

Disclosure Report as at 30 June 2016

Disclosure in accordance with the Capital Requirements Regulation (CRR)

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Introduction

Commerzbank

Commerzbank Aktiengesellschaft is Germany's second largest bank and one of its leading banks for private and corporate customers. Our customers have one of the densest networks of any private-sector bank in Germany at their disposal. Commerzbank serves a total of around 16 million private customers and 1 million business and corporate customers worldwide. Commerzbank aims to continue strengthening its position as market leader in the private and corporate customer segments in Germany.

A detailed presentation on the structure and organisation of Commerzbank Group can be found in the Annual Report 2015.

Scope

This Disclosure Report is based on the group of companies consolidated for regulatory purposes. The companies consolidated for regulatory purposes only include those carrying out banking and other financial business. The consolidated group consists of a domestic parent company and its affiliated companies. The aim of regulatory consolidation is to prevent multiple use of capital that in fact exists only once by subsidiary companies in the financial sector. The companies consolidated under IFRS, by contrast, comprise all the companies controlled by the ultimate parent company.

In accordance with the materiality principle set out in Article 432 (1) CRR, this disclosure relates to the largest entities within Commerzbank Group. This enables the focus to be placed on the information that is most material. According to a uniform definition of materiality throughout the Group, subsidiaries classified as material during the annual risk inventory are included in the Disclosure Report. In addition, at least 95% coverage of the capital adequacy requirements of the entire Commerzbank Group must be achieved with these companies. This applies for default risks and also for market and operational risks. If this is not the case, other subsidiaries will be brought into the group of consolidated companies. Each year, in the run-up to the year-end disclosure report it is checked whether the 95% ratio is complied with or not for all risk types. An adjustment to the group of consolidated companies would be implemented as at 31 December, if applicable, and remains unchanged for the upcoming three quarterly reports.

In accordance with this definition of materiality, the following companies – as in last year's report - are included in the Disclosure Report 2015 alongside Commerzbank Aktiengesellschaft:

- mBank S.A.,
- comdirect bank AG,
- Commerz Real AG,
- Commerzbank Finance & Covered Bond S.A. (CFCB) and
- Loan Solutions Frankfurt GmbH

These six companies account for at least 95% of Commerzbank Group's total capital adequacy requirement. The 95% condition is also met in each case for the individual types of risk.

The information in this Disclosure Report generally relates to the six consolidated entities listed above. Where this is not the case (e.g. with regard to the capital structure), it is explicitly stated. All entities are fully consolidated both from a supervisory perspective and in accordance with IFRS.

In the context of the disclosure requirements (Article 431 (3) CRR) besides the Disclosure Report itself, all policies and processes have to be documented as a main component to fulfil the Pillar 3 requirements of the Basle framework. The appropriateness and practicality of the institute's disclosure practice has to be verified regularly. For this purpose Commerzbank has defined guidelines for the disclosure report which regulate the overarching, strategic part of the instructions. The operative targets and responsibilities are defined in addition in separate documents.

Commerzbank is one of the three biggest financial institutions in Germany and its consolidated balance sheet total regularly exceeds €30bn. Hence, independently of the criteria in Article 433 CRR, Commerzbank has implemented the reporting requirements during the period from Q2 2015 onwards and discloses the quarterly and semi-annually required information as appropriate.¹

Waiver rule pursuant to Article 7 CRR

According to the waiver rule pursuant to Article 7 CRR, the supervision of individual institutions within a banking group domiciled in Germany can, under certain circumstances, be replaced by the consolidated supervision. Within Commerzbank Group, comdirect bank AG continues to make use of the waiver rule. The same applies to Commerzbank AG as the parent institute. For more information, please refer to the Disclosure Report 2015.

¹ For this see EBA/GL/2014/14, title V (18).

Equity capital

Capital structure

The composition of the regulatory equity capital, the equity capital ratios as well as the reconciliation of the Group's equity reported in the balance sheet with regulatory capital are shown in the following

two tables 1 and 2. For a comprehensive overview of the Group's available equity capital, the analyses include the whole regulatory basis of consolidation.

Table 1: Equity structure

Line	A: Amount on the day of disclosure	C: Residual amount ¹	
Common Equity Tier 1 capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	18,444	0
1a	thereof: subscribed capital	1,252	
1b	thereof: capital reserve	17,192	
2	Retained earnings	10,958	
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	-1,193	see line 26a
3a	Funds for general banking risk	0	
4	Amount of qualifying items referred to in Art. 484 – 3 and the related share premium accounts subject to phase out from CET1	0	
4a	Public sector capital injections grandfathered until 1 January 2018	0	
5	Minority interests (amount allowed in consolidated CET1)	762	- 135
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	247	
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	29,218	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-380	
8	Intangible assets (net of related tax liability) (negative amount)	-2,335	-893
10	Deferred tax assets subject to future profit ratio excluding those arising from temporary differences (net of related tax liability where the conditions in Art. 38 – 3 are met) (negative amount)	-246	-164
11	Fair value reserves related to gains or losses on cash flow hedges	133	
12	Negative amounts resulting from the calculation of expected loss amounts	-515	-263
13	Any increase in equity that results from securitised assets (negative amount)	0	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-235	-138
15	Defined benefit pension fund assets (negative amount)	-244	-162
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-26	-15
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	0
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	0
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	0
20a	Exposure amount of the following items which qualify for a risk weight of 1250%, where the institution opts for the deduction alternative	-265	
20b	thereof: qualifying holdings outside the financial sector (negative amount)	0	
20c	thereof: securitisation positions (negative amount)	-265	
20d	thereof: free deliveries (negative amount)	0	

