smaller groups with a strong capital market affinity or significant operations outside Germany are also serviced by this division. With our foreign branch offices we act as a strategic partner for both the international activities of our German corporate customers and for international companies with business activities in our home market of Germany. The Corporate Banking & International division also contains the competence centre for companies from the renewable energy sector. The Financial Institutions division is responsible for relationships with banks and financial institutions in Germany and abroad, as well as with central banks. The strategic focus is on Commerzbank becoming customers' preferred source of trade finance services. Financial Institutions uses a network of over 7,000 correspondent banks, together with business relationships in emerging markets, to support the financing and settlement of the worldwide foreign trade activities of all of the Commerzbank Group's customers, and thus supports other divisions of the Bank in their international strategies.
- The Central & Eastern Europe segment contains the Group's universal banking and direct banking activities in Central and Eastern Europe. It includes in particular our Polish subsidiary BRE Bank, which offers banking products for private customers in Poland, the Czech Republic and Slovakia under the brands mBank and MultiBank, and Bank Forum in Ukraine. It also includes investments in seven microfinance banks and Promsvyazbank in Russia. The activities are grouped together under a management holding company which acts as a centre of competence and interface to and from the foreign units. With around 4.5 million customers in the region Commerzbank is the leading German bank in Central and Eastern Europe. With effect from 1 January 2012 the corporate customer business of the branches in the Czech Republic and Slovakia, Commerzbank Eurasija in Russia and Commerzbank Zrt. in Hungary was

transferred to the Mittelstandsbank segment. The prior-year figures were restated accordingly.

- Corporates & Markets consists of three major businesses. Equity Markets & Commodities comprises trading and sales of equity and commodity-related financial products. Fixed Income & Currencies handles trading and sales of interest rate, credit and currency instruments. Corporate Finance provides arrangement and advisory services for equity, debt and hybrid instruments, securitisation solutions and mergers & acquisitions. The central credit portfolio management function of the Corporates & Markets segment is also based in this department. Corporates & Markets also houses Client Relationship Management, which is responsible for servicing German multinational industrial companies, international insurers, private equity investors and public sector customers.
- The Asset Based Finance segment combines the results from Commercial Real Estate (CRE) Germany, CRE International, Public Finance, Real Estate Asset Management as well as Ship Finance. CRE Germany, CRE International and Public Finance belong almost completely to the Commerzbank subsidiary Eurohypo Aktiengesellschaft, along with Eurohypo's portfolio. Real Estate Asset Management primarily includes the activities of our subsidiary Commerz Real Aktiengesellschaft, and finally Ship Finance combines the ship financing activities of the Commerzbank Group, which are predominantly located in our subsidiary Deutsche Schiffsbank Aktiengesellschaft.
- The Portfolio Restructuring Unit (PRU) is responsible for managing down assets related to proprietary trading and investment activities which no longer fit into Commerzbank's client-centric strategy and were discontinued in 2009. The segment's goal is to reduce the portfolio in a way that optimises the bank's capital position. The positions managed by this segment initially included asset-backed securities (ABSs) without a state guarantee, other structured credit products, proprietary trading positions in corporate or financial bonds and exotic credit derivatives. These positions were primarily transferred from the Corporates & Markets and former Commercial Real Estate segments to the Portfolio Restructuring Unit.
- The Others and Consolidation segment contains the income and expenses which are not attributable to the operational business segments. The Others category within this segment includes equity holdings which are not assigned to the operating segments as well as Group Treasury. The costs of the service units, which – except for integration and restructuring costs – are charged in full to the segments are also shown here. Consolidation includes expense and income items that represent the reconciliation of internal management reporting figures shown in segment reporting with the consolidated financial statements in accordance with IFRS. The costs of the Group management units which are charged in full to the segments, except for integration and restructuring costs, are also reported under this heading.

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

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

Income and expenses are reported in the segments by originating unit and at market prices, with the market interest rate method being used for interest rate operations. The actual funding costs for the segment-specific equity holdings allocated to each segment are shown in net interest income. The Group's return on capital employed is allocated to the net interest income of the various segments in proportion to the average capital employed in the segment. The interest rate used is the long-term risk-free rate on the capital market. The average capital employed is calculated using the Basel II system, based on the average risk-weighted assets and the capital charges for market risk positions (risk-weighted asset equivalents). At Group level, investors' capital is shown, which is used to calculate the return on equity. In the light of increased regulatory capital requirements, from 2012 the capital requirement for risk-weighted assets assumed for segment reporting purposes is 9%. We have restated the prior-year figures accordingly.

