COMMERZBANK

Q2/2012

Interim Report as at 30 June 2012

Achieving more together

Key figures

Income statement	1.1.–30.6.2012	1.1.–30.6.2011
Operating profit (€m)	1,035	1,199
Operating profit per share (€)	0.17	0.53
Pre-tax profit/loss (€m)	906	1,199
Consolidated profit/loss[1] (€m)	644	1,009
Earnings per share (€)	0.10	0.46
Operating return on equity[2] (%)	7.1	7.5
Cost/income ratio in operating business (%)	68.1	70.0
Return on equity of consolidated profit/loss[1,2,3] (%)	4.5	6.5

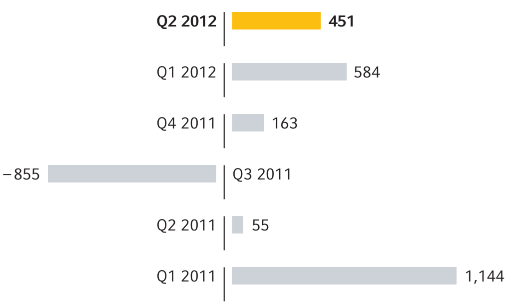
Balance sheet	30.6.2012	31.12.2011
Total assets (€bn)	672.6	661.8
Risk-weighted assets (€bn)	210.2	236.6
Equity as shown in balance sheet (€bn)	27.1	24.8
Own funds as shown in balance sheet (€bn)	41.8	40.3

Capital ratios		
Tier I capital ratio (%)	13.3	11.1
Core Tier I capital ratio[4] (%)	12.2	9.9
Equity Tier I ratio[5] (%)	11.4	9.1
Total capital ratio (%)	18.4	15.5

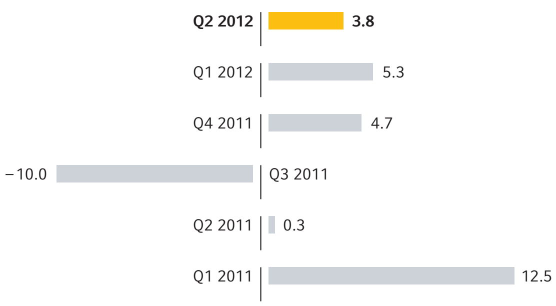
Staff	30.6.2012	30.6.2011
Germany	43,127	44,295
Abroad	13,094	13,960
Total	56,221	58,255

Long/short-term rating		
Moody's Investors Service, New York	A3/P-2	A2/P-1
Standard & Poor's, New York	A/A-1	A/A-1
Fitch Ratings, New York/London	A+/F1+	A+/F1+

Operating profit (€m)



Return on equity of consolidated profit/loss[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.

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Letter from the Chairman of the Board of Managing Directors

Martin Blessing
Chairman of the Board of Managing Directors

Dear shareholders,

The market environment in the first half of 2012 was difficult for European banks. Concerns about the sovereign debt crisis in Europe were alleviated somewhat by the corrective measures taken by the European Central Bank and the additional market liquidity at the start of the year, but they increased again significantly in the course of the second quarter. At the same time, interest rates in Germany declined even further from the already low level in the first quarter.

In this difficult environment we achieved an operating profit of €1.0bn in the first six months of the year, which is around 14% lower than in the previous year. The environment for banking business during the reporting period was anything but easy, and the reduced level of interest rates and continued cautiousness of our customers also had a significant impact on earnings momentum.

After having fulfilled the European Banking Authority's (EBA) requirement for the Bank to report a Core Tier I ratio of 9% in a simulated scenario of a partial default on European government bonds by the end of the first quarter of 2012 through the rigorous implementation of our action programme, we concentrated our efforts thereafter on significantly strengthening our capital base. We clearly exceeded the capital requirement of €5.3bn set by the EBA in December of last year by €2.8bn as at the end of June 2012, and we raised our regulatory Core Tier I ratio to 12.2%. Commerzbank is thus equipped for a market environment that will remain difficult and is already well-prepared for the upcoming requirements under Basel III. Long-term capital management and further reduction of risks will continue be priorities.

Against the backdrop of the ongoing difficult conditions in the markets, performance in the core bank segments was mixed. We are pleased to be able to report another solid result in the Mittelstandsbank and in the Central & Eastern Europe area, where we are very favourably positioned in Poland's growth market with BRE Bank. The Private Customer segment was also affected in the second quarter by further deterioration in the interest rate environment and the ongoing cautious attitude shown by our customers in the face of a renewed escalation of the euro crisis. We therefore initiated a strategic development of this segment several months ago and will announce the results in the autumn. The Corporates & Markets segment also felt the effects of the noticeable decline in investor confidence and the falloff in trading activity on the markets.

Outside the core bank, the Portfolio Restructuring Unit made significant progress in the first half of 2012 in reducing the portfolio and risk assets while also achieving a positive operating result. The performance of the Asset Based Finance segment was adversely affected in the reporting period by the decline in revenue associated with the reduction in the portfolio and the increased risk provisioning in ship finance.

In June, we decided to withdraw completely from financing of commercial real estate and from ship finance. By refraining from new business in these areas, the Bank can significantly reduce its capital commitment and the need for longer-term refinancing. Given the significant weakening in the market environment and further increases in capital requirements, a more focused allocation of resources in the areas where we see the best relationship between earnings potential and risks is necessary. The remaining portfolios from these two areas will be transferred in their entirety to the new "Non Core Assets" (NCA) run-off segment, where they will be run down in a value-preserving manner.

In the course of the ongoing review of our Group strategy, we furthermore decided to sell our stake in Bank Forum.

The persisting European sovereign debt crisis makes it difficult to reliably predict the outlook for the 2012 financial year. In the second half of this year we expect the market environment to remain weak, and we will therefore focus on the further strategic development of Private Customer business and the strategic reduction of holdings in Non-Core Assets and will subject the cost base to a critical review. It remains the strategic objective of Commerzbank to concentrate on long-term profitable core business through its client-driven business model while at the same time reducing our risks and capital commitments.

Yours sincerely

Martin Blessing, Chairman of the Board of Managing Directors

Development of Commerzbank shares

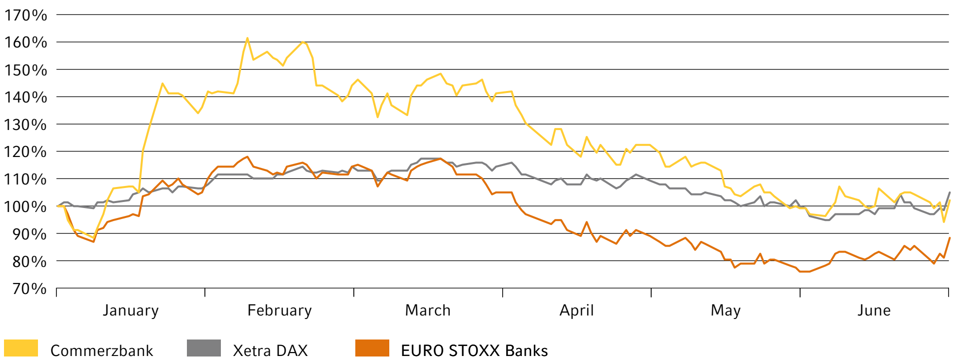
In the second quarter of 2012 the markets for bank shares were again dominated by the ongoing uncertainty concerning the financial situation in the eurozone and the world economy.

Bank shares suffered in April on the back of disappointing economic data from the United States and China and the fall in prices for Spanish sovereign bonds. At the end of the month, Moody's rating agency downgraded Spanish sovereign bonds and shortly thereafter bonds issued by Italian banks as well. In this environment, the demand for Bunds was so strong that Germany was able to increase its two-year Federal Treasury notes by €5bn with a coupon of 0% in mid-April. Against this backdrop, Commerzbank's share price fell to €1.63 at the end of April after posting a high of €1.91 on 2 April.

Worries about Spain's indebtedness and Greece's potential withdrawal from the eurozone impacted on the performance of the DAX. Between 1 May and 1 June, the DAX fell by more than 700 points to 6,050 points, making it the worst May result since the German stock index DAX began being calculated. Commerzbank's share price dropped to €1.33, despite the bank's solid first-quarter results and the fact that it more than fulfilled the capital requirement of €5.3bn stipulated by the EBA in December of last year and was even ahead of schedule.

Following the elections in Greece, in which the conservative party emerged as the winner, and Spain's official request for assistance for its banks from the resources of the European Financial Stability Facility (EFSF), the stock markets stabilised again in June. The outcome of the EU summit on the reform of the monetary union also served to generate more positive sentiment on the stock markets at the end of the quarter. The prospect of the creation of an independent, joint banking authority and the recapitalisation of troubled banks from the resources of the European Financial Stability Facility triggered a strong rise in prices of financial shares. On 29 June, the EURO STOXX Banks index climbed 8.5% within a single day. At the end of the first half of 2012, Commerzbank's share price stood at €1.34.

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



The EURO STOXX Banks index fell by 10.3% in the first half of 2012, while the Commerzbank share price – driven by very strong performance in the first quarter (+46%) – climbed 2.6% in the same period. In comparison, the DAX rose by 8.8% in the first six months of 2012. This performance was also attributable to the positive development in the first quarter, during which the DAX gained 17.8%, since in the second quarter this index was also dragged down in the wake of the euro crisis. From April until the end of June, the DAX exhibited major fluctuations and posted a loss of more than 9%. The daily turnover of Commerzbank shares – in terms of the number of shares traded – rose sharply in the first six months of 2012 compared with the same period last year (207%), with an average daily trading volume of 74.9 million (first half of 2011: 36.1 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 half stood at €7.5bn.

Highlights of the Commerzbank share

	1.1.–30.6.2012	1.1.–30.6.2011
Shares issued in million units (30.6.)[1]	5,829.5	5,113.4
Xetra intraday prices[2] in €		
High	2.21	5.18
Low	1.17	2.71
Closing price (30.6.)	1.34	2.97
Daily trading volume[3] in million units		
High	208.5	165.6
Low	22.2	4.1
Average	74.9	36.1
Index weighting in % (30.6.)		
Xetra DAX	1.0	1.8
EURO STOXX Banks	2.5	3.2
Earnings per share in €	0.10	0.46
Book value per share[4] in € (30.6.)	4.10	4.46
Net asset value per share[5] in € (30.6.)	3.86	4.23
Market value/Net asset value[2] (30.6.)	0.35	0.70

[1] Including the shares issued as part of the capital increase carried out at the end of June 2012, which have been tradeable since 2 July 2012 (see Interim Management Report, page 10 f.).
[2] 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.
[3] Total of all German stock exchanges.
[4] Excluding silent participations and non-controlling interests.
[5] Excluding silent participations, non-controlling interests as well as cash flow hedges and less goodwill.

Interim Management Report

Business and overall conditions

Overall economic situation

The global economy remained on a growth course in the first half of 2012, but growth momentum was significantly weaker. This applies in particular to the emerging markets, where, although growth rates are still above average, the upward trend has lost considerable momentum. The reason for the slowdown may be found in the significant tightening of monetary policy in many countries during the past year, as well as the weaker demand coming from the industrialised countries. Growth rates in the USA, on the other hand, have remained quite stable at just under 2%. The hope held by many at the turn of the year that monetary policy, which for a long time has been very expansive, would provide stronger impetus to the economy has not yet materialised.

While the trend in other parts of the world is continuing to look up, the eurozone is in recession. The consequences of the sovereign debt crisis here are manifesting themselves more and more. The economy, especially in the periphery nations, is not only being held back by highly restrictive fiscal policies but also by the fact that excesses of the past are having to be corrected in many instances, particularly in the real estate sector and in consumer and corporate debt levels. The uncertainty about the future of the currency union represents a further burden.

Germany has not been able to escape the general downward trend in the eurozone. The economy continued to grow considerably in the first half of 2012, but Germany's economic development, although still positive, cannot match the growth rates achieved in the past two years. The decline in business confidence becoming apparent in surveys rather suggests that the economy is unlikely to grow any further in the second half of the year. Indeed, the weakening demand from within the eurozone is becoming ever more noticeable and orders from outside the eurozone are no longer increasing at the same rate as they did over long periods of 2011. In addition, the uncertainty arising from the intensification of the sovereign debt crisis is causing many companies to take a more cautious approach to investing.

The financial markets are being dominated by two factors at present: the sovereign debt crisis in the eurozone and concerns about a worldwide recession. Worsening in both these factors has recently been been apparent, and thus in the second quarter high-risk securities had to give up at least some of the gains they achieved in the first three months of the year. In contrast, the prices of investments which are regarded as "safe havens", such as German Bunds and US treasuries, have climbed higher. Yields on ten-year Bunds have repeatedly set historical lows, and yields for shorter terms are even negative now. The euro is increasingly being handicapped by the sovereign debt crisis and the ECB's highly expansive monetary policy. At the end of June, the euro stood at only 1.26 US dollars.

Important business policy events

Commerzbank steps up focus on core business

In view of the continuing uncertainty on financial markets, the worsening government debt crisis and the increasing regulatory requirements, Commerzbank will pick up the pace on its current path of focusing on client-driven and profitable core business, minimising risks and reducing complexity. The Board of Managing Directors therefore decided at the end of June to fully wind down over time all activities in commercial real estate and ship financing, in addition to public finance. Furthermore, Commerz Real will be integrated into the core bank segment Private Customers. Hence, the new core bank segment of Real Estate and Ship Finance (RES), which originally had been planned as at July 2012, will not be realised.

Commercial real estate financing and ship finance will be transferred in their entirety to the new "Non Core Assets" (NCA) run-off segment. The main reasons for this are the high regulatory capital requirements and enhanced liquidity requirements of Basel III, in particular with respect to long-term financing, as well as the strong cyclical fluctuations in results which are also to be expected in future. Commerzbank will continue to offer real estate funding in its private and corporate customer business.

As announced at the end of March, the public finance business of Eurohypo AG will also be transferred at the organisational level to the NCA segment for the purpose of winding down. In legal terms, Eurohypo AG will retain the commercial real estate financing and public finance portfolios, as planned. Eurohypo AG will be renamed "Hypothekenbank Frankfurt AG", probably as at 31 August 2012, thereby fulfilling part of the requirement stipulated by the European Commission to wind down Eurohypo AG. The new name, which will also affect the subsidiaries of Eurohypo AG, refers back to a predecessor institution of Eurohypo AG.