Line		A: Amount on the day of disclosure	C: Residual amount ¹
21	Deferred tax assets subject to future profit ratio and arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Art. 38 – 3 are met) (negative amount)	-111	-74
22	Amount exceeding the 15% threshold (negative amount)	0	0
23	thereof: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0	0
25	thereof: deferred tax assets subject to future profit ratio and arising from temporary differences	0	0
25a	Losses for the current financial year (negative amount)	0	0
25b	Foreseeable tax charges relating to CET1 items (negative amount)	0	0
26	Regulatory adjustments applied to CET1 in respect of amounts subject to pre-CRR treatment	1,308	
26a	thereof: regulatory adjustments relating to unrealised profit and losses according to Art. 467 and 468	1,308	
26a.1	thereof: unrealised losses from risk positions to sovereigns in the category "available for sale" of the international accounting standard IAS39 adopted by the Union	610	
26a.2	thereof: unrealised profits from risk positions to sovereigns in the category "available for sale" of the international accounting standard IAS39 adopted by the Union	0	
26b	Amount to be deducted from or added to CET1 with regard to additional deduction or correction positions and deductions required pre CRR	0	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	0	
27a	Other CET1 capital elements or deductions	0	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1) capital	-2,915	
29	CET1 capital	26,303	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	0	
31	thereof: classified as equity under applicable accounting standards	0	
32	thereof: classified as liabilities under applicable accounting standards	0	
33	Amount of qualifying items referred to in Art. 484 – 4 and the related share premium accounts subject to phase out from AT1	1,004	
33a	Public sector capital injections grandfathered until 1 January 2018	0	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in line 5) issued by subsidiaries and held by third parties	0	0
35	thereof: instruments issued by subsidiaries subject to phase out	0	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	1,004	
Additional Tier 1 (AT1) capital; regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	0	0
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	0
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	0
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	0

Line		A: Amount on the day of disclosure	C: Residual amount ¹
41	Regulatory adjustments applied to AT1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in the CRR (i.e. CRR residual amounts)	-1,004	
41a	Residual amounts deducted from AT1 capital with regard to deduction from CET1 capital during the transitional period pursuant to Art. 472 CRR	-1,004	
41a.1	thereof: losses of the current financial year (net)	0	
41a.2	thereof: intangibles	-893	
41a.3	thereof: shortfall of provisions to expected losses	-108	
41a.4	thereof: direct holdings of own CET1 instruments	-3	
41a.5	thereof: reciprocal cross holdings	0	
41a.6	thereof: equity capital instruments of financial sector entities where the institution does not have a significant investment in those entities	0	
41a.7	thereof: equity capital instruments of financial sector entities where the institution has a significant investment in those entities	0	
41b	Residual amounts deducted from AT1 capital with regard to deductions from Tier 2 capital during the transitional period pursuant to Art. 475 CRR	0	
41b.1	thereof: reciprocal cross holdings of Tier 2 instruments	0	
41b.2	thereof: direct positions of non-significant capital holdings of other financial sector entities	0	
41c	Amount to be deducted from or added to AT1 capital with regard to additional deduction or correction positions and deductions required pre CRR	0	
41c.1	thereof: possible deduction or correction positions for unrealised losses	0	
41c.2	thereof: possible deduction or correction positions for unrealised profits	0	
41c.3	thereof: others	0	
42	Qualifying Tier 2 deductions that exceed the Tier 2 capital of the institution (negative amount)	0	
42a	Other AT1 capital elements or deductions	0	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-1,004	
44	Additional Tier 1 (AT1) capital	0	
45	Tier 1 capital (T1 = CET1 + AT1)	26,303	
Tier 2 capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	6,040	
47	Amount of qualifying items referred to in Art. 484 – 5 and the related share premium accounts subject to phase out from Tier 2	129	
47a	Public sector capital injections grandfathered until 1 January 2018	0	
48	Qualifying own funds instruments included in consolidated Tier 2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	315	-5
49	thereof: instruments issued by subsidiaries subject to phase out	5	
50	Credit risk adjustments	0	
51	Tier 2 capital before regulatory adjustments	6,485	
Tier 2 capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own Tier 2 instruments and subordinated loans (negative amount)	-80	0
53	Holdings of the Tier 2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	0
54	Direct and indirect holdings of the Tier 2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	0
54a	thereof: new holdings not subject to transitional arrangements	0	0
54b	thereof: holdings existing before 1 January 2013 and subject to transitional arrangements	0	0