The 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 carrying amounts of companies accounted for using the equity method were €694m (previous year: €720m) and are divided over the segments as follows: Private Customers €285m (previous year: €230m), Mittelstandsbank €94m (previous year: €95m), Corporates & Markets €89m (previous year: €25m), Asset Based Finance €145m (previous year: €306m) and Others and Consolidation €81m (previous year: €64m).

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

The tables below contain information on the segments as at 31 March 2012 and on the comparative figures for the previous financial year.

1.1.–31.3.2012 €m	Private Custo-mers	Mittel-stands-bank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restruc-turing Unit	Others and Consoli-dation	Group
Net interest income	453	542	120	119	206	5	−16	1,429
Loan loss provisions	−6	35	−18	−27	−179	−16	−1	−212
Net interest income after loan loss provisions	447	577	102	92	27	−11	−17	1,217
Net commission income	383	270	50	83	63	–	−6	843
Net trading income and net income from hedge accounting	1	−13	38	195	−215	169	282	457
Net investment income	2	−1	1	3	−203	17	5	−176
Current net income from companies accounted for using the equity method	7	–	–	6	−1	–	−1	11
Other net income	−1	−8	11	−9	33	1	−6	21
Income before loan loss provisions	*845*	*790*	*220*	*397*	*−117*	*192*	*258*	*2,585*
Income after loan loss provisions	*839*	*825*	*202*	*370*	*−296*	*176*	*257*	*2,373*
Operating expenses	727	338	115	340	129	12	128	1,789
Operating profit or loss	**112**	**487**	**87**	**30**	**−425**	**164**	**129**	**584**
Impairments of goodwill and brand names	–	–	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	34	–	–	34
Pre-tax profit or loss	**112**	**487**	**87**	**30**	**−459**	**164**	**129**	**550**
Assets	**56,468**	**86,795**	**23,364**	**223,771**	**196,864**	**11,731**	**92,021**	**691,014**
Average capital employed	**3,783**	**5,977**	**1,893**	**3,244**	**6,450**	**1,704**	**5,515**	**28,566**
Operating return on equity[1] (%)	**11.8**	**32.6**	**18.4**	**3.7**	**−26.4**			**8.2**
Operating cost/income ratio (%)	**86.0**	**42.8**	**52.3**	**85.6**	**.**			**69.2**
Return on equity of pre-tax profit or loss[1] (%)	**11.8**	**32.6**	**18.4**	**3.7**	**−28.5**			**7.7**
Staff (average headcount)	18,222	5,555	9,100	1,859	1,564	24	17,361	53,685

[1] Annualised.

1.1.–31.3.2011 €m	Private Custo-mers	Mittel-stands-bank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restruc-turing Unit	Others and Consoli-dation	Group
Net interest income	492	534	137	160	296	5	103	1,727
Loan loss provisions	–41	–11	–27	–	–241	1	1	–318
Net interest income after loan loss provisions	451	523	110	160	55	6	104	1,409
Net commission income	569	292	48	48	81	–	–18	1,020
Net trading income and net income from hedge accounting	–1	18	24	456	–86	61	47	519
Net investment income	1	–10	–1	4	–42	18	42	12
Current net income from companies accounted for using the equity method	6	2	–	–	–8	–	–	–
Other net income	–22	1	10	11	16	–	322	338
Income before loan loss provisions	*1,045*	*837*	*218*	*679*	*257*	*84*	*496*	*3,616*
Income after loan loss provisions	*1,004*	*826*	*191*	*679*	*16*	*85*	*497*	*3,298*
Operating expenses	888	393	131	439	154	22	127	2,154
Operating profit or loss	**116**	**433**	**60**	**240**	**–138**	**63**	**370**	**1,144**
Impairments of goodwill and brand names	–	–	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	–	–	–	–
Pre-tax profit or loss	**116**	**433**	**60**	**240**	**–138**	**63**	**370**	**1,144**
Assets	**58,703**	**81,932**	**23,359**	**220,139**	**223,857**	**15,068**	**73,896**	**696,954**
Average capital employed	**4,003**	**7,238**	**1,745**	**4,204**	**7,166**	**1,159**	**6,899**	**32,414**
Operating return on equity[1] (%)	**11.6**	**23.9**	**13.8**	**22.8**	**–7.7**			**14.1**
Operating cost/income ratio (%)	**85.0**	**47.0**	**60.1**	**64.7**	**59.9**			**59.6**
Return on equity of pre-tax profit or loss[1] (%)	**11.6**	**23.9**	**13.8**	**22.8**	**–7.7**			**14.1**
Staff (average headcount)	18,804	5,506	9,165	1,786	1,777	41	17,830	54,909

[1] Annualised.