Commerbank's Core Tier I capital strengthened through payment of variable compensation in shares

As announced at the beginning of the year, Commerzbank paid €213.8m of the individual variable compensation entitlements of its non-pay-scale employees in Commerzbank shares. At the end of June, the Board of Managing Directors of Commerzbank, with the approval of the Supervisory Board, determined that the definitive number of shares to be issued for the purpose of increasing capital against contributions in kind would be 176,553,636, with shareholders' pre-emptive rights excluded.

A total of just under 90% of entitled non-pay-scale employees decided to receive their variable remuneration in the form of shares. Claims from the 2011 variable remuneration of Commerzbank Group employees to be converted to shares were thus transferred as a contribution in kind for a total nominal value of €213.8m, which immediately effected a strengthening in Core Tier 1 capital. As part of a coordinated sale transaction, 128,335,357 of the newly issued shares were placed by Commerzbank Aktiengesellschaft and Deutsche Bank AG as joint bookrunners.

As announced, the Financial Market Stabilisation Fund (SoFFin) subsequently transformed part of its silent participations into shares in order to maintain its ownership share in Commerzbank (25% plus one share). Thus a portion of the silent participations with a nominal value of around €80.1m was converted into 58,851,212 shares from the conditional capital approved by the Annual General Meeting (AGM) in 2011. This reduced SoFFin's remaining silent participation in Commerzbank to around €1.63bn.

The completion of these two capital transactions increased the number of shares of Commerzbank to a total of 5,829,513,857 shares. Trading in the new shares began on the stock exchange on 2 July 2012.

Commerzbank announced the measure in January 2012 when introducing the plan for meeting the European Banking Authority's (EBA) capital requirements. After Commerzbank implemented a bundle of measures allowing it to exceed the original EBA capital requirement already as at 31 March 2012, this measure is intended to further strengthen the Bank's capital base so as to fulfil the stricter requirements under Basel III.

Commerzbank concludes sale of its minority interest in Promsvyazbank

As announced at the beginning of the year, Commerzbank completed the sale of its minority interest of approximately 14.4% in the Russian Promsvyazbank in mid-June. It was sold to Promsvyaz Capital B.V. The majority shareholder is Promsvyazbank. The transaction has already been approved by the supervisory authorities. In view of its intention to sell, Commerzbank activated a put option that had already been contractually agreed with Promsvyaz Capital B.V.

Commerzbank's Russian business activities will not be affected by the transaction. In corporate customer business the Bank will continue to support and be a reliable partner to Russian clients with business relationships in Germany and German companies doing business in Russia. As before, Commerzbank will be represented in Russia by its subsidiary Commerzbank (Eurasija) SAO and the representative offices in Moscow and Novosibirsk.

Commerzbank sells Bank Forum to the Ukrainian Smart Group

Commerzbank agreed to sell the Ukranian Smart Group its holding of approximately 96% in the Ukrainian Bank Forum. The parties have agreed to maintain confidentiality about the contractual details. The transaction is subject to approval by supervisory authorities.

Commerzbank acquired its majority stake in Bank Forum in spring of 2008. In the past few years, the dynamic development in the Ukraine has not occurred as was anticipated. We also do not expect a sustainable improvement even in the near future. In the course of its ongoing review of Group strategy Commerzbank therefore also decided to sell its stake in Bank Forum. Commerzbank will continue to be represented in the Ukraine through its representative office in Kiev, and in corporate customer business the Bank will continue to support and be a reliable partner to Ukrainian clients with business relationships in Germany and German companies doing business in the Ukraine.

Rating adjustment by Moody's

Following Moody's worldwide review of bank ratings against the backdrop of the ongoing European sovereign debt crisis, which it had announced for the spring of 2012, Moody's downgraded the credit ratings of numerous European banks in early June. The rating of Commerzbank's long-term liabilities was downgraded one notch to A3. The Bank's short-term rating was also reduced a notch and is now P-2.

Moody's explained the rating downgrades for the approximately 130 institutions it examined as being due to the higher risks associated with the financial crisis in the eurozone and the limited potential to compensate losses.

Earnings performance, assets and financial position

The business development of Commerzbank in the first half of 2012 was marked by the subdued activities of customers in a difficult market environment. It reflected the uncertainties surrounding the further development of the sovereign debt crisis, the lagging momentum of the capital markets and low levels of interest rates. In some respects the situation became even more acute in the course of the first half of the year. While the performance in the first half of 2012 was generally solid in the core bank segments Mittelstandsbank and CEE, the Private Customers and Corporates & Markets segments came under significant pressure owing to the developments described above. This resulted in a decline in earnings, particularly with respect to net interest and commission income as well as trading income. The substantial progress made in reducing operating expenses and the generally moderate risk situation could only partially offset the drop in income. Operating profit for the Commerzbank Group in the first six months of 2012 came to €1,035m and that for the core bank to €1,404m. This represents a decrease compared to the first half of 2011.

After Commerzbank had prematurely met and even exceeded the EBA capital requirement at the end of the first quarter of 2012, we continued strengthening our capital ratios in the second quarter. This was accompanied by a significant decline in risk assets of €26.4bn to €210.2bn versus year-end 2011. At mid-year the Core Tier I ratio was 12.2% and the Core capital ratio was 13.3%. The Bank's liquidity position was comfortable throughout the reporting period. We were able to meet the funding plan for the whole of 2012 in the first few months of the year, additionally aided by premature fund raising in the second half of 2011.

Income statement of the Commerzbank Group

Net interest income fell by 21.5% year on year to €2,762m during the first six months of this financial year, which may be attributed to several factors. Firstly, the interest rate environment was at a very low level. This led to lower deposit spreads, especially in the Private Customers and Mittelstandsbank segments, and dampened income from liquidity deposits as well. Secondly, lending volumes declined in several segments due to our planned reduction of non-core activities, particularly in commercial real estate financing in the Asset Based Finance and Corporates & Markets segments. Our RWA management, which was aimed at meeting the EBA capital target, also impacted on revenue. In the second quarter of 2011 income was posted from restructured loans.

The net allocation to loan loss provisions in the first half of 2012 increased slightly year on year by 3.4% to €616m, with loan loss provisions in the core bank remaining at a very low level. A decline in the net allocation to loan loss provisions in the Private Customers segment was offset by small gains in the other core bank segments. As in the previous year, almost 80% of the net allocation to loan loss provisions in the first two quarters was in the Asset Based Finance segment. However, the composition was altered as compared to the prior-year period: While provisioning requirements in commercial real estate financing were significantly lower, the trend in the shipping markets tended in the other direction due to the continued difficult economic situation there. In this market segment, allocations to provisions increased.

Net commission income during the period under review came to €1,600m, which was 17.9% less than in the first half of 2011. This was due to the continued reluctance shown especially by private customers with respect to securities investments against the backdrop of ongoing uncertainty in the financial markets. This in turn had an adverse impact on transaction-driven securities income, which was also negatively affected by the decline in stock market indices as compared to the first half of 2011. Furthermore, fee and commission income in the Asset Based Finance segment also fell substantially due to the suspension of new business.

Net trading income and net income from hedge accounting in the first half of 2012 amounted to €1,012m, which was 7.6% below the prior-year figure. The developments in the key segments that affect net trading income showed very divergent patterns. The contribution to earnings from the Corporates & Markets segment was diminished by the remeasurement of own liabilities to fair value in line with IFRS as well as by the fact that customer activities and transaction volumes in the group division Equity Markets & Commodities were lower in the reporting period than in the first half of 2011. Others and Consolidation, by contrast, achieved a significant rise in income in Group Treasury. Outside the core bank, the Asset Based Finance segment saw a decline, while the Portfolio Restructuring Unit posted a slight increase.

Net income from financial investments was €–199m in the first half of this year, as compared to €–942m in the same period of 2011. The results for the reporting period are attributable to the losses on sales of assets incurred through our focused reduction of the public finance portfolio, which included Greek government bonds. The high negative figure reported in the previous year was due to the large impairments on Greek government bonds, which were written down for the first time in the second quarter. These factors also impacted on the Asset Based Finance segment.

Other net income came to €–22m compared with €348m a year earlier. The figure in 2011 came about largely through redemptions of hybrid capital instruments conducted in January 2011 for the purpose of optimising the capital structure, while the figure for the first half of 2012 primarily reflects provisions made for legal risks.

Operating expenses in the first six months were €3,520m, down 15.9% on the first half of 2011. The decline in other operating expense including depreciation was particularly marked, with a drop of around 23%. This was attributable chiefly to the realisation of cost synergies, but also to active implementation of cost-saving measures to achieve the EBA target. Personnel expense was down by 9.5% as a result of lower regular salary payments for the reduced workforce but also because of lower performance-related elements of remuneration.

The Commerzbank Group posted an operating profit of €1,035m in the first half of the current year, compared with €1,199m in the same period last year. In connection with the European Commission's requirement to wind down Eurohypo AG and the decision to fully wind down all activities in commercial real estate financing and ship finance, restructuring provisions were recognised for a total amount of €43m in the Asset Based Finance segment. Related to the planned sale of Bank Forum, a net remeasurement was recognised based on the anticipated sale price in the amount of €–86m. Pre-tax profit came to €906m, compared with €1,199m in the same period of 2011.

Tax expense for the reporting period was €209m, which compares with €137m for the first half of 2011. Consolidated profit after tax amounted to €697m, compared with €1,062m in the prior-year period. €53m of consolidated profit was attributable to non-controlling interests and €644m to Commerzbank shareholders.

Operating earnings per share were €0.17 and earnings per share €0.10. In the prior-year period the comparable figures were €0.53 and €0.46 respectively.

Consolidated balance sheet

Total assets of the Commerzbank Group amounted to €672.6bn as at 30 June 2012. This slight rise of just under 2% or €10.8bn compared with year-end 2011 was attributable to the higher volume of collateralised money market transactions and the investment of free cash with central banks, which was largely offset by the planned reduction in balance sheet volume and risk assets.

On the assets side, the rise in volume was mainly visible in claims on banks. Cash reserves came to €6.8bn, some €0.7bn more than a year earlier. Claims on banks were up sharply, rising by €28.7bn to €116.5bn, particularly call money. The main factors here were higher deposits with central banks as a means of investing cash funds. Claims on customers were down slightly compared to year-end 2011, declining by €2.7bn to €293.9bn. While customer lending business decreased by €10.4bn owing to the focus on the Bank's strategic core business, reverse repos and cash collaterals rose by €7.5bn. Trading assets were down versus year-end 2011 by €12.4bn to €143.3bn. While equities, other equity-related securities and units in investment funds decreased by €2.6bn, the positive market values of derivative financial instruments, mainly currency derivatives, declined by €6.5bn. Financial investments were down by €3.8bn to €90.8bn, due particularly to the reduction in bonds and notes and other interest-rate-related securities.

On the liabilities side the main effect was an increase in liabilities to banks, which was partially offset by a decrease in securitised liabilities and trading liabilities. Liabilities to banks were up substantially by €28.4bn to €126.9bn, primarily due to a rise in repos and cash collateral business. Liabilities to customers remained virtually unchanged at €257.4bn versus year-end 2011. At least half of the €16.7bn decrease in securitised liabilities to €88.9bn versus the end of 2011 is attributable to maturing mortgage and public-sector Pfandbriefe of Eurohypo AG. At €133.8bn, trading liabilities were €4.1bn below the 2011 year-end figure. This was attributable to a decline in negative market values of currency and interest rate derivatives, which was only partially offset by an increase in delivery commitments from securities transactions.

Capital and reserves

The equity capital reported in the balance sheet at 30 June 2012 rose by 9.3%, or €2.3bn, to €27.1bn compared with year-end 2011. This increase was due mainly to current profit in the first half of the year as well as the capital measures implemented in first-half 2012. The capital structure optimisation measure implemented in the first quarter of 2012 involved the non-cash contribution of hybrid capital instruments, subordinated bonds and other financial instruments to Commerzbank capital against the issuance of shares from authorised capital. In addition, the capital increase for non-cash capital contributions to pay the individual variable compensation entitlements of non-pay-scale employees for the 2011 financial year in shares of Commerzbank Aktiengesellschaft also served to strengthen the Bank's equity base. In conjunction with both these measures, the Financial Market Stabilisation Fund (SoFFin) converted a portion of its silent participations into shares in order to maintain its stake in Commerzbank of 25% plus 1 share.

As a result of these capital measures and the subsequent conversion of part of the silent participation by SoFFin, subscribed capital rose in the first half of the year by €0.7bn to €5.8bn, with capital reserves up by €0.5bn to €11.7bn. Retained earnings increased by €0.7bn to €9.5bn. Total silent participations decreased following both of SoFFin's conversions by €0.3bn to €2.4bn. As at 30 June 2012, the revaluation reserve, the cash flow hedge reserve and the currency translation reserve were negative at €–3.1bn. This was an improvement of around €0.6bn compared with the end of 2011, attributable in particular to a rise in the fair values of Italian sovereign bonds.

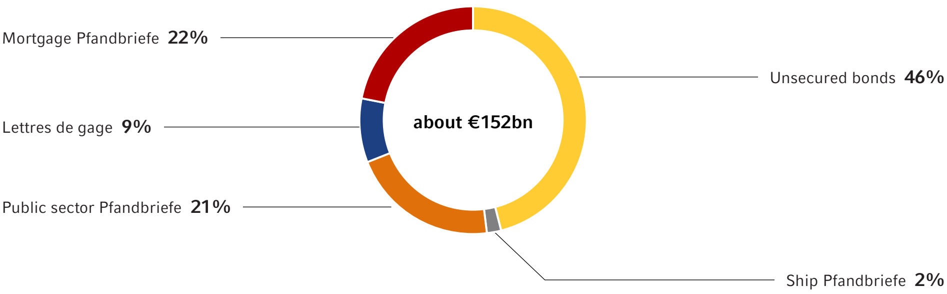
As at 30 June 2012, risk-weighted assets fell by €26.4bn from year-end 2011 to €210.2bn, mainly due to planned reduction measures, securitisations and collateral management and certification of our newly developed and integrated operational risk model by the regulatory authorities. Regulatory Tier 1 capital increased by €1.7bn to €27.9bn compared with the end of 2011. In conjunction with the lower level of risk-weighted assets the Tier I ratio rose to 13.3%. Core Tier I capital, which is a key variable in the context of Basel III, came to €25.6bn, or a ratio of 12.2%. Our own funds ratio was 18.4% on the reporting date.