Line		A: Amount on the day of disclosure	C: Residual amount ¹
55	Direct and indirect holdings of the Tier 2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	0
56	Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in the CRR (i.e. CRR residual amounts)	-156	
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier1 capital during the transitional period pursuant to Art. 472 of the CRR	-156	
56a.1	thereof: shortfall of provisions to expected losses	-156	
56a.2	thereof: CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities	0	
56a.3	thereof: CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0	
56b	Residual amount deducted from Tier 2 capital with regard to deduction from AT1 capital during the transitional period pursuant to Art. 475 CRR	0	
56b.1	thereof: AT1 capital of financial sector entities where the institution does not have a significant investment in those entities	0	
56b.2	thereof: AT1 capital of financial sector entities where the institution has a significant investment in those entities	0	
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional deduction or correction positions and deductions required pre CRR	0	
56c.1	thereof: possible deduction or correction positions for unrealised losses	0	
56c.2	thereof: possible deduction or correction positions for unrealised profits	0	
56d	Other Tier 2 capital elements or deductions	0	
57	Total regulatory adjustments to Tier 2 capital	-236	
58	Tier 2 capital	6,249	
59	Total capital (TC = Tier 1 + Tier 2)	32,552	
59a	Risk-weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in CRR (i.e. CRR residual amounts)	250	
59a.1	thereof: items not to be deducted from CET1 (CRR residual amounts)	176	
59a.1.1	thereof: deferred tax assets subject to future profitability, net of related tax liabilities	164	
59a.1.2	thereof: indirect holdings of own CET1 instruments	13	
59a.1.3	thereof: items not to be deducted from CET1 capital positions (CRR residual amounts)	0	
59a.1.4	thereof: reciprocal cross holdings of CET1 instruments, direct holdings of non-significant investments in the capital of other financial sector entities	0	
59a.2	thereof: items not to be deducted from AT1 capital positions (CRR residual amounts)	0	
59a.2.1	thereof: indirect holdings of own AT1 instruments	0	
59a.2.2	thereof: indirect holdings of non-significant investments in the AT1 capital of other financial sector entities	0	
59a.2.3	thereof: indirect holdings of significant investments in the AT1 capital of other financial sector entities	0	
59a.3	thereof: items not to be deducted from Tier 2 capital positions (CRR residual amounts)	0	
59a.3.1	thereof: indirect holdings of own Tier 2 instruments	0	
59a.3.2	thereof: indirect holdings of non-significant investments in the capital of other financial sector entities	0	
59a.3.3	thereof: indirect holdings of significant investments in the capital of other financial sector entities	0	
60	Total risk-weighted assets	199,070	

Line		A: Amount on the day of disclosure	C: Residual amount ¹
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	13.2	
62	Tier 1 (as a percentage of total risk exposure amount)	13.2	
63	Total capital (as a percentage of total risk exposure amount)	16.4	
64	Institution specific buffer requirement (CET1 requirement in accordance with Art. 92 – 1 (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution (G-SII or O-SII) buffer expressed as a percentage of risk exposure amount)	5.1	
65	thereof: capital conservation buffer requirement	0.6	
66	thereof: countercyclical buffer requirement	0.02	
67	thereof: systemic risk buffer requirement	0	
67a	thereof: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	8.7	
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings by the institution of capital instruments of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	995	
73	Direct and indirect holdings by the institution of the CET1 instruments of relevant financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	242	
75	Deferred tax assets subject to future profit ratio, arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Art. 38 – 3 are met)	2,641	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in Tier 2 in respect of exposures under the standard approach (before application of cap)	0	
77	Cap on inclusion of credit risk adjustments in Tier 2 under the standardised approach	317	
78	Credit risk adjustments included in Tier 2 in respect of exposures subject to the internal ratings-based approach (before application of cap)	0	
79	Cap on inclusion of credit risk adjustments allowable in Tier 2 related to exposures subject to internal ratings-based approach	751	
Capital instruments subject to phase-out arrangements			
80	Current cap for CET1 instruments subject to phase-out arrangements	0	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	
82	Current cap on AT1 instruments subject to phase out arrangements	1,355	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0	
84	Current cap on Tier 2 instruments subject to phase out arrangements	456	
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	0	

¹ Amounts underlying regulations prior to (EU) No 575/2013 or mandatory residual amounts according to regulation (EU) No 575/2013.

The reconciliation of the Group's equity reported in the balance sheet with regulatory capital was as follows:

Table 2: Reconciliation of the Group's equity as reported in the balance sheet with regulatory capital

Position €m	Equity IFRS (Phase in) ¹	Equity FINREP ²	Equity COREP ³
Subscribed capital	1,252	1,252	1,252
Capital reserve	17,192	17,192	17,192
Retained earnings	11,456	11,423	11,423
Silent participations	0	0	0
Actuarial profits/losses current year	-387	-387	-387
Revaluation reserve	-901	-900	-900
Valuation of cash flow hedges	-133	-133	-133
Currency translation reserve	-168	-160	-160
Distributable profit/loss from previous year (after suspension of retained earnings)	0	0	0
Distributable profit/loss from current year	372	408	408
Non-controlling interests	999	989	989
Equity as shown in balance sheet	29,682	29,684	29,684
Effects from debit valuation adjustments			-207
Correction of revaluation reserve			726
Correction to cash flow hedges reserve			133
Correction to phase-in (IAS 19)			582
Correction to non-controlling interests (minority)			-227
Goodwill			-2,088
Intangible assets			-1,140
Surplus in plan assets			-244
Deferred tax assets from loss carry-forwards			-246
Shortfall due to expected loss			-623
Prudential valuation			-380
Own shares			-28
First loss positions from securitisations			-265
Advance payment risks			0
Deduction of offset components of Additional Tier 1 capital (AT1)			1,004
Deferred tax assets from temporary differences which exceed the 10% threshold			-111
Dividend accrual			-187
Others and rounding			-80
CET1			26,303
Hybrid capital	1,021	1,021	1,021
Not eligible issues			-23
Others, especially hedge accounting, interests, agio, disagio			6
Additional Tier 1 before deductions			1,004
Deduction of offset components of Additional Tier 1 capital (AT1)			-1,004
Additional Tier 1 after deductions			0
Subordinated capital	11,347	11,347	11,347
Decreased offsetting in the last 5 years of residual maturity			-4,032
Others, especially hedge accounting, interests, agio, disagio			-92
Not eligible non-controlling interests			-818
Tier 2 before deductions			6,405
Shortfall due to expected loss			-156
Tier 2 after deductions			6,249
Own funds	42,050	42,052	32,552