Details for Others and Consolidation

€m	1.1.–31.3.2012			1.1.–31.3.2011		
	Others	Consolidation	Others and Consolidation	Others	Consolidation	Others and Consolidation
Net interest income	9	– 25	– 16	86	17	103
Loan loss provisions	– 1	–	– 1	1	–	1
Net interest income after loan loss provisions	8	– 25	– 17	87	17	104
Net commission income	– 6	–	– 6	– 17	– 1	– 18
Net trading income and net income from hedge accounting	276	6	282	44	3	47
Net investment income	2	3	5	42	–	42
Current net income from companies accounted for using the equity method	– 1	–	– 1	–	–	–
Other net income	– 6	–	– 6	321	1	322
Income before loan loss provisions	*274*	*– 16*	*258*	*476*	*20*	*496*
Income after loan loss provisions	*273*	*– 16*	*257*	*477*	*20*	*497*
Operating expenses	132	– 4	128	131	– 4	127
Operating profit or loss	**141**	**– 12**	**129**	**346**	**24**	**370**
Impairments of goodwill and brand names	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	–	–
Pre-tax profit or loss	**141**	**– 12**	**129**	**346**	**24**	**370**
Assets	92,021	–	**92,021**	73,896	–	**73,896**

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

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

Results by geographical markets

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

1.1.–31.3.2012 €m	Germany	Europe excluding Germany	America	Asia	Others	Total
Net interest income	958	416	32	23	–	1,429
Loan loss provisions	–89	–112	6	–17	–	–212
Net interest income after loan loss provisions	869	304	38	6	–	1,217
Net commission income	717	105	12	9	–	843
Net trading income and net income from hedge accounting	275	155	31	–4	–	457
Net investment income	–199	23	–	–	–	–176
Current net income from companies accounted for using the equity method	6	4	1	–	–	11
Other net income	–103	127	–1	–2	–	21
Income before loan loss provisions	*1,654*	*830*	*75*	*26*	–	*2,585*
Income after loan loss provisions	*1,565*	*718*	*81*	*9*	–	*2,373*
Operating expenses	1,387	339	37	26	–	1,789
Operating profit or loss	**178**	**379**	**44**	**–17**	**–**	**584**
Credit risk-weighted assets	**112,442**	**55,431**	**6,238**	**3,418**	**–**	**177,529**

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

1.1.–31.3.2011 €m	Germany	Europe excluding Germany	America	Asia	Others	Total
Net interest income	1,166	493	49	19	–	1,727
Loan loss provisions	–100	–231	23	–10	–	–318
Net interest income after loan loss provisions	1,066	262	72	9	–	1,409
Net commission income	911	98	9	2	–	1,020
Net trading income and net income from hedge accounting	233	257	17	12	–	519
Net investment income	–6	17	2	–1	–	12
Current net income from companies accounted for using the equity method	7	–7	–	–	–	–
Other net income	321	16	–1	2	–	338
Income before loan loss provisions	*2,632*	*874*	*76*	*34*	–	*3,616*
Income after loan loss provisions	*2,532*	*643*	*99*	*24*	–	*3,298*
Operating expenses	1,676	402	54	22	–	2,154
Operating profit or loss	**856**	**241**	**45**	**2**	**–**	**1,144**
Credit risk-weighted assets	**139,307**	**61,335**	**9,236**	**3,961**	**36**	**213,875**

Credit risk-weighted assets are shown for the geographical segments rather than assets. As a result of the acquisition of Dresdner Bank, a breakdown of Commerzbank Aktiengesellschaft's total income by products and services will only be possible once information based on uniform definitions is available for both the current financial year and the prior year.

Notes to the balance sheet

(11) Claims on banks

€m	31.3.2012	31.12.2011	Change in %
Due on demand	55,528	35,867	54.8
With a residual term	64,522	52,165	23.7
up to three months	44,592	30,236	47.5
over three months to one year	9,916	11,475	−13.6
over one year to five years	8,781	8,858	−0.9
over five years	1,233	1,596	−22.7
Total	**120,050**	**88,032**	**36.4**
of which reverse repos and cash collaterals	62,803	51,606	21.7
of which relate to the category:			
Loans and receivables	79,457	64,253	23.7
Available-for-sale financial assets	–	–	.
At fair value through profit or loss (fair value option)	40,593	23,779	70.7

Claims on banks after deduction of loan loss provisions amounted to €119,827m (previous year: €87,790m).

(12) Claims on customers

€m	31.3.2012	31.12.2011	Change in %
With an indefinite residual term	27,539	24,716	11.4
With a residual term	280,307	279,783	0.2
up to three months	54,406	49,752	9.4
over three months to one year	36,683	34,677	5.8
over one year to five years	92,779	98,002	−5.3
over five years	96,439	97,352	−0.9
Total	**307,846**	**304,499**	**1.1**
of which reverse repos and cash collaterals	35,613	26,042	36.8
of which relate to the category:			
Loans and receivables	273,716	280,636	−2.5
Available-for-sale financial assets	–	–	.
At fair value through profit or loss (fair value option)	34,130	23,863	43.0

Claims on customers after deduction of loan loss provisions amounted to €300,020m (previous year: €296,586m).