Funding and liquidity

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 in line 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 six months of the the current year.

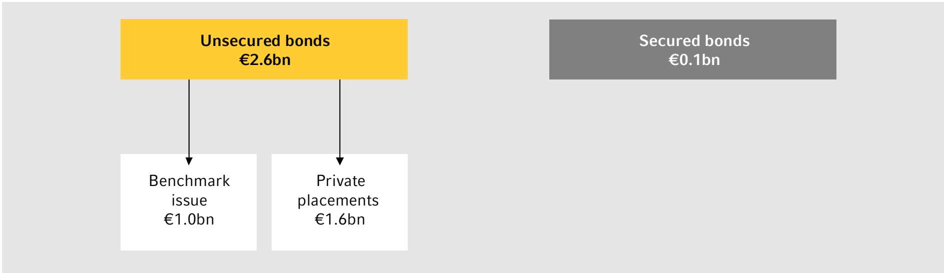
Capital market funding structure
as of June 30, 2012



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

Issues totalling approximately €2.7bn were placed in the capital market in the first half of 2012. As expected, due to the European Commission's requirement to wind down Eurohypo AG, only a very small volume of Pfandbriefe were issued by Eurohypo AG for a total amount of €100m.

Group capital market funding in the first half of 2012
Volume €2.7bn



In order to compensate for unexpected short-term outflows of liquidity, Commerzbank has a central liquidity portfolio of highly liquid securities eligible for central bank borrowing purposes, backed by medium- to long-term funding. This liquidity portfolio, which is supplemented by freely available cash resources, liquid securities positions and credit balances with central banks, forms Commerzbank's liquidity reserve. The liquidity reserve was €85.6bn at the end of the first half.

The regulatory provisions applicable to liquidity were complied with at all times. As at the reporting date of 30 June 2012, Commerzbank Aktiengesellschaft's key liquidity ratio calculated using the German Liquidity Regulation's standard approach was 1.38, still significantly higher than the minimum regulatory requirement of 1.00.

Money and capital markets in the eurozone were dominated in the first half of the reporting period by the ECB's 3-year tender operations conducted in December 2011 and February 2012 and the 3-month tender operations conducted in March and June 2012. These measures by the central bank helped calm 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 the ECB's tender operations in order to reduce the need for intra-group funding and to fund European sovereign bonds held by the Bank directly in our foreign entities. In the second quarter, 3-month tender transactions were renewed in the foreign entities concerned.

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 six months of the year were down significantly overall on the same period last year. The operating return on equity fell from 7.5% in the prior-year period to 7.1% this year. The return on equity based on the consolidated surplus was 4.5%, compared with 6.5% a year earlier. On the other hand, significantly lower costs led to a decline in the cost/income ratio to 68.1% from 70.0% in the same period of 2011.

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 regrouping 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. Implementation of the measures to restructure Eurohypo AG as decided by the Board of Managing Directors at the end of June will be reflected in the segmental structure as at the third quarter. As planned, the Portfolio Restructuring Unit was dissolved as an independent segment as at 1 July 2012, and the remaining portfolio was transferred to the Corporates & Markets core segment. This excluded the sub-portfolio of public infrastructure financing, which will now be managed in the NCA segment.

The core bank achieved an operating profit of €1.4bn in the first half of 2012. This represents a decrease of €0.7bn compared with the same period of 2011, which is attributable in particular to the low market interest rates and less customer activity resulting from the difficult capital market environment. Outside the core bank, the picture was mixed in terms of earnings: While the Portfolio Restructuring Unit could take particular advantage of the recovery in the structured loans market and was able to post a significantly better operating result year on year, in the Asset Based Finance segment the high losses were halved as compared to the first six months of 2011. In the previous year substantial charges were made for write-downs on Greek sovereign bonds.

Private Customers

€m	1.1.–30.6.2012	1.1.–30.6.2011	Change in %/%-points
Income before provisions	1,601	2,004	–20.1
Loan loss provisions	–34	–76	–55.3
Operating expenses	1,441	1,733	–16.8
Operating profit/loss	**126**	**195**	**–35.4**
Average capital employed	3,736	3,945	–5.3
Operating return on equity (%)	6.7	9.9	–3.1
Cost/income ratio in operating business (%)	90.0	86.5	3.5

In the Private Customers segment, the impact of low market rates and the cautiousness of our customers, notably with regard to capital market transactions, were clearly reflected in earnings in the first six months of the year. Further progress was made in reducing operating expenses thanks to synergies realised from the integration of Dresdner Bank and active cost management. On balance, however, this only partially offset the decline in income, and operating profit therefore decreased by 35.4% to €126m compared with the same period of the previous year.

In the first half of 2012, income before provisions came to €1,601m, which was 20.1% below the prior-year figure. Net interest income was down 12.4% year on year to €881m. 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 29.1% to €726m, mainly as a result of a decline in revenues from the transaction-driven securities business. This reflected a continued 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 six months of 2012 was negative at €–20m, which compares with €–36m in the prior-year period, due to commission adjustment payments and net allocations to provisions for legal risks.

Loan loss provisions were €–34m, which was 55.3% below the prior-year figure.

Operating expenses fell by 16.8% to €1,441m. This included a decline in personnel expenses of 11.0% and a decrease in other operating expenses of 9.1%.

Overall the Private Customers segment posted a pre-tax profit of €126m compared with €195m in the prior-year period.

The operating return on equity based on average capital employed of €3.7bn was 6.7% (previous year: 9.9%). At 90.0%, the cost/income ratio was higher than in the first six months of 2011 (86.5%).

Mittelstandsbank

€m	1.1.–30.6.2012	1.1.–30.6.2011	Change in %/%-points
Income before provisions	1,539	1,702	–9.6
Loan loss provisions	3	17	–82.4
Operating expenses	664	771	–13.9
Operating profit/loss	**878**	**948**	**–7.4**
Average capital employed	5,845	6,995	–16.4
Operating return on equity (%)	30.0	27.1	2.9
Cost/income ratio in operating business (%)	43.1	45.3	–2.2

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 prior-year figures were restated accordingly.

Against the backdrop of a relatively stable economic environment in the German domestic market, the Mittelstandsbank segment posted an operating profit of €878m in the first half of 2012, which represents a year-on-year decline of 7.4%.

In the period under review, income before provisions came to €1,539m, which was 9.6% below the prior-year figure. While there was growth in revenues from direct customer business in some categories, this was offset in particular by the low level of interest rates and the discontinuation of income posted from restructured loans in the previous year as well as remeasurement effects. At €1,031m, net interest income was 9.6% lower than in the same period of 2011. Although the volume of deposit business was greater, it contributed significantly less to net interest income due to lower margins caused by low market interest rates. Lending volumes, on the other hand, rose slightly, and lending margins were also slightly higher than last year, which boosted net interest income. This only partially offset the decline in earnings from deposit business, however. The discontinuation of income posted from restructured loans in the previous year was also apparent. Net commission income fell 5.1% to €542m. Although income from foreign trade and related product categories increased slightly in the reporting period, the demand from SMEs for capital market products was subdued during the first half of 2012. Net trading income was a negative €–12m, down €24m year-on-year, due largely to remeasurement effects from credit hedge transactions. Net investment income for the reporting period was €–7m compared with €–27m in the same period of the previous year. Other net income came to €–15m compared with €–1m a year earlier.

Thanks to the continued relatively stable economic environment in Germany in the first half of the year and the resulting reduced need for loan loss provisions, net reversals of €3m for loan loss provisions were recorded during the reporting period, despite net allocations of €32m in the second quarter. In the prior-year period, net reversals of €17m were recognised.

Operating expenses fell to €664m, which was 13.9% lower than the previous year's figure of €771m. The sharp drop in costs resulted in particular from the discontinuation of costs incurred in 2011 related to the integration of Dresdner Bank into Commerzbank.

All in all, the Mittelstandsbank segment generated pre-tax earnings of €878m in the first six months of the current year, which represents a decrease of 7.4% on the prior-year period.

The operating return on equity based on average capital employed of €5.8bn was 30.0% (prior-year period: 27.1%). The cost/income ratio was 43.1% compared with 45.3% in the same period of 2011.

Central & Eastern Europe

€m	1.1.–30.6.2012	1.1.–30.6.2011	Change in %/%-points
Income before provisions	430	443	–2.9
Loan loss provisions	–53	–36	47.2
Operating expenses	231	264	–12.5
Operating profit/loss	**146**	**143**	**2.1**
Average capital employed	1,889	1,778	6.2
Operating return on equity (%)	15.5	16.1	–0.6
Cost/income ratio in operating business (%)	53.7	59.6	–5.9

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 prior-year figures were restated accordingly. The sale of our stake in the

Russian Promsvyazbank was successfully completed in the second quarter. Commerzbank agreed to sell to the Ukrainian Smart Group its holding of approximately 96% in Bank Forum. The sale plans resulted in an extraordinary charge in the second quarter of 2012 in the amount of €–86m, which is recognised in the income statement. Upon conclusion of the transaction, the cumulative currency effects, which presently amount to around €–200m, will be reported in the income statement. This will not additionally burden equity capital, as provisions have already been made in currency reserves to the detriment of equity. Overall, Commerzbank's pre-tax profit will thus be negatively affected by around €–286m by the time the transaction is concluded.

In the first half of this year, the positive economic environment in Poland could be maintained at a stable level even though year-on-year growth was slightly lower. The macroeconomic situation in the Ukraine worsened more significantly. Overall, the Central & Eastern Europe segment generated an operating profit of €146m in the first six months of this year compared with €143m in the prior-year period.

In the period under review, income before provisions came to €430m, which was slightly below the figure for the first half of 2011 of €443m. BRE Bank contributed positively to this – after adjusting for currency effects – through improved net interest income.

Loan loss provisions rose by €17m to €–53m year on year.

Operating expenses fell to €231m, which was12.5% lower than the previous year's figure of €264m. Both personnel and other expenses were subject to conscientious cost management.

After the impairment of €–86m reported in connection with the sale of Bank Forum, the Central & Eastern Europe segment generated pre-tax profit of €60m in the first six months of 2012, down from €143m in the same period of 2011.

The operating return on equity based on average capital employed of €1.9bn was 15.5% (prior-year period: 16.1%). The cost/income ratio was 53.7% compared with 59.6% in the prior-year period.

Corporates & Markets

€m	1.1.–30.6.2012	1.1.–30.6.2011	Change in %/%-points
Income before provisions	786	1,389	–43.4
Loan loss provisions	–50	–31	61.3
Operating expenses	661	837	–21.0
Operating profit/loss	**75**	**521**	**–85.6**
Average capital employed	3,247	3,990	–18.6
Operating return on equity (%)	4.6	26.1	–21.5
Cost/income ratio in operating business (%)	84.1	60.3	23.8

The first half of 2012 continued to be dominated by the developments in the European sovereign debt crisis. Thanks to the measures taken by the European Central Bank, significant easing occurred in the markets during the first quarter, whereas the trend in the second quarter turned sharply negative again after the ECB refinancing programme ended and the sovereign debt crisis escalated further in Greece and Spain in particular. This also led to a renewed weakening of investor confidence in the capital markets, which manifested in declining income from client-driven trading activities.

After very good performance in the first quarter of 2012, despite the constraints of remeasurement effects of own liabilities, and a significantly weaker second quarter owing to the market, the Corporates & Markets segment achieved an operating profit of €75m for the first six months of the year, compared with €521m in the same period of last year. The first half includes a loss of €142m from the remeasurement of own liabilities, which compares with a gain of €29m in the same period of 2011. Revenue in the Corporate Finance division was down in the first six months year on year reflecting lower transaction activity due to market conditions and a volume reduction in the non-strategic loan book. The prior-year period also benefited from positive one-off effects. Income in the Equity Markets & Commodities division was also down as compared to the same period of 2011 due to the fall-off in customer demand for structured products in the first half of 2012. In the Fixed Income & Currencies division, revenue from customer business was stable year on year thanks to a strong first quarter with high customer activity in bond and repo transactions. Overall, however, income was lower than in the prior-year period because the above-mentioned negative effects from remeasurement of own liabilities are booked to this division.

Income before loan loss provisions fell in the first half of 2012 by €603m to €786m year on year. Net interest income also declined due to a reduction in the loan portfolio by €153m to €232m. Net commission income rose slightly by €3m to €143m thanks to positive contributions from the Fixed Income & Currencies division. At €403m, net trading income was down by €423m from the strong figure achieved in the first half of 2011. This was due to a significant fall-off in customer activity during the first half of 2012 and negative effects from the remeasurement of own liabilities.

Loan loss provisions for the first half of 2012 totalled €–50m, as compared to €–31m in the same period of 2011.

Operating expenses decreased substantially by €176m to €661m due to various factors including synergy effects realised in the back office area and reduced costs for performance-related elements of remuneration.

Pre-tax profit amounted to €75m, compared with €521m in the same period of 2011.

With average capital employed down by 18.6% to €3.2bn, the operating return on equity was 4.6% (prior-year: 26.1%). The cost/income ratio was 84.1%, compared with 60.3% a year earlier. Adjusted for the effects from the remeasurement of own liabilities, the operating return on equity would be at 13.4% (previous year: 24.7%). The adjusted cost/income ratio would come in at 71.2% after 61.5% in the previous year.

Asset Based Finance

€m	1.1.–30.6.2012	1.1.–30.6.2011	Change in %/%-points
Income before provisions	170	–287	.
Loan loss provisions	–479	–474	1.1
Operating expenses	244	297	–17.8
Operating profit/loss	**–553**	**–1,058**	**–47.7**
Average capital employed	6,394	6,893	–7.2
Operating return on equity (%)	–17.3	–30.7	13.4
Cost/income ratio in operating business (%)	.	.	.

The Asset Based Finance (ABF) segment posted a negative operating result of €–553m for the first half of 2012. The figure for the same period in 2011 was €–1,058m, which included substantial charges for write-downs on Greek government bonds. The environment for ABF activities remains extremely challenging. The escalating banking crisis in Spain was contained for the present by support granted through the European rescue programme. Interest rates on Spanish sovereign debt are nevertheless at record highs. In Italy the noticeable decline in interest rates in the first quarter also proved to be only temporary. The situation in international commercial real estate finance markets is mixed, with the USA showing signs of recovery, but Spain tending to continue to weaken. Developments in shipping markets remain volatile.