¹ Equity as shown in the balance sheet.² Financial reporting, equity as shown in balance sheet, regulatory group of consolidated companies.³ Common solvency ratio reporting, regulatory capital.

More details on the composition of Commerzbank's equity capital can be found in the Disclosure Report 2015 as well as in the Notes of the Annual Report 2015. Information on the issued capital instruments of Commerzbank Group according to Article 437 (1) b) and c) CRR are given on the internet pages of Commerzbank.

Regarding the disclosure of leverage ratio information pursuant to article 451 (1) CRR, we refer to Note 27 (Capital requirements and leverage ratio) of the Interim Financial Statements as at 30 June 2016, which is published on our website.

Capital requirements

The capital requirements set out below relate to Commerzbank Group and include details of the requirements relating to the material consolidated units included in this Disclosure Report. The figures are the same with regard to content as in the capital adequacy reports submitted to the Deutsche Bundesbank under Basel 3 Pillar 1.

Table 3: Capital requirements and risk weighted assets by risk type

€m	30.6.2016		31.12.2015	
	Capital requirements	Risk weighted assets	Capital requirements	Risk weighted assets
Default risks				
Standardised Approach to Credit Risk (SACR)	1,619	20,234	1,734	21,679
Central governments or central banks	10	126	18	224
Regional governments or local authorities	177	2,216	169	2,114
Public-sector entities	29	357	15	185
Multilateral development banks	0	0	0	0
International organisations	0	0	0	0
Institutions	57	717	81	1,018
Corporates	612	7,647	658	8,227
thereof SMEs	37	465	44	550
Retail	68	852	75	933
thereof SMEs	1	11	1	11
Loans backed by real estate	39	493	55	682
thereof SMEs	0	3	0	4
Defaulted positions	15	186	33	411
Particularly high risk positions	4	55	4	55
Covered bonds	2	19	2	20
Institutions/corporates with short-term credit assessment	0	0	0	0
Collective investment undertakings	53	659	45	564
Other items	552	6,905	580	7,245
Advanced approach (IRBA)	9,939	124,236	10,170	127,130
Central governments or central banks	681	8,506	545	6,811
Institutions	1,603	20,043	1,845	23,066
Corporates	6,223	77,788	6,348	79,346
thereof specialised lending	1,850	23,129	1,715	21,436
thereof SMEs	474	5,921	571	7,135
Retail	1,197	14,958	1,250	15,627
Secured by mortgages on immovable property	702	8,779	754	9,425
thereof SMEs	26	329	28	344
Qualifying revolving	38	471	41	508
Other	457	5,708	456	5,695
thereof SMEs	177	2,215	179	2,238
Other non-loan based assets	235	2,940	182	2,280

Table 3 continued: Capital requirements and risk weighted assets by risk type

€m	30.6.2016		31.12.2015	
	Capital requirements	Risk weighted assets	Capital requirements	Risk weighted assets
Securitisation risks	237	2,962	223	2,782
Securitised positions IRBA	119	1,488	93	1,163
thereof resecuritisations	2	24	4	50
Securitisation positions SACR	118	1,474	129	1,619
thereof resecuritisations	0	0	1	7
Investment risks	82	1,025	85	1,066
Investment positions SACR (permanent partial use)	82	1,025	85	1,066
thereof investments with method contin. (Grandfathering)	10	130	12	148
Investment positions IRBA	0	0	0	0
Processing risk	0	3	0	6
Contribution to default fund	16	199	1	7
Non-material entities	544	6,802	539	6,738
Total default risk	12,437	155,462	12,753	159,408
Market risks in the trading book	1,049	13,110	842	10,531
Standardised approach	43	534	49	613
Interest rate risk	26	319	29	361
thereof general price risk	20	255	23	290
thereof specific price risk	5	63	5	60
Specific price risk securitisations in trading book	0	3	0	4
Exchange rate risk	17	208	20	246
Equity risk (general price risk)	0	2	0	1
Equity risk (specific price risk)	0	1	0	1
Commodity price risk	0	0	0	0
Correlation trading portfolio	0	0	0	0
Internal model approach	1,006	12,577	793	9,919
Credit value adjustments (CVA)	430	5,375	475	5,940
Advanced	405	5,056	422	5,276
Standard	26	319	53	664
Non-material entities	64	796	76	956
Total market risk	1,543	19,281	1,394	17,427
Operational risks	1,946	24,327	1,712	21,398
Base indicator approach (BIA)	0	0	0	0
Standardised approach	0	0	0	0
Advanced measurement approach (AMA)	1,944	24,299	1,709	21,362
Non-material entities	2	28	3	35
Supervisory capital requirements	15,926	199,070	15,859	198,232

Specific risk management

Default risk

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

Quantitative information on default risks

Commerzbank Group's IRBA portfolio

The IRBA portfolio of all Commerzbank Group companies included in this Disclosure Report is shown below, broken down into the relevant IRBA asset classes. The structuring of the rating classes corresponds to the Commerzbank internal management via the PD master scale. These have been grouped into five main classes for reasons of clarity. Rating classes 6.1 to 6.5 comprise borrowers in default according to IRBA regulations, whereby the IRBA definition of default is also used for internal purposes. The risk parameters PD and LGD are calculated as exposure-weighted averages; the same also applies to the average risk weighting (RW).