(13) Total lending

€m	31.3.2012	31.12.2011	Change in %
Loans to banks	23,909	26,082	−8.3
Loans to customers	271,507	277,831	−2.3
Total	**295,416**	**303,913**	**−2.8**

We distinguish loans from claims on banks and customers such that only claims for which a special loan agreement has been concluded with the borrower are shown as loans. Interbank money market transactions and reverse repo transactions, for example, are thus not shown as loans. Acceptance credits are also included in loans to customers.

(14) Loan loss provisions

Provisions for loan losses are made in accordance with rules that apply Group-wide and cover all discernible credit risks. For loan losses that have already occurred but are not yet known, portfolio valuation allowances have been calculated in line with procedures derived from Basel II methodology.

Development of provisioning | €m	2012	2011	Change in %
As at 1.1.	**8,663**	**10,072**	**−14.0**
Allocations	855	981	−12.8
Deductions	1,038	1,130	−8.1
Utilisation	380	406	−6.4
Reversals	658	724	−9.1
Changes in group of consolidated companies	6	–	.
Exchange rate changes/reclassifications/unwinding	−11	−233	−95.3
As at 31.3.	**8,475**	**9,690**	**−12.5**

With direct write-downs, write-ups and recoveries on claims written down taken into account, the allocations and reversals recognised in profit or loss resulted in provisions of €212m (31 March 2011: €318m) (see Note 2).

Loan loss provisions | €m	31.3.2012	31.12.2011	Change in %
Valuation allowances for specific risks	7,336	7,366	−0.4
Valuation allowances for portfolio risks	713	789	−9.6
Provisions for on-balance-sheet loan losses	**8,049**	**8,155**	**−1.3**
Loan loss provisions for specific risks	309	349	−11.5
Loan loss provisions for portfolio risks	117	159	−26.4
Provisions for off-balance-sheet loan losses	**426**	**508**	**−16.1**
Total	**8,475**	**8,663**	**−2.2**

For claims on banks, loan loss provisions amounted to €223m (previous year: €242m) and for claims on customers to €7,826m (previous year: €7,913m).

(15) Trading assets

The Group's trading activities include trading in:

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

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

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

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

€m	31.3.2012	31.12.2011	Change in %
Bonds, notes and other interest-rate-related securities	20,839	20,903	–0.3
Promissory note loans	865	1,063	–18.6
Shares, other equity-related securities and units in investment funds	14,626	9,703	50.7
Positive fair values of derivative financial instruments	117,332	123,607	–5.1
Currency-related derivative transactions	14,032	17,515	–19.9
Interest-rate-related derivative transactions	97,192	98,365	–1.2
Other derivative transactions	6,108	7,727	–21.0
Other trading assets	313	424	–26.2
Total	**153,975**	**155,700**	**–1.1**

Other transactions involving positive fair values of derivative financial instruments consisted mainly of €2,918m (previous year: €3,303m) in equity derivatives and €2,870m (previous year: €4,060m) in credit derivatives.

(16) Financial investments

Financial investments are financial instruments not assigned to any other balance sheet item. They comprise bonds, notes and other interest-rate-related securities, shares and other equity-related securities not used for trading purposes, as well as units in investment funds, equity holdings (including companies not accounted for using the equity method and joint ventures) and holdings in non-consolidated subsidiaries.

€m	31.3.2012	31.12.2011	Change in %
Bonds, notes and other interest-rate-related securities[1]	89,613	92,526	−3.1
Shares, other equity-related securities and units in investment funds	1,491	1,506	−1.0
Equity holdings	382	347	10.1
Holdings in non-consolidated subsidiaries	145	144	0.7
Total	**91,631**	**94,523**	**−3.1**
of which relate to the category:			
Loans and receivables[1]	56,074	60,618	−7.5
Available-for-sale financial assets	33,297	30,587	8.9
of which measured at amortised cost	417	456	−8.6
At fair value through profit or loss (Fair value option)	2,260	3,318	−31.9

[1] Reduced by portfolio valuation allowances for reclassified securities of €93m (previous year: €91m).

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

The revaluation reserve after deferred taxes for all the securities reclassified in financial years 2008 and 2009 was €−0.7bn as at 31 March 2012 (previous year: €−0.8bn). Without these reclassifications, the revaluation reserve for these portfolios after deferred taxes would have been €−3.8bn (previous year: €−4.3bn) as at 31 March 2012; the carrying amount of these portfolios on the balance sheet date was €53.3bn (previous year: €57.6bn) and the fair value €48.8bn (previous year: €52.6bn).