Income before loan loss provisions for the reporting period was €170m (previous year: €–287m). The year-on-year declines in net interest income to €385m (–30.3%) and in net commission income to €106m (–36.9%) both reflect the ongoing portfolio reduction across all areas of ABF. Net trading income of €–91m (previous year: €–34m) largely reflects the measurement of derivatives in accordance with IAS 39. Net investment income amounted to €–258m, mainly as a result of the disposal of the remaining Greek government bonds as well as other European government bonds in the first quarter, in which losses were accepted. In the prior-year period, substantial write-downs on our holdings of Greek government bonds in particular culminated in a strongly negative result for investment income of €–978m.

Loan loss provisions of €–479m were slightly higher than the prior-year figure of €–474m. An opposite trend is apparent in commercial real estate financing, where there was a decrease in valuation allowances, and in ship finance. Given the unchanged insufficient charter rates and high overcapacities, the credit quality of a growing number of shipping clients is deteriorating and thus raising the level of loan loss provisions as compared to 2011.

Operating expenses for the first half of the year fell by 17.8% to €244m thanks to forced cost management. In connection with the European Commission's requirement to wind down Eurohypo AG and the decision to fully wind down all activities in commercial real estate financing and ship finance, restructuring provisions were recognised for a total amount of €43m.

At mid-year the ABF segment reported a decline of €462m in pre-tax loss to €–596m (previous year: €–1,058m). This was mainly attributable to fewer negative effects from public finance activities.

Average capital employed declined by 7.2% to €6.4bn.

Portfolio Restructuring Unit

€m	1.1.–30.6.2012	1.1.–30.6.2011	Change in %/%-points
Income before provisions	216	161	34.2
Loan loss provisions	–3	4	.
Operating expenses	29	38	–23.7
Operating profit/loss	**184**	**127**	**44.9**
Average capital employed	1,378	1,144	20.5
Operating return on equity (%)	26.7	22.2	4.5
Cost/income ratio in operating business (%)	13.4	23.6	–10.2

The Portfolio Restructuring Unit (PRU) made significant further progress in reducing portfolios in the first six months of the year. The segment benefited particularly in the first quarter from the recovery of markets for structured loans and an improved economic environment in the USA. The resulting higher investor interest was successfully used for opportunistic sales of the portfolio, which was reduced by approximately 27% to €8.7bn versus the end of 2011. The positive market environment enabled the PRU to report an operating profit of €184m compared with €127m in the same period of 2011.

Income before loan loss provisions rose to €216m compared with €161m in the first half of 2011. Trading profit rose to €146m compared with €133m in 2011. This was attributable to portfolio sales above book value and positive remeasurement effects on the remaining portfolio as well as valuation adjustments with regard to the counterparty risk of credit insurers.

Loan loss provisions totalled €–3m in the first half, following a net reversal of €4m for the same period in 2011.

Operating expenses in the first half decreased by around 24% year on year to €29m, primarily as a result of the portfolio run-off and the related staff reduction measures.

Pre-tax profit rose to €184m, compared with €127m in the first half of 2011.

The operating return on equity based on average capital employed of €1.4bn was 26.7% (prior-year period: 22.2%). The cost/income ratio was 13.4% compared with 23.6% 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 comprises equity participations that are not assigned to business segments, as well as Group Treasury. The costs of the service units, which – except for integration and restructuring costs – are charged in full to the segments are also shown here. Consolidation includes 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 half of 2012 came to €179m compared with €323m in the prior-year period. Income before loan loss provisions fell from €567m in the first six months of 2011 to €429m in the first half of 2012. This €138m decline was due to positive special effects relating to the measures to optimise the capital structure implemented in the first quarter of 2011 and to provisions made in the first half of 2012 to cover litigation risks. Operating expenses remained at virtually the same level as last year at €250m. Pre-tax profit for the first half of 2012 came to €179m after €323m in the first half 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 for the rest of this year and next year, with the renewed easing of monetary policy in the last several months likely to at least stabilise the recently weakening growth rates in the emerging markets. A new recession in the USA is also unlikely given the very expansive monetary policy, although at present it would appear that the recovery of the US economy and reduction of unemployment will advance at only a slow pace in 2013. The greatest downside risk remains an uncertainty shock from an escalation of the sovereign debt crisis – i.e. the collapse of the monetary union.

This also applies to the eurozone, of course. Even if economic policy manages to avoid such an escalation, the economy, at least in the southern European countries, is likely to remain in recession for some time, as governments will have to scale back their budget deficits further and consumers and companies are a long way off from having finished consolidating their own accounts.

If slightly positive growth rates in gross domestic product are once again reported in the eurozone in 2013, it will be attributable primarily to Germany and a few other core countries of the monetary union. These countries will continue to reap benefits from the very expansionary monetary policy of the ECB. In addition, demand outside the eurozone is likely to pick up somewhat, and the weaker euro should thus help accelerate exports. The big question remains of how much the uncertainty about the future of the euro will burden the economy. An escalation of the crisis is likely to be averted by the governments of the euro countries and the ECB. 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 cannot be excluded in the USA, the UK and Japan, and in the eurozone this will effectively be the case anyway given that unrestricted access to a supply of liquidity is likely to continue. Consequently, rates on the money market are likely to stay very low. As a result, the yields on Bunds are likely to only 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

The extraordinary liquidity policy measures implemented by the ECB at the end of last year and in February of this year only temporarily eased the situation in Europe's banking sector in the first quarter of 2012. While the improvement in banks' funding terms prevented a disorderly sale of assets, the worsening of the crisis in Spain's banking sector, the debate about the possibility of Greece leaving the European currency union against the backdrop of the elections there and the tensions on the Italian and Spanish bond markets turned sentiment on the financial markets and in the real economy negative again in the spring. For the banking business the impression has arisen that it has become more difficult to find consensus in the search for a solution to the debt crisis and that countries are trying to sidestep the reform path and delay the adjustment process.

It is still too early to signal the all-clear for the banking environment. An end to the uncertainty about the future and stability of the currency union is not in sight at present. The risk of serious shocks through a loss of confidence in countries' ability to service their debt over the long term is in fact rather higher than it was in autumn of last year.

Against this backdrop, with growing divergences in the positions of individual countries, the earnings situation of European banks is unlikely to improve much for the rest of the year. Restrictive fiscal policy and overall high unemployment in the eurozone are negative factors. The deleveraging process initiated in many countries and households will decrease the demand for credit and lead to negative growth rates in deposit business. The ECB will thus remain the most important source of funding for many banks. The banking environment will be dominated by volatility in the capital markets, an ongoing low interest rate environment, high capital requirements and possibly further regulatory measures. Stricter capital adequacy and liquidity requirements will be the main dampers for the sector in the foreseeable future as regulation increases. Procurement and use of financial resources will challenge the banks along the entire value chain. In the next two years around a dozen new regulations will be implemented affecting the whole financial market, which will elicit some substantial interactions. Many banks will have no access to markets for unsecured financing and will not be able to fully eliminate doubts about the value of their asset positions.

Should the debt crisis in Europe persist, the possibility of contagion for banks in the USA and especially in the emerging nations should still 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 an acute risk that banks will be forced to offer price reductions on asset sales and when raising liable funds. At the same time, high volumes of bank bonds are also due to mature in the coming years, thus competing with the 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, will be available to a significantly smaller extent to help 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 probable volatility of the 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 found, there are two key developments that will shape the banking environment: Firstly, the banking sector must adjust to the lack of secure assets that originated in both the government and private spheres. Investment of excess liquidity in government bonds has been and will remain a cornerstone of banks' as well as insurance companies' business. Secondly, the banking industry must realise that the deleveraging process required of countries and households will be patchy rather than smooth, and this will reduce overall trend growth and continue to cause temporary periods of uncertainty in the financial markets.

This will further intensify competition for deposits, which are the main way of refinancing independently of the interbank market, and for the comparatively crisis-proof business of German SMEs, which more and more foreign banks are starting to pursue again. For the time being there will be no change in the fragmented market structure, which in some cases is also characterised by overcapacities. This will not make the competitive situation any easier, and it will limit the potential for generating capital from retained profit.

Expected financial outlook for the Commerzbank Group

Financing plans

Commerzbank's Group Treasury is responsible for the Group's capital and liquidity management. It determines, for example, 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 stable core customer deposit bases) and takes account of them in the funding plan. These clearly defined processes should ensure that under this concept, funding activities are regularly adjusted to reflect changed circumstances.

Liquidity management regularly analyses the structure of the various sources of funding in order to actively manage the funding profile. 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. Taking into consideration the pre-financing of more than €2bn from 2011, the additional reduction in assets as part of the EBA's measures and the placement of an unsecured benchmark bond in February 2012, the Commerzbank Group has covered its funding requirement in the capital markets for 2012. Nevertheless, we intend to launch more capital market issues in the second half of the year: 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

At the end of March 2012, the European Commission's decision on Eurohypo AG created greater clarity with regard to the further strategic development of the Asset Based Finance (ABF) segment. The original requirement was for Eurohypo to be sold by 2014, but it was revised such that most of the old portfolio now has to be run off and the "Eurohypo AG" brand given up. In view of the continuing uncertainty with regard to financial markets, the government debt crisis and the increasing regulatory requirements, the Board of Managing Directors of Commerzbank decided at the end of June to fully wind down over time the business areas of commercial real estate financing and ship finance in addition to public finance. Commerzbank will thus pick up the pace on its current path of focusing on client-driven and profitable core business, minimising risks and reducing complexity.

The commercial real estate, ship finance and public finance business and part of Eurohypo's retail business will be merged into the new run-off segment Non Core Assets (NCA). Around €43m in restructuring costs were already set aside for this purpose in the first half of 2012.

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

Following a temporary stabilisation of the markets in the first half of the year, the situation on the financial markets has worsened again in recent weeks despite the initially positive effects of the outcome to the elections in Greece. This trend was exacerbated by the downgrading of the credit ratings of numerous euro countries and banks by the rating agencies and by the requests from Spain and Cyprus for financial aid. Although the ECB's large injection of liquidity temporarily stabilised the markets, the eurozone's problems remain unresolved. If political decision-makers do not succeed in setting a convincing course towards a long-term solution to the euro crisis, the sovereign debt crisis is likely to become worse in the second half of the year.

The ECB dropped its key interest rate by 25 basis points at the start of July in order to stabilise the financial markets and facilitate lending. While financial market observers had fully expected monetary authorities to reduce the interest rate to a new all-time low of 0.75%, the drop to a rate of 0% for the deposit facility, which allows banks to park funds at the ECB overnight, came as a surprise. As a consequence of this interest rate cut, at the short end of the interest curve negative interest rates are now already being quoted in the interbank market. Further action on interest rates by the ECB could thus 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 should be 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 or inverse from overnight to 18 months and reflects the market's expectations regarding interest rate cuts.

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

General statement on the outlook for the Group

For the remainder of the year Commerzbank does not expect the challenging conditions in the economy and the capital market to stabilise. The massive widening of some spreads for government bonds of European peripheral countries (especially Spain) since March indicates that while measures taken by the European Central Bank temporarily lessen the impact of the sovereign debt crisis, they cannot resolve the underlying causes. Economic indicators for many parts of Europe are pointing downwards, which means that despite ongoing robust development, economic weakening in the second half of the year cannot be excluded, even in Germany. Since we assume that the earnings situation will continue to be subject to negative effects in the second half of the year, for example from the low interest rate environment, weak turnover in the capital markets and customer reluctance in securities and new lending business, we expect operating profit to remain under pressure.

The economic weakening will affect the global transport markets, which are a sensitive leading indicator, and thus the ship finance portfolio of Commerzbank. For the year as a whole, we anticipate valuation allowances in this area of several hundred million euro. The expected loan loss provisions in 2012 in the amount of €1.7bn still seems to be achievable; however in the view of further deteriorating market conditions this amount is more and more ambitious. On the expense side, due to an asymmetrical cost trend, the cost basis should be expected to be generally higher than in the first six months of the year. We will, however, significantly undercut the cost target of €7.6bn set for the current year.

If our expectation is confirmed of an ongoing difficult market environment and a related of lack of renewed momentum among customer and investors in the investment and lending business, the currently negative trend in net interest and net commission income in the core segments will not reverse before the end of the year. This also applies to the future Non Core Assets segment, because Commerzbank intends to continue running down the portfolio in the areas of ship finance and commercial real estate while preserving value as far as possible. On the other hand, we expect continued dynamic development of the BRE Bank in the Central & Eastern Europe segment, which is benefiting from the good conditions in the Polish market. Overall, in the second half of the year, the anticipated subdued earnings performance, increased loan loss provisions and moderate growth in costs associated with an asymmetrical trend will result in consolidated profit that clearly lags behind the performance in the first six months of the year.

In the difficult market environment, it will remain the strategic objective of Commerzbank to concentrate on long-term profitable core business through its client-driven business model while at the same time reducing our risks and capital commitments in the NCA segment. Within the annual strategic planning process, Commerzbank is currently examining all business areas with a view to achieving these goals. The management focus here is primarily on the further strategic development of the Private Customers segment and the strategy for winding down the portfolios in the Non Core Assets segment. In view of the still difficult earnings situation, we will also subject the cost base to a critical review.

Commerzbank substantially exceeded the regulatory requirement of a Core Tier I ratio as defined by the EBA of at least 9% by the end of June by undertaking numerous measures to strengthen the Bank's equity base. 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

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

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, and Risk Controlling and Capital Management, each of which is led by a divisional board member with group-wide responsibility and a direct reporting line to the CRO. The heads of 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 can be found in the 2011 Annual Report.

Risk-bearing capacity and stress testing

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

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

The following table shows the development of risk-bearing capacity during the first half of 2012.

Risk-bearing capacity Commerzbank Group | €bn	30.6.2012[1]	31.3.2012[1]	31.12.2011
Economic risk coverage potential	**27**	**28**	**27**
Economically required capital	**20**	**20**	**22**
thereof for credit risk	13	12	13
thereof for market risk	8	8	8
thereof for OpRisk	2	2	2
thereof for business risk[2]	-	-	2
thereof diversification between risk types	–3	–3	–4
RBC-ratio[3]	**132%**	**141%**	**123%**

[1] Based on current methodology; only partially comparable to values for 2011.
[2] Business risk is being considered in risk coverage potential since 2012.
[3] RBC-ratio = risk coverage potential/economically required capital.