The IRBA exposure value corresponds to the calculation of risk exposure values as defined in Article 166 CRR. These represent the expected amounts of the IRBA position that will be exposed to a risk of loss. The risk exposure value for off-balance sheet default risk positions is calculated by multiplying by a conversion factor.

Commerzbank Aktiengesellschaft, mBank S.A. and comdirect bank AG use the advanced IRB approach. They may therefore use the internal estimates of credit conversion factors (CCFs) for regu-

latory purposes, too. CCFs are necessary for off-balance sheet transactions in order to assess the likely exposure in the event of a possible default on commitments that have not yet been drawn.

In tables 4 to 7, only portfolios which fall under the scope of application of the IRBA and are rated with a rating process that has been approved by the supervisory authority are shown. Positions in the asset class other non-loan-related assets are not listed. These assets amount to €2.9bn. They do not have any creditworthiness risks and are therefore not relevant for the management of default risks. Furthermore, mBank S.A. positions in the amount of €1.5bn are not included. They are subject to the IRBA slotting approach.

The risk exposure values (EaD) shown in this section generally differ from those EaD values in the Annual or Interim Report (economic EaD) due to the following:

- For derivative positions, there are differences in definitions between the exposures reported in the Annual and Interim Report, respectively, and the regulatory figures presented in this Disclosure Report.
- Some transactions are not included in risk-weighted assets (RWA) for regulatory purposes but are included in the EaD values of the Annual and Interim Report.
- The figures presented in this Disclosure Report relate to those six entities within the Commerzbank Group that are considered material for disclosure. By contrast, the figures in the Annual Report relate to all companies that have to be consolidated according to IFRS.

All of the IRBA exposures are presented as follows:

Table 4: IRBA exposures (EaD) by rating class – on-balance and off-balance

Asset class €m		Investment Grade		Non-Investment Grade			Default	Total
		Rating 1 (0.00- 0.08%)	Rating 2 (0.08- 0.68%)	Rating 3 (0.68- 3.10%)	Rating 4 (3.10- 9.35%)	Rating 5 (9.35- 99.99%)	Rating 6 (100%)	
Central governments or central banks	EaD	12,724	8,923	2,088	132	286	0	24,152
	LGD %	29.8	26.9	59.6	66.7	53.2	80.0	31.8
	PD %	0.0	0.2	1.2	6.5	17.2	100.0	0.4
	RW %	11.0	35.2	138.1	237.1	267.6	62.5	35.2
	RWA	1,403	3,144	2,883	313	764	0	8,506
Institutions	EaD	17,727	18,773	8,357	2,418	305	143	47,721
	LGD %	40.3	38.4	36.2	19.0	21.0	69.5	37.7
	PD %	0.0	0.3	1.3	6.6	37.7	100.0	1.2
	RW %	17.3	46.6	77.5	60.2	101.0	0.0	42.0
	RWA	3,062	8,741	6,477	1,455	308	0	20,043
Corporates	EaD	17,514	86,820	23,855	6,112	5,352	4,866	144,519
	LGD %	35.7	38.7	35.7	33.2	29.5	51.5	37.7
	PD %	0.0	0.3	1.3	5.2	41.0	100.0	5.5
	RW %	17.6	45.2	77.7	112.4	122.7	45.1	53.0
	RWA	3,076	39,283	18,542	6,868	6,565	2,196	76,530
thereof specialised lending	EaD	5,834	10,557	5,714	3,796	4,396	2,280	32,576
	LGD %	35.4	39.4	30.0	31.6	28.5	49.9	35.4
	PD %	0.0	0.3	1.5	5.2	44.8	100.0	14.0
	RW %	20.0	48.8	75.0	113.4	116.4	81.2	67.1
	RWA	1,164	5,149	4,288	4,303	5,117	1,850	21,870
thereof SMEs	EaD	1,071	5,553	3,405	879	274	612	11,793
	LGD %	37.9	33.1	38.0	35.6	32.4	58.1	36.4
	PD %	0.0	0.3	1.5	5.2	19.9	100.0	6.6
	RW %	16.1	33.4	73.1	96.1	128.5	34.1	50.2
	RWA	173	1,853	2,489	845	353	209	5,921
Retail	EaD	33,152	50,145	12,107	3,475	1,470	1,311	101,659
	LGD %	26.5	23.0	29.4	26.0	27.2	53.8	25.5
	PD %	0.0	0.3	1.4	5.4	20.2	100.0	2.1
	RW %	2.4	11.5	34.1	50.9	91.9	88.7	14.7
	RWA	785	5,763	4,127	1,770	1,351	1,162	14,958
Total	EaD	81,116	164,661	46,406	12,136	7,412	6,319	318,051
	LGD %	32.0	33.3	35.2	28.6	29.6	52.4	33.3
	PD %	0.0	0.3	1.3	5.5	35.8	100.0	3.4
	RW %	10.3	34.6	69.0	85.7	121.3	53.2	37.7
	RWA	8,325	56,931	32,029	10,406	8,988	3,358	120,037