(17) Intangible assets

€m	31.3.2012	31.12.2011	Change in %
Goodwill	2,080	2,088	– 0.4
Other intangible assets	929	950	– 2.2
Customer relationships	482	495	– 2.6
Brand names	9	9	0.0
In-house developed software	242	243	– 0.4
Other	196	203	– 3.4
Total	**3,009**	**3,038**	**– 1.0**

(18) Fixed assets

€m	31.3.2012	31.12.2011	Change in %
Land and buildings	785	794	– 1.1
Office furniture and equipment	591	605	– 2.3
Total	**1,376**	**1,399**	**– 1.6**

(19) Other assets

€m	31.3.2012	31.12.2011	Change in %
Collection items	11	253	– 95.7
Precious metals	1,040	882	17.9
Leased equipment	899	209	.
Accrued and deferred items	459	304	51.0
Initial/variation margins receivable	186	270	– 31.1
Other assets	1,285	1,324	– 2.9
Total	**3,880**	**3,242**	**19.7**

(20) Liabilities to banks

€m	31.3.2012	31.12.2011	Change in %
Due on demand	48,750	33,841	44.1
With a residual term	92,493	64,640	43.1
up to three months	44,798	23,526	90.4
over three months to one year	5,724	5,023	14.0
over one year to five years	28,165	22,456	25.4
over five years	13,806	13,635	1.3
Total	**141,243**	**98,481**	**43.4**
of which repos und cash collaterals	46,724	18,985	.
of which relate to the category:			
Liabilities measured at amortised cost	92,104	85,451	7.8
At fair value through profit or loss (Fair value option)	49,139	13,030	.

(21) Liabilities to customers

€m	31.3.2012	31.12.2011	Change in %
Savings deposits	11,539	6,862	68.2
With an agreed period of notice of			
three months	10,948	6,155	77.9
over three months	591	707	−16.4
Other liabilities to customers	244,763	248,482	−1.5
Due on demand	131,354	129,731	1.3
With a residual term	113,409	118,751	−4.5
up to three months	44,817	56,097	−20.1
over three months to one year	21,928	16,294	34.6
over one year to five years	13,260	11,996	10.5
over five years	33,404	34,364	−2.8
Total	**256,302**	**255,344**	**0.4**
of which repos und cash collaterals	27,620	28,209	−2.1
of which relate to the category:			
Liabilities measured at amortised cost	224,126	223,491	0.3
At fair value through profit or loss (fair value option)	32,176	31,853	1.0

(22) Securitised liabilities

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

€m	31.3.2012	31.12.2011	Change in %
Bonds and notes issued	88,274	100,311	−12.0
of which Mortgage Pfandbriefe	25,990	29,353	−11.5
Public-sector Pfandbriefe	32,550	34,990	−7.0
Money market instruments issued	6,273	5,224	20.1
Own acceptances and promissory notes outstanding	140	138	1.4
Total	**94,687**	**105,673**	**−10.4**
of which relate to the category:			
Liabilities measured at amortised cost	91,518	102,593	−10.8
At fair value through profit or loss (Fair value option)	3,169	3,080	2.9

Residual maturities of securitised liabilities | €m	**31.3.2012**	**31.12.2011**	Change in %
Due on demand	11	–	.
With a residual term	94,676	105,673	–10.4
up to three months	7,842	17,727	–55.8
over three months to one year	15,915	10,433	52.5
over one year to five years	54,031	58,921	–8.3
over five years	16,888	18,592	–9.2
Total	**94,687**	**105,673**	**–10.4**

In the first three months of 2012, material new issues with a total volume of €8.7bn were floated. In the same period the volume of redemptions and repurchases amounted to €4.9bn and the volume of bonds maturing to €17.8bn.

(23) Trading liabilities

Trading liabilities show the negative fair values of derivative financial instruments that do not qualify for hedge accounting as well as lending commitments with negative fair values. Own issues in the trading book and delivery commitments arising from short sales of securities are also included under trading liabilities.

€m	**31.3.2012**	**31.12.2011**	Change in %
Currency-related derivative transactions	15,583	20,762	–24.9
Interest-rate-related derivative transactions	95,052	96,736	–1.7
Other derivative transactions	7,061	8,433	–16.3
Certificates and other notes issued	5,957	5,789	2.9
Delivery commitments arising from short sales of securities, negative market values of lending commitments and other trading liabilities	10,506	6,127	71.5
Total	**134,159**	**137,847**	**–2.7**

Other derivative transactions consisted mainly of €3,720m (previous year: €3,714m) in equity derivatives and €2,873m (previous year: €4,305m) in credit derivatives.