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

Default risk

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

Commerzbank Group by segment

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

[1] Expected loan amount taking into consideration a possible (partial) drawing of undrawn lines and contingent liabilities, which will charge the risk bearing capacity in the case of default. The EaD of securities in the public finance portfolio is equal to the nominal.

Credit risk figures by segment as at 30.6.2012	Exposure at default €bn	Expected loss €m	Risk density bp	CVaR €m
Private Customers	**65**	**209**	**32**	**750**
Residential mortgage loans	37	95	26	
Investment properties	6	14	24	
Individual loans	12	54	46	
Consumer and instalment loans/ credit cards	9	40	44	
Domestic subsidiaries	1	4	29	
Foreign subsidiaries and other	1	2	24	
Mittelstandsbank	**115**	**319**	**28**	**3,198**
Financial Institutions	18	50	28	
Corporates Domestic	82	229	28	
Corporates International	16	41	26	
Central & Eastern Europe	**23**	**168**	**73**	**563**
BRE Group	23	157	70	
Bank Forum	<1	9	387	
Corporates & Markets	**58**	**100**	**17**	**1,434**
Germany	22	32	15	
Western Europe	20	42	21	
Central/Eastern Europe	2	4	24	
North America	8	12	15	
Other	6	9	14	
Others and Consolidation	**29**	**47**	**17**	**693**
Asset Based Finance	**166**	**810**	**49**	**5,331**
Commercial Real Estate	53	358	68	
Eurohypo Retail	13	14	11	
Deutsche Schiffsbank	20	275	137	
thereof ship financing	*17*	*274*	*159*	
Public Finance	80	162	20	
Portfolio Restructuring Unit	**10**	**44**	**44**	**649**
Group	**466**	**1,697**	**36**	**12,619**

Compared with the end of 2011, the EaD decreased at Group level by €26bn to €466bn while the EL rose by €17m to €1,697m. The risk density rose slightly to 36 basis points.

Private Customers

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

We meet the financing needs of our customers with a broad and modern product range. The focus of the portfolio is on 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).

The development in the portfolio remained stable in the second 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. The risk density in this area remained unchanged at 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 half of 2012 was again dominated by the sovereign debt crisis and its predicted effects on the real economy. Any effect the crisis may be having on Germany's core industries is scarcely perceptible at present. Only minor weakness can currently be seen in the major sectors such as mechanical engineering and the automotive industry. Order books are falling somewhat but still remain good. 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. The risk density in this area remained at 28 basis points as at 30 June 2012, which is still very low for the area of Mittelstand financing.

As at 1 January 2012 Commerzbank Eurasija in Russia, our branches in the Czech Republic and Slovakia as well as Commerzbank Zrt. in Hungary were transferred from the Central & Eastern Europe segment to Corporates International. The EaD in this area increased to €16bn and the EL to €41m in the first half of 2012. The risk density stood at 26 basis points as at 30 June 2012.

Overall, the EaD in the Mittelstandsbank remained stable at €115bn in the first half of 2012. For details of developments in the Financial Institutions portfolio see page 39.

Central & Eastern Europe

The activity in this segment is focused on BRE Bank in Poland, following the transfer of several units to the Mittelstandsbank segment (see above).

The Polish economy has been growing faster than average in recent years. The outlook for growth remains positive despite an expected slowdown in the second half of the year and is still more robust than in other eastern European countries. The fall in commodities prices has also reduced inflationary pressure. The BRE Group represents the economic focus of the CEE segment with an exposure of just under €23bn. We are still concentrating on optimising our operational risk management. The risk density was largely stable at 70 basis points.

Corporates & Markets

This segment covers client-driven capital market activities (Markets) and commercial business with multinationals, institutional clients and selected large corporate customers (Corporates) of Commerzbank Group. The regional focus of the segment is on Germany and Western Europe, which account for nearly three-quarters of exposure. North America accounted for around €8bn at the end of the first half of the year. Compared with 31 December 2011, the Corporates & Markets portfolio fell by €3bn to €58bn. In particular the exposure to sovereign bonds and to banks was cut back further. This also helped with the ongoing reduction of the remaining bulk risks. The risk density in Corporates & Markets improved in the first half of 2012 by 5 basis points to 17 basis points.

As planned, the Portfolio Restructuring Unit (PRU) was dissolved as an independent segment as at 1 July 2012, and the remaining portfolio was transferred to the Corporates & Markets core segment. This excluded the sub-portfolio of public infrastructure financing, which will now be managed in the NCA segment.

Asset Based Finance

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

In view of the continuing uncertainty on financial markets, the worsening government debt crisis and the increasing regulatory requirements, Commerzbank will transfer commercial real estate financing, ship financing, the public financing portfolio and parts of the retail banking business of Eurohypo into a new run-off segment called Non Core Assets (NCA), where they will be fully wound down over time. Major activities of Commerz Real and the rest of the Eurohypo retail portfolio will be integrated into Private Customers. These changes are scheduled to take effect in August 2012.

Commercial Real Estate In the first half of 2012 the portfolio had been reduced in line with strategy, primarily at Eurohypo AG. Total exposure (EaD) decreased by €4bn to €53bn in the first six months of the year. The portfolio composition by type of uses remains unchanged. The main components of exposure are the sub-portfolios office (€20bn), retail (€18bn) and residential real estate (€6bn). The CRE exposure also contains the Asset Management portfolios (Commerz Real), which are composed of warehouse assets for funds and typical leasing receivables in various sectors.

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

The worsening of the government debt crisis in early 2012 and uncertainty as to its outcome are increasingly unsettling the markets. No recovery in CRE's rental and investment markets is expected outside the euro zone either, given the restrained and very selective level of demand. It is hard at present to estimate the intensity of any potential correction. Market value losses are expected in the main countries affected by the crisis (Spain, Portugal and Italy), as well as in France and the Netherlands.

Eurohypo Retail Eurohypo only services the existing loan book (legacy portfolio), of which the private customer portfolio for the most part will be transferred to the Private Customers segment in the forthcoming restructuring.

In accordance with the strategic decision, still no new business was acquired. We continue to focus directly on portfolio reduction while minimising the impact on earnings.

Exposure at the end of the second quarter of 2012 was €13bn; the bulk of this related to 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 low.

Deutsche Schiffsbank Deutsche Schiffsbank AG has been a 100 percent subsidiary of Commerzbank AG since November 2011, and was merged into Commerzbank AG in May 2012. The previous business area Ship Finance was renamed Deutsche Schiffsbank.

The ship financing exposure decreased further from €18bn on 31 December 2011 to €17bn, despite a strengthening in the US dollar. The exposure is divided into three standard types of ship, whose shares are largely unchanged, i.e. containers (€6bn), tankers (€4bn) and bulkers (€3bn). 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, have had a negative impact on shipping markets since 2011. Market trends remain volatile, but a renewed weakness is being seen in charter rates at present. We expect impairments in 2012 that will exceed those of 2011.

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

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

The remaining Public Finance portfolio in ABF is accounted for by banks (€28bn EaD), where the focus is also on Germany and Western Europe (approximately 92%). Most of the bank portfolio comprises securities/loans which to a large extent are covered by grandfathering, guarantee/maintenance obligations or other public guarantees, or were issued in the form of covered bonds.

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

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

Portfolio Restructuring Unit

The PRU only manages assets that have been classified as non-strategic by Commerzbank and are therefore being wound down. Bundling allows these positions, which have been massively reduced in recent years, to be managed uniformly and efficiently. The remaining assets consist mainly of structured credit positions (essentially asset-backed securities – ABSs) with a nominal value of €16.5bn as at 30 June 2012. This predominantly (>85% of the risk value[1] of €9.9bn) relates to properly serviced investment grade securities. On 1 July 2012 these assets were integrated into the operational business of the Corporates & Markets segment.

Cross-segment portfolio analysis

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

Financial Institutions portfolio

We maintained our risk strategy for the Financial Institutions sub-portfolio in the first half 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. Portfolio bulk risks were cut further. Owing to an exposure reduction in the weaker rating classes the expected loss of the portfolio considerably decreased in the course of the first half of 2012. We are assuming that the development of risk in the portfolio will continue to be influenced by the progress of the European and sovereign debt crisis.

	30.6.2012			31.12.2011		
FI portfolio by region[1]	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Germany	17	8	5	17	10	6
Western Europe	28	39	14	28	81	29
Central/Eastern Europe	7	26	35	8	52	62
North America	2	1	7	3	1	6
Other	14	36	25	16	41	26
Total	**68**	**110**	**16**	**72**	**185**	**26**

[1] Excluding exceptional debtors.

[1] The 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.

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 continued portfolio optimisation. The EaD of the sub-portfolio was reduced from €32bn to €30bn. Despite predominantly positive results in our clients' operating businesses, we regard the uncertainty arising from the continuing sovereign debt crisis in Europe as a significant adverse factor for the sector.

	30.6.2012			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	10	18	19	10	22	22
Western Europe	12	27	22	13	22	18
Central/Eastern Europe	1	3	24	1	6	43
North America	4	30	79	5	42	92
Other	3	3	9	3	3	11
Total	**30**	**81**	**27**	**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 30.6.2012	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Germany	238	600	25
Western Europe	112	451	40
Central/Eastern Europe	40	246	62
North America	33	75	23
Other	45	325	73
Total	**466**	**1,697**	**36**

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. Following the bond swap as part of the private sector involvement (PSI) in Greece, the holding of Greek bonds has now been sold in full.

EaD[1] as at 30.6.2012 €bn	Sovereign	Banks	CRE	Corporates/ Other	Total 30.6.2012	Total 31.12.2011
Greece	0.0	0.0	0.2	0.1	0.3	1.1
Ireland	0.0	0.6	0.1	0.9	1.6	2.0
Italy	7.8	0.9	2.3	2.3	13.2	14.0
Portugal	0.8	0.3	1.6	0.3	3.0	3.4
Spain	2.6	4.2	3.9	2.9	13.5	14.6

[1] Excluding ship financing exposure.

Rating classification

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

Rating breakdown as at 30.6.2012 | 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	44	19	4	3
Mittelstandsbank	13	60	21	4	3
Central & Eastern Europe	22	40	26	9	2
Corporates & Markets	43	42	13	1	1
Asset Based Finance	31	38	18	8	5
Group[1]	**30**	**44**	**18**	**5**	**3**

[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 the business segment:

	30.6.2012			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	96	40	25	96	38
Consumption	21	82	39	21	82	40
Chemicals/Plastics	11	31	29	11	33	29
Automotive	10	23	23	11	26	25
Technology/ Electrical industry	10	23	24	10	23	23
Transport/Tourism	9	22	23	10	38	38
Services/Media	9	36	38	9	50	53
Mechanical engineering	8	24	29	8	25	32
Construction	4	18	41	4	17	41
Other	14	21	16	17	58	34
Total	**120**	**376**	**31**	**126**	**447**	**36**

Structured credit portfolio

Structured credit exposure PRU In the first half of 2012 the nominal volume of structured credit positions was reduced by €7bn to €16.5bn, and the risk value[1] by €3.8bn to €9.9bn (including the default portfolios in each case). The markdown ratios[2] as at 30 June 2012 slightly decreased overall compared to 31 December 2011, as a result of the successful liquidation approach.

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

	30.6.2012			31.12.2011		
Structured credit portfolio PRU	Nominal values €bn	Risk values €bn	Markdown ratio %	Nominal values €bn	Risk values €bn	Markdown ratio %
RMBS	1.8	1.2	34	3.2	1.9	40
CMBS	0.4	0.3	37	0.6	0.3	43
CDO	5.3	3.9	26	9.8	5.9	40
Other ABS	1.2	0.8	30	2.1	1.7	19
PFI/Infrastructure financing	4.1	3.6	13	4.3	3.8	13
CIRC	0.0	0.0	-	0.0	0.0	-
Other structured credit positions	3.6	0.1	-	3.6	0.1	-
Total	**16.5**	**9.9**	40	**23.5**	**13.7**	**42**

The bulk of the portfolio consists of **Collateralised Debt Obligations (CDO)**. These largely securitise US subprime RMBSs (CDOs of ABSs) as well as corporate loans in the USA and Europe (CLOs). The exposure in **Private Finance Initiatives (PFI)/Infrastructure financing**

[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).

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. Possible future write-downs on assets such as US RMBSs and US CDOs of ABSs, which have already been written down substantially, are likely to be offset by a positive performance from other assets. However, they are clearly limited because of the portfolio reduction in the first half 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. Moreover the overall economic development in countries of importance to us progresses as we are expecting within our risk assessment.

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

	30.6.2012		31.12.2011	
Further structured credit exposure €bn	**Nominal values**	**Risk values**	**Nominal values**	**Risk values**
Conduit exposure	3.2	3.2	3.3	3.3
Other asset-backed exposures	5.9	5.7	6.1	5.8
Total	**9.1**	**8.9**	**9.4**	**9.1**

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 €10.6bn, primarily for capital management purposes. As at the reporting date on 30 June 2012, risk positions of €6.7bn were retained, with by far the largest portion of these positions (€6.3bn) consisting of senior tranches.

		Commerzbank volume[1]				
Securitisation pool €bn	**Maturity**	**Senior**	**Mezzanine**	**First loss piece**	**Total volume[1] 30.6.2012**	**Total volume[1] 31.12.2011**
Corporates	2013–2027	5.9	0.3	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	0.5	<0.1	<0.1	3.8	4.0
Total		**6.3**	**0.3**	**0.1**	**10.6**	**8.9**

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

Intensive care

Loan loss provisions

Provisions for loan losses totalled €616m in the first half of 2012, which was slightly higher than in the previous year (up €20m). The Group's and in particular the core bank's loan loss provisions remained low overall in the first half of 2012. This was primarily because seasonal factors resulted in a very good first quarter, while an exceptional release was also recognised in the first quarter in connection with the parameter update. During the second quarter, the still difficult market conditions had a noticeable impact on loan loss provisions in relation to individual borrowers in the shipping portfolio. The segments developed as follows:

Loan loss provisions	2012			2011					
€m	H1	Q2	Q1	Total	Q4	Q3	H1	Q2	Q1
Private Customers	34	28	6	57	–53	34	76	35	41
Mittelstandsbank	–3	32	–35	190	149	58	–17	–28	11
Central & Eastern Europe	53	35	18	86	24	26	36	9	27
Corporates & Markets	50	23	27	146	56	59	31	31	0
Others and Consolidation	0	–1	1	–1	0	–1	0	1	–1
Core bank	**134**	**117**	**17**	**478**	**176**	**176**	**126**	**48**	**78**
Asset Based Finance	479	300	179	907	179	254	474	233	241
Portfolio Restructuring Unit	3	–13	16	5	26	–17	–4	–3	–1
Group	**616**	**404**	**212**	**1,390**	**381**	**413**	**596**	**278**	**318**

In the first half of 2012 loan loss provisions in the Private Customers segment amounted to €34m. Compared with the same period of 2011 this represents a significant fall of €42m, much of which is attributable to the one-off effect of the regular annual parameter update in the first quarter. The operating provision for possible loan losses remained stable and was also lower than in the first half of 2011.