Table 5: IRBA exposures (EaD) in retail banking by rating classes – on-balance and off-balance

Asset class €m		Investment Grade		Non-Investment Grade			Default	Total
		Rating 1 (0.00- 0.08%)	Rating 2 (0.08- 0.68%)	Rating 3 (0.68- 3.10%)	Rating 4 (3.10- 9.35%)	Rating 5 (9.35- 99.99%)	Rating 6 (100%)	
Retail banking	EaD	33,152	50,145	12,107	3,475	1,470	1,311	101,659
	LGD %	26.5	23.0	29.4	26.0	27.2	53.8	25.5
	PD %	0.0	0.3	1.4	5.4	20.2	100.0	2.1
	RW %	2.4	11.5	34.1	50.9	91.9	88.7	14.7
	RWA	785	5,763	4,127	1,770	1,351	1,162	14,958
Secured by mortgages on immovable property, excluding SMEs	EaD	21,603	37,393	5,497	1,278	738	537	67,046
	LGD %	17.6	19.4	21.4	18.1	19.9	39.6	19.1
	PD %	0.0	0.3	1.3	5.4	20.4	100.0	1.4
	RW %	2.3	10.5	31.7	64.5	110.6	121.0	12.6
	RWA	496	3,918	1,745	825	816	650	8,450
Secured by mortgages on immovable property, SMEs	EaD	29	481	332	50	45	49	986
	LGD %	11.6	20.2	24.3	25.8	27.4	52.9	23.6
	PD %	0.1	0.3	1.3	5.3	17.5	100.0	6.7
	RW %	1.5	9.9	28.2	69.8	115.9	202.1	33.3
	RWA	0	47	94	35	52	100	329
Qualifying revolving	EaD	5,876	1,221	459	115	34	9	7,713
	LGD %	59.5	59.5	59.9	60.1	59.7	71.9	59.5
	PD %	0.0	0.3	1.4	5.2	17.2	100.0	0.4
	RW %	1.6	8.0	31.1	78.2	144.9	0.0	6.1
	RWA	92	98	143	90	49	0	471
Other, excluding SMEs	EaD	4,954	7,177	2,986	1,104	303	419	16,943
	LGD %	24.5	29.1	34.4	25.6	36.6	61.9	29.4
	PD %	0.0	0.3	1.4	5.5	22.7	100.0	3.6
	RW %	3.4	15.7	40.9	40.1	82.0	69.0	20.6
	RWA	167	1,124	1,222	443	249	289	3,493
Other, SMEs	EaD	690	3,874	2,833	927	351	297	8,970
	LGD %	38.3	35.8	35.3	33.0	31.5	67.5	36.4
	PD %	0.0	0.3	1.5	5.3	18.5	100.0	5.2
	RW %	4.4	14.9	32.6	40.6	52.9	41.5	24.7
	RWA	30	575	924	376	186	123	2,215

The following two tables solely show the off-balance sheet IRBA-positions:

Table 6: IRBA exposures (EaD¹) for off-balance sheet transactions by rating class – unutilised lending commitments

Asset class €m		Investment Grade		Non-Investment Grade			Default	Total
		Rating 1 (0.00- 0.08%)	Rating 2 (0.08- 0.68%)	Rating 3 (0.68- 3.10%)	Rating 4 (3.10- 9.35%)	Rating 5 (9.35- 99.99%)	Rating 6 (100%)	
Central governments or central banks	Total sum	564	51	63	129	110	0	917
	Ø CCF (%)	47	46	51	41	49	45	47
	EaD	274	24	31	55	12	0	397
	Ø EaD	5	2	2	20	133	0	32
Institutions	Total sum	689	1,466	412	144	47	2	2,759
	Ø CCF (%)	44	46	46	49	49	50	47
	EaD	325	713	86	65	10	1	1,200
	Ø EaD	27	28	73	14	3	1	30
Corporates	Total sum	8,779	62,844	10,255	1,201	746	115	83,940
	Ø CCF (%)	44	45	49	49	47	47	47
	EaD	4,050	28,588	4,435	466	242	53	37,834
	Ø EaD	24	25	6	7	30	2	17
thereof specialised lending	Total sum	376	1,592	314	186	399	25	2,892
	Ø CCF (%)	45	46	56	51	42	49	48
	EaD	364	1,351	193	100	178	12	2,198
	Ø EaD	8	31	4	4	7	1	11
thereof SMEs	Total sum	346	1,682	984	116	24	16	3,168
	Ø CCF (%)	42	44	48	50	48	44	47
	EaD	145	745	470	58	10	6	1,435
	Ø EaD	1	2	3	1	1	1	1
Retail	Total sum	14,502	10,470	2,716	343	53	12	28,095
	Ø CCF (%)	71	72	77	102	103	25	84
	EaD	9,133	7,103	1,760	201	29	4	18,229
	Ø EaD	1	0	0	0	0	0	0
thereof secured by mortgages on immovable property, SMEs	Total sum	3	19	26	1	0	0	49
	Ø CCF (%)	100	90	116	246	262	0	164
	EaD	3	17	27	1	0	0	49
	Ø EaD	0	0	0	0	0	0	0
thereof secured by mortgages on immovable property, excluding SMEs	Total sum	1,602	3,313	611	35	5	0	5,566
	Ø CCF (%)	100	99	100	97	94	0	94
	EaD	1,599	3,294	610	35	4	0	5,542
	Ø EaD	0	0	0	0	0	0	0
thereof qualified revolving	Total sum	9,592	1,588	385	66	9	0	11,640
	Ø CCF (%)	59	57	56	57	57	50	57
	EaD	5,684	911	216	37	5	0	6,853
	Ø EaD	0	0	0	0	0	0	0
thereof other SMEs	Total sum	1,030	3,744	1,125	161	27	7	6,094
	Ø CCF (%)	43	46	48	48	44	40	46
	EaD	439	1,702	544	76	12	3	2,775
	Ø EaD	1	0	0	0	0	0	0
thereof other, excluding SMEs	Total sum	2,276	1,806	569	80	12	4	4,747
	Ø CCF (%)	61	65	63	64	61	37	62
	EaD	1,408	1,178	363	52	7	2	3,010
	Ø EaD	1	0	0	0	0	0	0
Total	Total sum	24,534	74,830	13,446	1,817	955	128	115,711
	Ø CCF (%)	57	59	63	75	77	36	65
	EaD	13,782	36,428	6,311	787	293	59	57,660
	Ø EaD	11	11	10	6	23	1	11