(24) Provisions

€m	**31.3.2012**	**31.12.2011**	Change in %
Provisions for pensions and similar commitments	381	437	–12.8
Other provisions	3,255	3,324	–2.1
Total	**3,636**	**3,761**	**–3.3**

(25) Other liabilities

€m	31.3.2012	31.12.2011	Change in %
Liabilities attributable to film funds	1,936	1,952	–0.8
Liabilities attributable to non-controlling interests	2,488	2,576	–3.4
Accrued and deferred items	611	484	26.2
Variation margins payable	126	108	16.7
Other liabilities	2,036	1,448	40.6
Total	**7,197**	**6,568**	**9.6**

(26) Subordinated capital

€m	31.3.2012	31.12.2011	Change in %
Subordinated liabilities	12,368	12,094	2.3
Profit-sharing certificates outstanding	892	975	–8.5
Accrued interest, including discounts	–280	–165	69.7
Remeasurement effects	345	381	–9.4
Total	**13,325**	**13,285**	**0.3**
of which relate to the category:			
Liabilities measured at amortised cost	13,302	13,261	0.3
At fair value through profit or loss (fair value option)	23	24	–4.2

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

(27) Hybrid capital

€m	31.3.2012	31.12.2011	Change in %
Hybrid capital	2,060	2,830	–27.2
Accrued interest, including discounts	–911	–1,131	–19.5
Remeasurement effects	382	476	–19.7
Total	**1,531**	**2,175**	**–29.6**
of which relate to the category:			
Liabilities measured at amortised cost	1,531	2,175	–29.6
At fair value through profit or loss (fair value option)	–	–	.

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

Other notes

(28) Capital requirements and capital ratios

€m	31.3.2012	31.12.2011	Change in %
Tier I capital	27,364	26,189	4.5
Tier II capital	10,976	10,371	5.8
Tier III capital	–	–	.
Eligible equity	**38,340**	**36,560**	**4.9**

	Capital adequacy requirement		Risk-weighted assets[1]		
€m	31.3.2012	31.12.2011	31.3.2012	31.12.2011	Change in %
Credit risk	14,202	15,182	177,529	189,769	– 6.4
Market risk	1,415	1,640	17,688	20,500	– 13.7
Operational risk	2,218	2,106	27,724	26,325	5.3
Total capital requirement	**17,835**	**18,928**	**222,941**	**236,594**	**– 5.8**
Eligible equity	38,340	36,560			4.9
Tier I capital ratio (%)	12.3	11.1			
Total capital ratio (%)	17.2	15.5			

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

(29) Contingent liabilities and irrevocable lending commitments

€m	31.3.2012	31.12.2011	Change in %
Contingent liabilities	35,562	37,217	– 4.4
from rediscounted bills of exchange credited to borrowers	7	1	.
from guarantees and indemnity agreements	35,522	37,160	– 4.4
from other commitments	33	56	– 41.1
Irrevocable lending commitments	51,713	53,911	– 4.1

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 31 March 2012 totalled €155,327m (previous year: €194,925m). On the assets side, €153,404m of this was attributable to positive fair values and €1,923m to variation margins received. Netting on the liabilities side involved negative fair values of €155,239m and liabilities for variation margin payments of €88m.

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

	Nominal amount by residual terms						Fair value	
31.3.2012 €m	due on demand	up to 3 months	more than 3 months to 1 year	more than 1 to 5 years	more than 5 years	Total	positive	negative
Foreign-currency-based forward transactions	6	341,614	194,894	160,170	107,526	804,210	14,689	15,624
Interest-based forward transactions	20	497,568	1,870,084	2,396,238	2,068,072	6,831,982	254,898	260,582
Other forward transactions	800	64,010	69,888	176,094	26,942	337,734	6,161	7,115
Total	**826**	**903,192**	**2,134,866**	**2,732,502**	**2,202,540**	**7,973,926**	**275,748**	**283,321**
of which exchange-traded	*–*	*44,792*	*100,179*	*29,021*	*9,092*	*183,084*		
Net position in the balance sheet							**122,344**	**128,082**