Overall, Mittelstandsbank again benefited from favourable economic conditions in the first half of 2012. As expected, loan loss provisions increased in the second quarter, but for the first half of 2012 they remained at a very low level of €–3m due to the relatively small number of new defaults.

Provisions for the Central & Eastern Europe segment rose by €17m to €53m in the first half of 2012. However, in the same period of 2011, a release of €20m from provisions was recognised in connection with a portfolio sale by BRE Bank. When adjusted for this one-off item, the operating provision made progress year-on-year in the first half of 2012.

Provisions in the Corporates & Markets segment rose by €19m to €50m compared with the first half of 2011, as a result of a large individual case in the first quarter of 2012.

In the ABF segment, net loan loss provisions of €479m for the first half of 2012 were almost unchanged compared with the first half of 2011, although they were split differently between the various business areas. Whereas loan loss provisions for CRE Banking declined significantly compared with the same period of 2011, the ship financing area posted a significant rise in the first half of 2012. This increase was attributable to a small number of large individual cases, mainly in the second quarter of 2012.

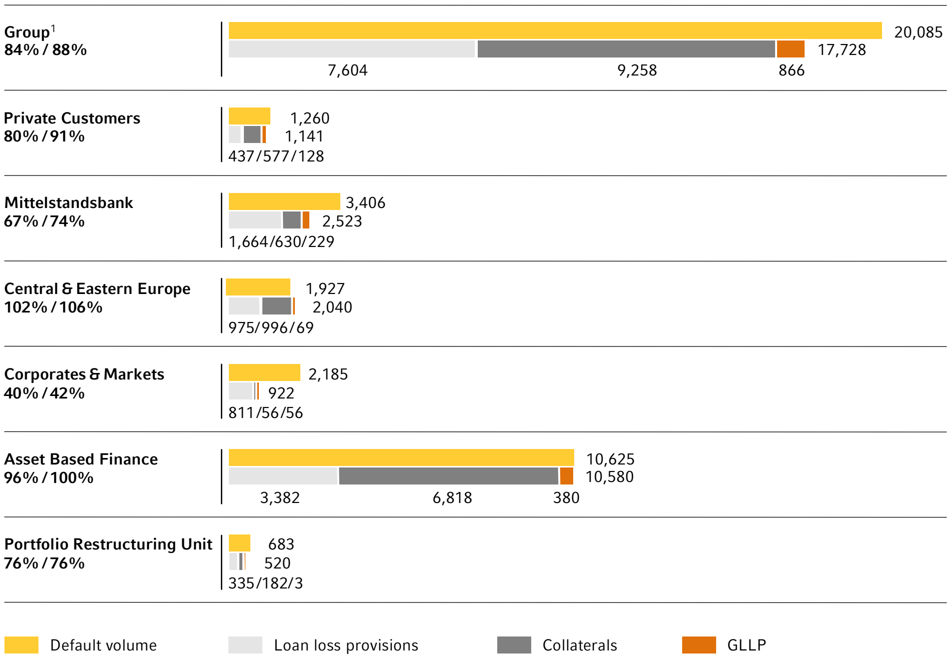
Following reversals in the second quarter, provisions in the Portfolio Restructuring Unit totalled €3m in the first half of 2012, which was a year-on-year rise of €7m.

Outlook In the second half of 2012 we expect a significant increase in risk provisioning – particularly driven by the ABF segment but provisioning will also be clearly above the level of the first half of the year for corporate portfolios. The crisis has had little impact on German SMEs so far. There was no more than a very moderate rise in new cases, although the number will increase again in the second half as the requirements relating to restructuring become more stringent. At the moment, an amount of €1.7bn in total still seems to be achievable for 2012; however in the view of further deteriorating market conditions this amount is more and more ambitious. If a severe economic downturn or defaults at financial institutions should arise, fuelled by the impact of the continuing sovereign debt crisis on the real economy, significantly higher loan loss provisions may be necessary.

Default portfolio

The default portfolio amounts to €20.1bn as at the reporting date. The portfolio includes receivables categorised as LaR. Impaired securities held in the PRU (see the section on the structured credit portfolio) and other impaired securities (EaD €0.3bn) are not included. The structure at segment level is as follows:

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 half of 2012 continued to be the European debt crisis. The two three-year tenders of the European Central Bank (ECB) relieved the markets to some extent in the first quarter. The provisional Greek rescue through the debt write-off and the associated avoidance of a disorderly insolvency also helped stabilise the markets. In the second quarter the political friction in Greece and the banking crisis in Spain, which needed support by European rescue mechanisms, took the crisis to a new level. The resulting market uncertainty spread to other countries, such as Italy.

On the bond markets, the worsening debt crisis saw greater demand for safer investments and record low yields on German Bunds and US Treasuries. Commerzbank expects Bund yields to be slightly higher by the end of the year. Spreads in the peripheral markets will be volatile and remain structurally high. However, moves towards mutualising debts within the EU should stop these expanding much further.

On the equity markets the European government debt crisis and slowing growth in the USA and China in the second quarter pushed stocks lower. The coming weeks are likely to see disappointing corporate profit announcements and more action from central bankers and politicians.

In the foreign exchange markets, the uncertainty relating to the European debt crisis and the ECB rate cut caused the euro to depreciate significantly against most major currencies. The ECB move is likely to be quickly forgotten by the currency markets, though. Weak economic reports in the USA have raised the probability of monetary easing by the Federal Reserve and could cause the euro to recover against the dollar in the short term.

Commodity markets saw a sharp fall in the oil price in the second quarter of 2012. Investors switched their focus away from supply side issues, such as the nuclear dispute with Iran, and instead concentrated on demand and the weak economic data coming out of the USA, China and Europe.

All in all, the environment remains challenging for Commerzbank. The unresolved government debt crisis is likely to result in market volatility remaining high in the coming months. However, Commerzbank has taken steps to limit the impact on the Bank even if extreme critical events (such as the collapse of the monetary union) should occur.

Market risk in the trading book

Commerzbank uses a uniform market price risk model to calculate value at risk (VaR) for its internal management. The 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, it calculates “stressed VaR”, 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 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 to calculate regulatory capital.

Value at risk in the trading book declined significantly in the first half of 2012 compared with the end of the previous year. This is largely due to an additional reduction in non-strategic risk positions. A further reduction in VaR came from reclassifying positions according to the allocation rules in force for allocating items to the trading or banking book.

VaR fell by €33.8m to €25.3m. The dominant asset classes are interest risk (€9.4m), credit spread risk (€6.6m) and share price risk (€5.8m).

VaR contribution by risk type in the trading book[1] | €m	30.6.2012	31.12.2011
Credit spreads	6.6	17.6
Interest rates	9.4	31.2
Equities	5.8	3.5
FX	2.1	4.0
Commodities	1.5	2.8
Total	**25.3**	**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 back testing. Apart from meeting supervisory requirements, the aim is to assess the forecasting quality. Analysing the results of back testing 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 half of 2012 there were no negative outliers.

As the value at risk concept forecasts potential losses under normal market conditions, Commerzbank also calculates stress tests to cover possible extreme scenarios. Stress tests are intended to simulate the impact of crises and extreme market conditions. Stress tests performed across portfolios simulate the impact of historical and conceivable future crisis scenarios. At Group level, the results of the stress tests in the first half of 2012 were all within the prescribed limits.

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 graph below shows changes in credit spread sensitivities for all securities and derivative positions (excluding loans) in Commerzbank Group. The reduction in credit spread sensitivity from €66m at the end of 2011 to €58m as at 30 June 2012 was mainly due to the Public Finance portfolio. This is largely owing to an additional reduction as part of the de-risking strategy and changes in the market value of existing positions. 80% of the credit spread sensitivity relates to securities positions classified as loans and receivables (LaR). Changes in credit spreads of these portfolios have no impact on the revaluation reserve or the income statement.

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

At the end of the second quarter of 2012 Commerzbank earmarked €0.4bn 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" of the Interim Management Report. Liquidity risks occurring for periods of less than a 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 an operating level, additional sub-committees are responsible for dealing with liquidity risk issues at a local level and with methodological issues regarding the quantification and limitation of liquidity risks that are of lesser significance for the Group.

Quantification and stress testing

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

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

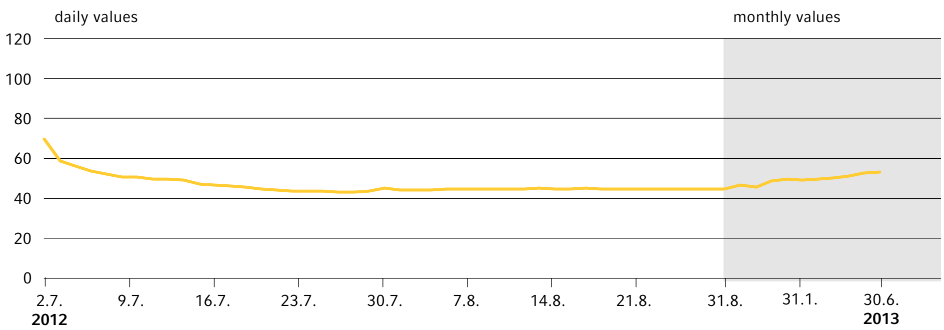
Additional components of liquidity risk management are a "survival period" calculation in terms of the MaRisk and the analysis of additional inverse stress scenarios.

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.

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

The graph below of ANL shows that, under the stress scenario relevant for the risk management calculated as at 30 June 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 half of 2012, the growing liquidity surplus in the money market was also reflected in Commerzbank's internal liquidity ratios, which were always significantly above the limits set by the Board of Managing Directors. The same applies to 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 and cash. As at 30 June 2012, the volume of freely available assets eligible for discounting at the central bank after haircut that was included in ANL modelling as part of the balance sheet liquidity was €60.9bn.

The Bank has taken measures to react to a possible break up of the euro and mitigate the liquidity impact this would have. The downgrade by rating agency Moody's had no lasting negative impact on the liquidity position at Commerzbank. There were no outflows of liquidity triggered by the move. Deposit volumes continue to be on a very high level.

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 in the framework of 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 and systems, people or from external events. This definition includes legal risks; it does not cover reputational risks or strategic risks.

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

The total charge to Commerzbank at the end of the first half of 2012 for OpRisk events (losses plus changes in provisions for operational risks and ongoing litigation) was €105m compared with €47m in the first half of 2011 (full-year 2011: €250m).

OpRisk events by segment €m	**2012** **H1**	**2012** **Q2**	**2012** **Q1**	**2011** **total**
Private Customers	38	12	26	85
Mittelstandsbank	3	1	2	15
Central & Eastern Europe	1	0	1	10
Corporates & Markets	61	66	–5	13
Asset Based Finance	5	3	2	14
Portfolio Restructuring Unit	0	0	0	0
Others and Consolidation	–3	–4	1	113
Group	**105**	**78**	**27**	**250**

Following the successful certification of our newly developed and integrated AMA model (Advanced Measurement Approach) by the regulatory authorities, this was used for the first time in the second quarter of 2012 to calculate the capital requirement for both regulatory and internal reporting purposes.

Risk weighted assets (RWA) for operational risks based on the AMA model amounted to €22.0bn as at the end of the second quarter of 2012 (31 December 2011: €26.3bn). Of this, roughly 63% related to Private Customers and Mittelstandsbank.

Other risks

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

Disclaimer

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

Interim Financial Statements

Statement of comprehensive income

Income statement

€m	Notes	1.1.–30.6.2012	1.1.–30.6.2011	Change in %
Interest income		7,558	8,567	−11.8
Interest expense		4,796	5,050	−5.0
Net interest income	(1)	2,762	3,517	−21.5
Loan loss provisions	(2)	−616	−596	3.4
Net interest income after loan loss provisions		2,146	2,921	−26.5
Commission income		1,860	2,228	−16.5
Commission expense		260	280	−7.1
Net commission income	(3)	1,600	1,948	−17.9
Net trading income	(4)	1,038	1,212	−14.4
Net income from hedge accounting		−26	−117	−77.8
Net trading income and net income from hedge accounting		1,012	1,095	−7.6
Net investment income	(5)	−199	−942	−78.9
Current net income from companies accounted for using the equity method		18	13	38.5
Other net income	(6)	−22	348	.
Operating expenses	(7)	3,520	4,184	−15.9
Impairments of goodwill and brand names		–	–	.
Restructuring expenses	(8)	43	–	.
Net measurement gain or loss on the prospective selling price of disposal groups[1]		−86	–	.
Pre-tax profit or loss		**906**	**1,199**	**−24.4**
Taxes on income	(9)	209	137	52.6
Consolidated profit or loss		**697**	**1,062**	**−34.4**
Consolidated profit or loss attributable to non-controlling interests		53	53	0.0
Consolidated profit or loss attributable to Commerzbank shareholders		644	1,009	−36.2

[1] As well as a currency translation reserve of €–0.2bn which will only be recognised on disposal in accordance with IAS 21.48 (see page 67).