¹ EaD is calculated from the assessment basis, CCFs, collateral deposits and withdrawals, and substitution effects.

Table 7: IRBA exposures (EaD¹) for off-balance sheet transactions by rating class – other unutilised off-balance sheet assets²

Asset class €m		Investment Grade		Non-Investment Grade			Default	Total
		Rating 1 (0.00- 0.08%)	Rating 2 (0.08- 0.68%)	Rating 3 (0.68- 3.10%)	Rating 4 (3.10- 9.35%)	Rating 5 (9.35- 99.99%)	Rating 6 (100%)	
Central governments or central banks	Total sum	108	129	73	46	305	0	662
	Ø CCF (%)	47	46	41	42	31	0	41
	EaD	46	65	30	17	47	0	206
	Ø EaD	1	1	0	0	7	0	2
Institutions	Total sum	798	2,400	1,704	1,567	334	15	6,818
	Ø CCF (%)	53	43	43	46	48	42	46
	EaD	466	1,017	695	639	134	6	2,957
	Ø EaD	39	10	6	17	2	4	12
Corporates	Total sum	3,056	17,423	3,490	398	336	213	24,916
	Ø CCF (%)	29	30	27	30	31	29	30
	EaD	1,199	6,475	746	107	84	55	8,666
	Ø EaD	10	13	3	1	1	1	5
thereof specialised lending	Total sum	203	269	178	33	42	20	744
	Ø CCF (%)	32	31	23	30	26	20	28
	EaD	335	251	46	15	10	4	662
	Ø EaD	6	3	0	0	0	1	2
thereof SMEs	Total sum	199	1,107	327	76	35	23	1,767
	Ø CCF (%)	25	24	31	33	37	40	31
	EaD	45	245	96	25	11	8	431
	Ø EaD	0	1	0	0	1	0	1
Retail	Total sum	180	525	178	39	13	21	956
	Ø CCF (%)	27	28	26	25	29	27	27
	EaD	47	127	45	10	4	6	239
	Ø EaD	0	0	0	0	0	0	0
thereof secured by mortgages on immovable property, SMEs	Total sum	0	0	0	0	0	0	0
	Ø CCF (%)	0	0	0	0	0	0	0
	EaD	0	0	0	0	0	0	0
	Ø EaD	0	0	0	0	0	0	0
thereof secured by mortgages on immovable property, excluding SMEs	Total sum	0	0	0	0	0	0	0
	Ø CCF (%)	0	0	0	0	0	0	0
	EaD	0	0	0	0	0	0	0
	Ø EaD	0	0	0	0	0	0	0
thereof qualified revolving	Total sum	0	0	0	0	0	0	0
	Ø CCF (%)	0	0	0	0	0	0	0
	EaD	0	0	0	0	0	0	0
	Ø EaD	0	0	0	0	0	0	0
thereof other SMEs	Total sum	105	463	151	35	11	17	783
	Ø CCF (%)	23	24	26	26	29	30	26
	EaD	25	108	37	9	4	5	188
	Ø EaD	0	0	0	0	0	0	0
thereof other, excluding SMEs	Total sum	75	61	27	5	2	4	174
	Ø CCF (%)	30	32	25	23	28	24	27
	EaD	22	19	7	1	1	1	51
	Ø EaD	0	0	0	0	0	0	0
Total	Total sum	4,143	20,477	5,446	2,050	988	249	33,352
	Ø CCF (%)	34	34	31	33	33	30	33
	EaD	1,758	7,685	1,516	774	268	67	12,068
	Ø EaD	10	7	2	3	2	1	4

¹ EaD is calculated from the assessment basis, CCFs, collateral deposits and withdrawals, and substitution effects. ² Securities lending and repurchase transactions are not included.