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

(31) Fair value of financial instruments

	Fair value		Carrying amount		Difference	
€bn	31.3.2012	31.12.2011	31.3.2012	31.12.2011	31.3.2012	31.12.2011
Assets						
Cash reserve	5.6	6.1	5.6	6.1	–	–
Claims on banks	119.7	87.6	119.8	87.8	– 0.1	– 0.2
Claims on customers	299.7	292.9	300.0	296.6	– 0.3	– 3.7
Value adjustment portfolio fair value hedges[1]	0.0	0.0	0.2	0.1	– 0.2	– 0.1
Positive fair values of derivative hedging instruments	5.0	5.1	5.0	5.1	–	–
Trading assets	154.0	155.7	154.0	155.7	–	–
Financial investments	87.1	89.4	91.6	94.5	– 4.5	– 5.1
Liabilities						
Liabilities to banks	141.2	98.3	141.2	98.5	0.0	– 0.2
Liabilities to customers	256.4	255.1	256.3	255.3	0.1	– 0.2
Securitised liabilities	96.1	104.6	94.7	105.7	1.4	– 1.1
Value adjustment portfolio fair value hedges[1]	0.0	0.0	1.0	0.9	– 1.0	– 0.9
Negative fair values of derivative hedging instruments	10.4	11.4	10.4	11.4	–	–
Trading liabilities	134.2	137.8	134.2	137.8	–	–
Subordinated and hybrid capital	12.4	11.8	14.9	15.5	– 2.5	– 3.7

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

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

		Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
Financial assets | €bn			**31.3.2012**				**31.12.2011**		
Claims on banks	At fair value through profit or loss	–	40.6	–	40.6	–	23.8	–	23.8
Claims on customers	At fair value through profit or loss	–	33.8	0.3	34.1	–	23.7	0.2	23.9
Positive fair values of derivative hedging instruments	Hedge accounting	–	5.0	–	5.0	–	5.1	–	5.1
Trading assets	Held for trading	34.5	116.2	3.3	154.0	29.7	121.8	4.2	155.7
of which positive fair values from derivatives		–	115.1	2.2	117.3	–	121.1	2.5	123.6
Financial investments	At fair value through profit or loss	2.2	–	0.1	2.3	3.1	–	0.2	3.3
	Available-for-sale	31.4	1.1	0.8	33.3	27.7	2.1	0.8	30.6
Total		**68.1**	**196.7**	**4.5**	**269.3**	**60.5**	**176.5**	**5.4**	**242.4**

		Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
Financial liabilities | €bn			**31.3.2012**				**31.12.2011**		
Liabilities to banks	At fair value through profit or loss	0.0	49.1	–	49.1	0.1	12.9	–	13.0
Liabilities to customers	At fair value through profit or loss	1.7	30.5	–	32.2	1.5	30.4	–	31.9
Securitised liabilities	At fair value through profit or loss (fair value option)	3.2	–	–	3.2	3.1	–	–	3.1
Negative fair values of derivative hedging instruments	Hedge accounting	–	10.4	–	10.4	–	11.4	–	11.4
Trading liabilities	Held for trading	16.3	116.2	1.7	134.2	11.6	124.8	1.4	137.8
of which negative fair values from derivatives		–	116.2	1.5	117.7	–	124.7	1.2	125.9
Subordinated capital	At fair value through profit or loss	–	–	–	–	–	–	–	–
Total		**21.2**	**206.2**	**1.7**	**229.1**	**16.3**	**179.5**	**1.4**	**197.2**

There were no significant reclassifications between Level I, Level II and Level III in the first three months of 2012.

(32) Treasury shares

	Number of shares in units	Notional par value[1] in €1.000	Percentage of share capital
Balance as at 31.3.2012	1,275,676	1,276	0.02
Largest number acquired during the financial year	38,917,378	38,917	0.70
Total shares pledged by customers as collateral as at 31.3.2012	31,435,971	31,436	0.56
Shares acquired during the financial year	411,548,641	411,549	
Shares disposed of during the financial year	411,135,975	411,136	

[1] Notional par value per share €1.00.

(33) Related party transactions

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

As the guarantor of the Financial Market Stabilisation Authority (FMSA), which administers the Financial Market Stabilisation Fund (SoFFin), the German federal government holds a stake of 25% plus 1 share in Commerzbank Aktiengesellschaft, which gives it the potential to exert significant influence over the Bank. As a result the German federal government and entities controlled by it constitute related parties as defined by IAS 24. In the tables below we present relationships with federal government-controlled entities and agencies separately from relationships with other related parties.

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

€m	31.3.2012	31.12.2011	Change in %
Claims on banks	294	343	−14.3
Claims on customers	1,740	1,876	−7.2
Trading assets	–	1	−100.0
Financial investments	112	105	6.7
Other assets	386	426	−9.4
Total	**2,532**	**2,751**	**−8.0**
Liabilities to banks	3	2	50.0
Liabilities to customers	1,472	1,236	19.1
Trading liabilities	–	8	−100.0
Subordinated capital	629	622	1.1
Other liabilities	21	23	−8.7
Total	**2,125**	**1,891**	**12.4**
Off-balance-sheet items			
Guarantees and collaterals granted	158	146	8.2
Guarantees and collaterals received	7	7	0.0

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.–31.3.2012	1.1.–31.3.2011	Change in %
Income			
Interest income	8	28	–71.4
Commission income	4	1	.
Goods and services	1	–	.
Expenses			
Interest expense	14	30	–53.3
Commission expense	9	7	28.6
Operating expenses	2	2	0.0
Goods and services	7	13	–46.2
Write-downs/impairments	–	–	.