Earnings per share | €	1.1.–30.6.2012	1.1.–30.6.2011	Change in %
Earnings per share	0.10	0.46	−78.3

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

Condensed statement of comprehensive income

€m	1.1.–30.6.2012	1.1.–30.6.2011	Change in %
Consolidated profit or loss	697	1,062	–34.4
Change in revaluation reserve			
Reclassified to income statement	–14	170	.
Change in value not recognised in income statement	388	268	44.8
Change in cash flow hedge reserve			
Reclassified to income statement	92	123	–25.2
Change in value not recognised in income statement	–5	19	.
Change in currency translation reserve			
Reclassified to income statement	31	–	.
Change in value not recognised in income statement	147	–172	.
Change in companies accounted for using the equity method	1	–1	.
Other comprehensive income	640	407	57.2
Total comprehensive income	**1,337**	**1,469**	**–9.0**
Comprehensive income attributable to non-controlling interests	93	61	52.5
Comprehensive income attributable to Commerzbank shareholders	1,244	1,408	–11.6

2nd quarter | €m	1.4.–30.6.2012	1.4.–30.6.2011	Change in %
Consolidated profit or loss	300	53	.
Change in revaluation reserve			
Reclassified to income statement	–22	231	.
Change in value not recognised in income statement	–329	123	.
Change in cash flow hedge reserve			
Reclassified to income statement	45	59	–23.7
Change in value not recognised in income statement	–18	–10	80.0
Change in currency translation reserve			
Reclassified to income statement	9	–	.
Change in value not recognised in income statement	80	–34	.
Change in companies accounted for using the equity method	1	–	.
Other comprehensive income	–234	369	.
Total comprehensive income	**66**	**422**	**–84.4**
Comprehensive income attributable to non-controlling interests	12	41	–70.7
Comprehensive income attributable to Commerzbank shareholders	54	381	–85.8

Other comprehensive income | €m	**1.1.–30.6.2012**			**1.1.–30.6.2011**		
	Before taxes	**Taxes**	**After taxes**	**Before taxes**	**Taxes**	**After taxes**
Change in revaluation reserve	491	– 117	374	625	– 187	438
Change in cash flow hedge reserve	128	– 41	87	198	– 56	142
Change in currency translation reserve	178	–	178	– 172	–	– 172
Change in companies accounted for using the equity method	1	–	1	– 1	–	– 1
Other comprehensive income	**798**	**– 158**	**640**	**650**	**– 243**	**407**

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

Other comprehensive income | €m	**1.4.–30.6.2012**			**1.4.–30.6.2011**		
	Before taxes	**Taxes**	**After taxes**	**Before taxes**	**Taxes**	**After taxes**
Change in revaluation reserve	– 495	144	– 351	474	– 120	354
Change in cash flow hedge reserve	47	– 20	27	74	– 25	49
Change in currency translation reserve	89	–	89	– 34	–	– 34
Change in companies accounted for using the equity method	1	–	1	–	–	–
Other comprehensive income	**– 358**	**124**	**– 234**	**514**	**– 145**	**369**

Income statement (by quarter)

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

[1] As well as a currency translation reserve of €–0.2bn which will only be recognised on disposal in accordance with IAS 21.48 (see page 67).

Balance sheet

Assets | €m	Notes	**30.6.2012**	**31.12.2011**	Change in %
Cash reserve		6,771	6,075	11.5
Claims on banks	(11,13,14)	116,479	87,790	32.7
of which pledged as collateral		79	77	2.6
Claims on customers	(12,13,14)	293,930	296,586	−0.9
of which pledged as collateral		–	–	.
Value adjustment portfolio fair value hedges		168	147	14.3
Positive fair values of derivative hedging instruments		5,744	5,132	11.9
Trading assets	(15)	143,255	155,700	−8.0
of which pledged as collateral		18,808	16,025	17.4
Financial investments	(16)	90,762	94,523	−4.0
of which pledged as collateral		2,670	3,062	−12.8
Holdings in companies accounted for using the equity method		663	694	−4.5
Intangible assets	(17)	2,978	3,038	−2.0
Fixed assets	(18)	1,296	1,399	−7.4
Investment properties		673	808	−16.7
Non-current assets and disposal groups held for sale		1,147	1,759	−34.8
Current tax assets		482	716	−32.7
Deferred tax assets		3,910	4,154	−5.9
Other assets	(19)	4,334	3,242	33.7
Total		**672,592**	**661,763**	**1.6**

Liabilities and equity | €m	Notes	**30.6.2012**	**31.12.2011**	Change in %
Liabilities to banks	(20)	126,859	98,481	28.8
Liabilities to customers	(21)	257,437	255,344	0.8
Securitised liabilities	(22)	88,894	105,673	−15.9
Value adjustment portfolio fair value hedges		1,224	938	30.5
Negative fair values of derivative hedging instruments		11,437	11,427	0.1
Trading liabilities	(23)	133,782	137,847	−2.9
Provisions	(24)	3,409	3,761	−9.4
Current tax liabilities		416	680	−38.8
Deferred tax liabilities		76	189	−59.8
Liabilities from disposal groups held for sale		644	592	8.8
Other liabilities	(25)	6,592	6,568	0.4
Subordinated capital	(26)	13,024	13,285	−2.0
Hybrid capital	(27)	1,681	2,175	−22.7
Equity		27,117	24,803	9.3
Subscribed capital		5,828	5,113	14.0
Capital reserve		11,671	11,158	4.6
Retained earnings		9,537	8,822	8.1
Silent participations		2,376	2,687	−11.6
Other reserves		−3,076	−3,676	−16.3
Total before non-controlling interests		26,336	24,104	9.3
Non-controlling interests		781	699	11.7
Total		**672,592**	**661,763**	**1.6**

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	–	–	644	–	361	87	152	1,244	93	1,337
Consolidated profit or loss			644					644	53	697
Change in revaluation reserve					361			361	13	374
Change in cash flow hedge reserve						87		87		87
Change in currency translation reserve							151	151	27	178
Change in companies accounted for using the equity method							1	1		1
Dividend paid on silent participations								–		–
Dividend paid on shares								–	–15	–15
Change in accounting par value								–		–
Capital increases	717	498						1,215		1,215
Withdrawal from retained earnings								–		–
Decrease in silent participations				–311				–311		–311
Change in ownership interests			–1					–1	1	–
Other changes[1]	–2	15	72					85	3	88
Equity as at 30.6.2012	**5,828**	**11,671**	**9,537**	**2,376**	**–2,150**	**–723**	**–203**	**26,336**	**781**	**27,117**

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

As at 30 June 2012 about €–200m of the currency translation reserve were attributable to assets held for sale and disposal groups (subsidiaries in the Ukraine).

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

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

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

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

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

As at 30 June 2012, the subscribed capital of Commerzbank Aktiengesellschaft pursuant to the Bank's articles of association stood at €5,830m. This was divided into 5,829,513,857 no-par-value shares with a notional value per share of €1.00. The average number of ordinary shares in issue was 5,420,519,703 (30 June 2011: 2,019,086,800 shares).

For information: Statement of changes in equity from 1 January to 30 June 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	–	–	1,009	–	429	142	–172	1,408	61	1,469
Consolidated profit or loss			1,009					1,009	53	1,062
Change in revaluation reserve					429			429	9	438
Change in cash flow hedge reserve						142		142		142
Change in currency translation reserve							–171	–171	–1	–172
Change in companies accounted for using the equity method							–1	–1		–1
Dividend paid on silent participations								–		–
Dividend paid on shares								–	–13	–13
Change in accounting par value	–2,142	2,142						–		–
Capital increases	4,184	7,463						11,647		11,647
Withdrawal from retained earnings			–868					–868		–868
Decrease in silent participations				–14,491				–14,491		–14,491
Change in ownership interests			5					5	–4	1
Other changes[1,2]	24	5	–1					28	0	28
Equity as at 30.6.2011	**5,113**	**11,117**	**9,285**	**2,687**	**–1,302**	**–863**	**–435**	**25,602**	**829**	**26,431**

[1] Including change in treasury shares, change in derivatives on own equity instruments and changes in the group of consolidated companies.
[2] After restatement of treasury 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	–2,985	–6,751
Net cash from investing activities	3,493	8,827
Net cash from financing activities	163	–3,122
Total net cash	**671**	**–1,046**
Effects from exchange rate changes	78	–302
Effects from non-controlling interests	–53	–52
Cash and cash equivalents as at 30.6.	**6,771**	**6,653**

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 of 30 June 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 19 July 2002 (the IAS Regulation), together with other regulations for adopting certain international accounting standards on the basis of the International Financial Reporting Standards (IFRS) approved and published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). This report takes particular account of the requirements of IAS 34 relating to interim financial reporting.

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

Changes to accounting policies

In preparing these financial statements, we have employed the same accounting policies as in our consolidated financial statements as of 31 December 2011 (see page 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. In the interests of greater clarity we have also changed the way in which information is reported in the net trading income note. We now break net trading income down into net trading gain or loss and net gain or loss from applying the fair value option.

Translation profits and losses from the consolidation of the capital accounts reported in the currency translation reserve were previously only recognised in profit or loss on the full disposal and related deconsolidation of companies reporting in foreign currencies (see 2011 Annual Report p. 221). In order to achieve a more accurate presentation of the currency translation reserve in the Commerzbank Group, since 1 April 2012 the currency translation reserve has also been recognised in profit or loss upon partial disposal of companies reporting in a foreign currency. Even if an equity holding in a foreign currency is reduced without being fully deconsolidated, the effect of this partial reduction on the currency translation reserve is recognised in profit or loss, as a rule within net investment income. However, no restatements for the previous quarters and financial years were required, as no partial disposals or partial reductions of equity have taken place to date.

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

Consolidated companies

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

Name of company	Equity share and voting rights	Acquisition cost	Assets	Liabilities
	%	€m	€m	€m
Bosporus Investments Ltd., Dublin	0.0	0.0	101.9	101.9
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
Commerzbank Pearl Limited, London	100.0	0.0	0.0	0.0
Commerz Transaction Services Ost GmbH, Halle (Saale)	100.0	0.1	0.1	0.0
ComStage ETF MSCI Emerging Markets Leveraged 2x Daily TRN, Luxembourg	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
Sterling Energy II LLC, New York	100.0	42.6	42.6	0.0

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

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

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

- Liquidations (including companies which have ceased operating activities and entities that have permanently fallen below our materiality threshold for consolidation or were no longer subject to a consolidation requirement)
  - CBK SICAV, Luxembourg
  - Commerzbank Leasing December – 7 Limited, Edinburgh
  - Commerzbank Leasing (Guernsey) Limited, St. Peter Port, Guernsey
  - Commerzbank Leasing September – 6 Limited, London
  - Commerzbank (South East Asia) Ltd., Singapore
  - Gresham Bond, Luxembourg
  - Langham Nominees Ltd, St. Peter Port, Guernsey
  - Marlyna Ltd, London
  - Millstone II LLC, Dover/Delaware
  - RCL Securitisation GmbH, Frankfurt am Main
  - Silver Tower 125 Inc., George Town, Grand Cayman
  - TIGNATO Beteiligungsgesellschaft mbH & Co. KölnTurm MediaPark KG, Eschborn
  - Victoria Capital S.A., Luxembourg
  - Victoria Capital Holdings S.A., Luxembourg
  - Victoria Capital (Ireland) plc, Luxembourg

In the current financial year Deutsche Schiffsbank Aktiengesellschaft Hamburg/Bremen was merged with Commerzbank Aktiengesellschaft, Frankfurt am Main.

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
- Limited Liability Company “ABRIO”, Kiev, Ukraine
- Limited Liability Company “ACUS”, Kiev, Ukraine
- Limited Liability Company “CLIOS”, Kiev, Ukraine
- Limited Liability Company “FESTLAND”, Kiev, Ukraine
- Limited Liability Company “MERUS”, Kiev, Ukraine

- Limited Liability Company “MODUS CAPITAL”, Kiev, Ukraine
- Limited Liability Company “RIDOS”, Kiev, Ukraine
- Limited Liability Company “SANTOS CAPITAL”, Kiev, Ukraine
- Limited Liability Company “VALIDUS” , Kiev, Ukraine
- Property Invest Italy Srl, Milan and
- PUBLIC JOINT STOCK COMPANY “BANK FORUM”, Kiev, Ukraine

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

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

We measure non-current assets and disposal groups held for sale and liabilities from disposal groups held for sale in accordance with IFRS 5 and report them separately in the relevant balance sheet items and in the statement of changes in equity. The impairment of €86m on the prospective selling price for the subsidiaries held for sale in the Ukraine is reported separately in the income statement. The closing is planned for the fourth quarter of 2012 – once regulatory approval has been obtained – and will lead to the reclassification of the currency translation reserve, currently €–0.2bn, to profit or loss in accordance with IAS 21.48.

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

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

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

Impact of the European sovereign debt crisis

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

- New Greek sovereign bonds with integrated but detachable GDP warrants[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 maturity)

[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 all of the new Greek bonds including the GDP warrants. The exchange and the subsequent sale resulted in a loss of €69m.

Notes to the income statement

(1) Net interest income

€m	1.1.–30.6.2012	1.1.–30.6.2011	Change in %
Interest income	7,558	8,567	–11.8
Interest income from lending and money market transactions and from the securities portfolio (available-for-sale)	423	619	–31.7
Interest income from lending and money market transactions and from the securities portfolio (loans and receivables)	6,812	7,631	–10.7
Interest income from lending and money market transactions and from the securities portfolio (from applying the fair value option)	59	57	3.5
Prepayment penalty fees	55	40	37.5
Gains on the sale of loans and receivables and repurchase of liabilities	121	125	–3.2
Dividends from securities	42	27	55.6
Current net income from equity holdings and non-consolidated subsidiaries	11	19	–42.1
Current income from properties held for sale and from investment properties	35	49	–28.6
Other interest income	–	–	.
Interest expense	4,796	5,050	–5.0
Interest expense on subordinated and hybrid capital and on securitised and other liabilities	4,503	4,654	–3.2
Interest expense from applying the fair value option	28	22	27.3
Loss on the sale of loans and receivables and repurchase of liabilities	72	24	.
Current expenses from properties held for sale and from investment properties	22	40	–45.0
Other interest expense	171	310	–44.8
Total	**2,762**	**3,517**	**–21.5**

The unwinding effect for the period 1 January to 30 June 2012 was €86m (previous year: €116m).

(2) Loan loss provisions

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

€m	1.1.–30.6.2012	1.1.–30.6.2011	Change in %
Allocation to loan loss provisions[1]	–1,560	–1,762	–11.5
Reversals of loan loss provisions[1]	992	1,297	–23.5
Net balance of direct write-downs, write-ups and amounts recovered on claims written-down	–48	–131	–63.4
Total	**–616**	**–596**	**3.4**

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

(3) Net commission income

€m	1.1.–30.6.2012	1.1.–30.6.2011	Change in %
Securities transactions	425	669	–36.5
Asset management	70	79	–11.4
Payment transactions and foreign business	617	559	10.4
Real estate lending business	59	97	–39.2
Guarantees	85	76	11.8
Net income from syndicated business	77	159	–51.6
Intermediary business[1]	125	158	–20.9
Fiduciary transactions	2	2	0.0
Other[1]	140	149	–6.0
Total[2]	**1,600**	**1,948**	**–17.9**

[1] Prior-year figure restated (see page 65).
[2] Of which commission expense: €260m (prior year: €280m).