Appendix

Additional table

Table 8: Addition to table 1 (Equity structure):

B: Reference to article in the regulation (EU) No 575/2013

Line	(B) Reference to article in the regulation (EU) No 575/2013
1	26 (1), 27, 28, 29, EBA list 26 (3)
1a	EBA list 26 (3)
1b	EBA list 26 (3)
1c	EBA list 26 (3)
2	26 (1) (c)
3	26 (1)
3a	26 (1) (f)
4	486 (2)
4a	483 (2)
5	84, 479, 480
5a	26 (2)
6	
7	34, 105
8	36 (1) (b), 37, 472 (4)
9	
10	36 (1) (c), 37, 472 (4)
11	33 (a)
12	36 (1) (d), 40, 159, 472 (6)
13	32 (1)
14	33 (b)
15	36 (1) (e), 41, 472 (7)
16	36 (1) (f), 42, 472 (8)
17	36 (1) (g), 44, 472 (9)
18	36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)
19	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 471 (11)
20	
20a	36 (1) (k)
20b	36 (1) (k) (i), 89 to 91
20c	36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258
20d	36 (1) (k) (iii), 379 (3)
21	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
22	48 (1)
23	36 (1) (i), 48 (1) (b), 470, 472 (11)
24	
25	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
25a	36 (1) (a), 472 (2)
25b	36 (1) (l)
26	
26a	
26a.1	467
26a.2	468

Line	(B) Reference to article in the regulation (EU) No 575/2013
26b	481
27	36 – 1 (j)
27a	
28	
29	
30	51, 52
31	
32	
33	486 (3)
33a	486 (3)
34	85, 86, 480
35	486 (3)
36	
37	52 (1) (b), 56 (a), 57, 475 (2)
38	56 (b), 58, 475 (3)
39	56 (c), 59, 60, 79, 475 (4)
40	56 (d), 59, 79, 475 (4)
41	
41a	472, 472 (3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
41a.1	472 (3)(a)
41a.2	472 (4)
41a.3	472 (6)
41a.4	472 (8)(a)
41a.5	472(9)
41a.6	472(10)
41.7	472(11)
41b	477, 477 (3), 477 (4) (a)
41c	467, 468, 481
41c.1	467
41c.2	468
41c.3	481
42	56 (e)
43	
44	
45	
46	62, 63
47	486 (4)
47a	483 (4)
48	87, 87, 480
49	486 (4)
50	62 (c) & (d)
51	
52	63 (b) (i), 66 (a), 67, 477 (2)
53	66 (b), 68, 477 (3)
54	66 (c), 69, 70, 79, 477 (4)
55	66 (d), 69, 79, 477 – 4

Line	(B) Reference to article in the regulation (EU) No 575/2013
56	
56a	472, 472 (3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
56b	475, 475 (2) (a), 475 (3), 475 (4) (a)
56c	467, 468, 481
56c.1	467
56c.2	468
57	
58	
59	
59a	
59a.1	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)
59a.2	472, 475 (2) (b), 475 (2) (c), 475 (4) (b)
59a.3	477, 477 (2) (b), 477 (2) (c), 477 (4) (b)
60	
61	92 (2) (a), 465
62	92 (2) (b), 465
63	92 (2) (c)
64	CRD 128, 129, 130
65	
66	
67	
67a	CRD 131
68	CRD 128
69	
70	
71	
72	36 (1) (h), 45, 46, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)
73	36 (1) (i), 45, 48, 470, 472 (11)
74	
75	36 (1) (c), 38, 48, 470, 472 (5)
76	62
77	62
78	62
79	62
80	484 – 3, 486 – 2 & (5)
81	484 – 3, 486 – 2 & (5)
82	484 – 4, 486 – 3 & (5)
83	484 – 4, 486 – 3 & (5)
84	484 – 5, 486 – 4 & (5)
85	484 – 5, 486 – 4 & (5)

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List of abbreviations

AMA	Advanced measurement approach
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht
CCF	Credit conversion factor
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CVA	Credit value adjustments
EaD	Exposure at default
EBA	European Banking Authority
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IRBA	Internal ratings based approach
LGD	Loss given default
PD	Probability of default
RW	Risk weight
RWA	Risk weighted assets
SACR	Standardised approach to credit risk
SMEs	Small and medium-sized enterprises

Disclaimer

Commerzbank's internal risk measurement methods and models which form the basis for the calculation of the figures shown in this report are state-of-the-art and are based on banking sector practice. The risk models produce results appropriate to the management of the Bank. The measurement approaches are regularly reviewed by risk control and internal audit, external auditors and the German and European supervisory authorities. Despite being carefully developed and regularly monitored, models cannot cover all the influencing factors that have an impact in reality or illustrate their complex behaviour and interactions. These limits to risk modelling apply particularly in extreme situations. Supplementary stress tests and scenario analyses can only show examples of the risks to which a portfolio may be exposed in extreme market situations. However, stress testing all imaginable scenarios is not feasible. Stress tests cannot offer a final estimate of the maximum loss should an extreme event occur.

The interpretations with regard to CRR/CRD IV rules are still ongoing. In particular, some of the related binding Technical Standards are not yet available in their final version. Against this background we will continue to refine our methods and models in line with the interpretation of the rules. Thus, our measures may not be comparable with previously published measures and our competitors' measures published may differ from ours.

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