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	31.3.2012	31.12.2011	Change in %
Cash reserve	837	1,179	–29.0
Claims on banks	124	286	–56.6
Claims on customers	3,308	3,349	–1.2
Trading assets	2,355	3,576	–34.1
Financial investments	4,740	3,865	22.6
Total	**11,364**	**12,255**	**–7.3**
Liabilities to banks	14,413	13,390	7.6
Liabilities to customers	60	256	–76.6
Trading liabilities	688	299	.
Silent participation	1,706	1,937	–11.9
Total	**16,867**	**15,882**	**6.2**
Off-balance-sheet items			
Guarantees and collaterals granted	20	24	–16.7
Guarantees and collaterals received	–	5,000	.

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

€m	1.1.–31.3.2012	1.1.–31.3.2011	Change in %
Income			
Interest	135	117	15.4
Commission	2	–	.
Goods and services	1	2	–50.0
Expenses			
Interest	12	24	–50.0
Commission	2	12	–83.3
Goods and services	–	–	.
Write-downs/impairments	–	–	.

Frankfurt am Main, 7 May 2012
The Board of Managing Directors

Martin Blessing

Frank Annuscheit

Markus Beumer

Stephan Engels

Jochen Klösges

Michael Reuther

Stefan Schmittmann

Ulrich Sieber

Martin Zielke

Boards of Commerzbank Aktiengesellschaft

Supervisory Board

Klaus-Peter Müller
Chairman

Uwe Tschäge[1]
Deputy Chairman

Hans-Hermann Altenschmidt[1]

Dott. Sergio Balbinot

Dr.-Ing. Burckhard Bergmann

Dr. Nikolaus von Bomhard

Karin van Brummelen[1]

Astrid Evers[1]

Uwe Foullong[1]

Daniel Hampel[1]

Dr.-Ing. Otto Happel

Beate Hoffmann[1]

Sonja Kasischke[1]

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

Alexandra Krieger[1]

Dr. h.c. Edgar Meister

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

Dr. Helmut Perlet

Barbara Priester[1]

Mark Roach[1]

Dr. Marcus Schenck

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
(since 1 April 2012)

Jochen Klösges

Michael Reuther

Dr. Stefan Schmittmann

Ulrich Sieber

Dr. Eric Strutz
(until 31 March 2012)

Martin Zielke

Review report[1]

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 31 March 2012 which are part of the quarterly financial report pursuant to § (Article) 37x Abs. (paragraph) 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, 8 May 2012

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Peter Goldschmidt	Caroline Neupel
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

[1] Translation of the auditor's review report issued in German language on the condensed consolidated interim financial statements prepared in German language by the management of COMMERZBANK Aktiengesellschaft, Frankfurt am Main. The German language statements are decisive.

Significant subsidiaries and associates

Germany
Atlas Vermögensverwaltungs-Gesellschaft mbH, Frankfurt am Main
comdirect bank AG, Quickborn
Commerz Real AG, Eschborn
Deutsche Schiffsbank AG, Bremen/Hamburg
Eurohypo AG, Eschborn

Abroad
BRE Bank SA, Warsaw
Commerzbank (Eurasija) SAO, Moscow
Commerzbank Europe (Ireland), Dublin
Commerzbank International S.A., Luxembourg
Commerzbank Zrt., Budapest
Commerz Markets LLC, New York
Erste Europäische Pfandbrief- und Kommunalkreditbank AG, Luxembourg
Public Joint Stock Company "Bank Forum", Kiev

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

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

Disclaimer

Reservation regarding forward-looking statements
This interim report contains forward-looking statements on Commerzbank's business and earnings performance, which are based upon our current plans, estimates, forecasts and expectations. The statements entail risks and uncertainties, as there are a variety of factors which influence our business and to a great extent lie beyond our sphere of influence. Above all, these include the economic situation, the state of the financial markets worldwide and possible loan losses. Actual results and developments may, therefore, diverge considerably from our current assumptions, which, for this reason, are valid only at the time of publication. We undertake no obligation to revise our forward-looking statements in the light of either new information or unexpected events.

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

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2012/2013 Financial calendar	
May 23, 2012	Annual General Meeting
August 9, 2012	Interim Report Q2 2012
November 8, 2012	Interim Report Q3 2012
End-March 2013	Annual Report 2012
Early-May 2013	Interim Report Q1 2013

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