(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 income also includes the interest and dividend income and funding costs related to trading transactions.

€m	1.1.–30.6.2012	1.1.–30.6.2011	Change in %
Net trading gain or loss[1]	1,114	1,152	−3.3
Net gain or loss from applying the fair value option	−76	60	.
Total	**1,038**	**1,212**	**−14.4**

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

(5) Net investment income

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

€m	1.1.–30.6.2012	1.1.–30.6.2011	Change in %
Net gain or loss from interest-bearing business	**−144**	**−974**	**−85.2**
In the available-for-sale category	32	−195	.
Gain on disposals (including reclassification from revaluation reserve)[1]	203	82	.
Loss on disposals (including reclassification from revaluation reserve)[1]	−168	−86	95.3
Net remeasurement gain or loss[1]	−3	−191	−98.4
In the loans and receivables category	−176	−779	−77.4
Gain on disposals	18	5	.
Loss on disposals	−203	−83	.
Net remeasurement gain or loss[2]	9	−701	.
Net gain or loss on equity instruments	**−55**	**32**	**.**
In the available-for-sale category	7	74	−90.5
Gain on disposals (including reclassification from revaluation reserve)[1]	7	75	−90.7
Loss on disposals (including reclassification from revaluation reserve)[1]	–	−1	−100.0
In the available-for-sale category, measured at acquisition cost	1	4	−75.0
Net remeasurement gain or loss[1]	−8	−44	−81.8
Net gain or loss on disposals and remeasurement of companies accounted for using the equity method	−55	−2	.
Total	**−199**	**−942**	**−78.9**

[1] Includes a net €75m (previous year: €−31m) of reclassifications from the revaluation reserve created in the financial year 2012.
[2] Includes portfolio valuation allowances of €6m (previous year: €13m) for reclassified securities.

(6) Other net income

€m	1.1.–30.6.2012	1.1.–30.6.2011	Change in %
Other material items of income	**229**	**168**	**36.3**
Operating lease income	116	76	52.6
Reversals of provisions	113	92	22.8
Other material items of expense	**268**	**156**	**71.8**
Operating lease expenses	82	62	32.3
Allocations to provisions	186	94	97.9
Balance of sundry other income/expenses	**17**	**336**	**–94.9**
Total	**–22**	**348**	**.**

Other net income was impacted in the second quarter of 2012 by changes to our estimates of litigation losses. The material changes led to a net expense of €31m.

(7) Operating expenses

€m	1.1.–30.6.2012	1.1.–30.6.2011	Change in %
Personnel expenses	2,021	2,233	–9.5
Other operating expenses	1,304	1,728	–24.5
Depreciation/amortisation of fixed assets and other intangible assets	195	223	–12.6
Total	**3,520**	**4,184**	**–15.9**

(8) Restructuring expenses

€m	1.1.–30.6.2012	1.1.–30.6.2011	Change in %
Expenses for restructuring measures initiated	43	–	.
Total	**43**	**–**	**.**

The Restructuring expenses in 2012 resulted from the realignment of the Group in compliance with the European Commission requirement to wind down Eurohypo, combined with the decision to exit ship finance and commercial real estate lending. These expenses primarily involved personnel costs.

(9) Taxes on income

Group tax expense was €209m as at 30 June 2012. With pre-tax profit of €906m the Group's effective tax rate was therefore 23.1% (Group income tax rate: 31.17%). In addition to the effects recorded in the first quarter of 2012 deriving from the impairment of deferred tax assets on loss carryforwards at Eurohypo and the tax income generated by the repurchase of hybrid financial instruments, the use of loss carryforwards for which no deferred tax assets had been recognised to offset profits, together with measurement effects relating to deferred tax assets had a positive impact on tax expense in the first half of 2012.

(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 and cash management solutions, flexible financing solutions, interest rate and currency management products, professional investment advisory services and innovative investment banking solutions. In the Corporate Banking & International division we concentrate on serving corporate groups with revenues of over €500m (except for multinational corporates, which are handled by Client Relationship Management within the Corporates & Markets segment). Smaller groups with a strong capital market affinity or significant operations outside Germany are also serviced by this division. With our foreign branch offices we act as a strategic partner for both the international activities of our German corporate customers and for international companies with business activities in our home market of Germany. The Corporate Banking & International division also contains the competence centre for companies from the renewable energy sector. The Financial Institutions division is responsible for relationships with banks and financial institutions in Germany and abroad, as well as with central banks. The strategic focus is on Commerzbank becoming customers' preferred source of trade finance services. Financial Institutions uses a network of over 7,000 correspondent banks, together with business relationships in emerging markets, to support the financing and settlement of the worldwide foreign trade activities of all of the Commerzbank Group's customers, and thus supports other divisions of the Bank in their international strategies.
- The Central & Eastern Europe segment contains the Group's universal banking and direct banking activities in Central and Eastern Europe. It includes in particular our Polish subsidiary BRE Bank, which offers banking products for corporate customers as well as services for private customers under the mBank and MultiBank brands in Poland, the Czech Republic and Slovakia. Bank Forum in Ukraine and other investments in microfinance banks also belong to the CEE segment. The segment's activities are grouped together under a management holding company. The holding company acts as a centre of competence and an interface to and from the foreign units. The sale of our stake in Promsvyazbank was successfully completed in the second quarter of 2012. Most of the proceeds of this transaction were received in the fourth quarter of 2011. In the course of its ongoing

review of Group strategy Commerzbank has also decided to sell its stake in Bank Forum and nine other finance companies. The resultant impairment of the prospective selling price of disposal groups is reported under net remeasurement gain or loss.

- Corporates & Markets consists of four main businesses and has been extended by one since the last quarterly report. 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 new Credit Portfolio Management is responsible for actively managing the credit risk portfolio of Corporates & Markets on a uniform global basis. Corporates & Markets also houses Client Relationship Management, which is responsible for servicing German multinational industrial companies, international insurers, private equity investors, sovereign wealth funds 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 business of the Commerzbank Group, including all ship financing activities of the former Deutsche Schiffsbank Aktiengesellschaft, which was merged with Commerzbank Aktiengesellschaft in May 2012. At the end of March 2012 the EU's decision on Eurohypo Aktiengesellschaft created greater clarity with regard to the Asset Based Finance segment. The original requirement for Eurohypo Aktiengesellschaft to be sold by 2014 has been revised; instead the Group is now required to run off the majority of the old portfolio and give up the Eurohypo brand.
- 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 Portfolio Restructuring Unit segment was dissolved as of 1 July 2012 and the remaining assets were transferred either to the Corporates & Markets segment or to the new Non Core Assets (NCA) segment. Segment reporting will be adjusted accordingly in the third quarter of 2012.
- The Others and Consolidation segment contains the income and expenses which are not attributable to the operational business segments. The Others category within this segment includes equity holdings which are not assigned to the operating segments as well as Group Treasury. The costs of the service units, which – except for integration and restructuring costs – are charged in full to the segments are also shown here. Consolidation includes income and expense items that represent the reconciliation of internal management reporting figures shown in segment reporting with the consolidated financial statements in accordance with IFRS. The costs of the Group management units which are charged in full to the segments, except for integration and restructuring costs, are also reported under this heading.

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

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

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

The 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 €663m (previous year: €723m) and are divided over the segments as follows: Private Customers €288m (previous year: €235m), Mittelstandsbank €93m (previous year: €100m), Corporates & Markets €90m (previous year: €32m), Asset Based Finance €114m (previous year: €295m) and Others and Consolidation €78m (previous year: €61m).

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 30 June 2012 and on the comparative figures for the previous financial year.

1.1.–30.6.2012 €m	Private Customers	Mittelstandsbank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restructuring Unit	Others and Consolidation	Group
Net interest income	881	1,031	241	232	385	42	−50	2,762
Loan loss provisions	−34	3	−53	−50	−479	−3	–	−616
Net interest income after loan loss provisions	847	1,034	188	182	−94	39	−50	2,146
Net commission income	726	542	97	143	106	–	−14	1,600
Net trading income and net income from hedge accounting	1	−12	66	403	−91	146	499	1,012
Net investment income	3	−7	6	4	−258	28	25	−199
Current net income from companies accounted for using the equity method	10	–	–	9	–	–	−1	18
Other net income	−20	−15	20	−5	28	–	−30	−22
Income before loan loss provisions	*1,601*	*1,539*	*430*	*786*	*170*	*216*	*429*	*5,171*
Income after loan loss provisions	*1,567*	*1,542*	*377*	*736*	*−309*	*213*	*429*	*4,555*
Operating expenses	1,441	664	231	661	244	29	250	3,520
Operating profit or loss	**126**	**878**	**146**	**75**	**−553**	**184**	**179**	**1,035**
Impairments of goodwill and brand names	–	–	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	43	–	–	43
Net measurement gain or loss on the prospective selling price of disposal groups[1]	–	–	−86	–	–	–	–	−86
Pre-tax profit or loss	**126**	**878**	**60**	**75**	**−596**	**184**	**179**	**906**
Assets	56,114	86,092	23,252	209,908	194,570	12,091	90,565	**672,592**
Average capital employed	3,736	5,845	1,889	3,247	6,394	1,378	6,601	**29,090**
Operating return on equity[2] (%)	**6.7**	**30.0**	**15.5**	**4.6**	**−17.3**			**7.1**
Operating cost/income ratio (%)	**90.0**	**43.1**	**53.7**	**84.1**	**.**			**68.1**
Return on equity of pre-tax profit or loss[2] (%)	**6.7**	**30.0**	**6.4**	**4.6**	**−18.6**			**6.2**
Staff (average headcount)	18,000	5,542	8,959	1,864	1,467	25	17,519	53,376

[1] As well as a currency translation reserve of €–0.2bn which will only be recognised on disposal in accordance with IAS 21.48 (see page 67).
[2] Annualised.

1.1.–30.6.2011 €m	Private Customers	Mittelstandsbank	Central & Eastern Europe	Corporates & Markets	Asset Based Finance	Portfolio Restructuring Unit	Others and Consolidation	Group
Net interest income	1,006	1,140	284	385	552	18	132	3,517
Loan loss provisions	–76	17	–36	–31	–474	4	–	–596
Net interest income after loan loss provisions	930	1,157	248	354	78	22	132	2,921
Net commission income	1,024	571	98	140	168	–	–53	1,948
Net trading income and net income from hedge accounting	–3	12	46	826	–34	133	115	1,095
Net investment income	2	–27	–1	30	–978	11	21	–942
Current net income from companies accounted for using the equity method	11	7	–	11	–15	–	–1	13
Other net income	–36	–1	16	–3	20	–1	353	348
Income before loan loss provisions	*2,004*	*1,702*	*443*	*1,389*	*–287*	*161*	*567*	*5,979*
Income after loan loss provisions	*1,928*	*1,719*	*407*	*1,358*	*–761*	*165*	*567*	*5,383*
Operating expenses	1,733	771	264	837	297	38	244	4,184
Operating profit or loss	**195**	**948**	**143**	**521**	**–1,058**	**127**	**323**	**1,199**
Impairments of goodwill and brand names	–	–	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	–	–	–	–
Pre-tax profit or loss	**195**	**948**	**143**	**521**	**–1,058**	**127**	**323**	**1,199**
Assets	58,286	86,330	23,450	212,538	216,024	14,170	72,883	**683,681**
Average capital employed	3,945	6,995	1,778	3,990	6,893	1,144	7,235	**31,980**
Operating return on equity[1] (%)	**9.9**	**27.1**	**16.1**	**26.1**	**–30.7**			**7.5**
Operating cost/income ratio (%)	**86.5**	**45.3**	**59.6**	**60.3**	**.**			**70.0**
Return on equity of pre-tax profit or loss[1] (%)	**9.9**	**27.1**	**16.1**	**26.1**	**–30.7**			**7.5**
Staff (average headcount)	18,578	5,510	9,222	1,804	1,648	37	18,042	54,841

[1] Annualised.

Details for Others and Consolidation

€m	1.1.–30.6.2012			1.1.–30.6.2011		
	Others	**Consoli-dation**	**Others and Consoli-dation**	**Others**	**Consoli-dation**	**Others and Consoli-dation**
Net interest income	–21	–29	–50	90	42	132
Loan loss provisions	–	–	–	–	–	–
Net interest income after loan loss provisions	–21	–29	–50	90	42	132
Net commission income	–11	–3	–14	–49	–4	–53
Net trading income and net income from hedge accounting	476	23	499	91	24	115
Net investment income	27	–2	25	21	–	21
Current net income from companies accounted for using the equity method	–1	–	–1	–1	–	–1
Other net income	–31	1	–30	347	6	353
Income before loan loss provisions	*439*	*–10*	*429*	*499*	*68*	*567*
Income after loan loss provisions	*439*	*–10*	*429*	*499*	*68*	*567*
Operating expenses	253	–3	250	247	–3	244
Operating profit or loss	**186**	**–7**	**179**	**252**	**71**	**323**
Impairments of goodwill and brand names	–	–	–	–	–	–
Restructuring expenses	–	–	–	–	–	–
Net measurement gain or loss on the prospective selling price of disposal groups	–	–	–	–	–	–
Pre-tax profit or loss	**186**	**–7**	**179**	**252**	**71**	**323**
Assets	90,565	–	**90,565**	72,883	–	**72,883**

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

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

Results by geographical markets

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

1.1.–30.6.2012 €m	Germany	Europe excluding Germany	America	Asia	Others	Total
Net interest income	1,773	901	40	48	–	2,762
Loan loss provisions	–305	–286	7	–32	–	–616
Net interest income after loan loss provisions	1,468	615	47	16	–	2,146
Net commission income	1,355	208	20	17	–	1,600
Net trading income and net income from hedge accounting	727	246	35	4	–	1,012
Net investment income	–199	2	1	–3	–	–199
Current net income from companies accounted for using the equity method	8	7	3	–	–	18
Other net income	–125	79	–4	28	–	–22
Income before loan loss provisions	*3,539*	*1,443*	*95*	*94*	*–*	*5,171*
Income after loan loss provisions	*3,234*	*1,157*	*102*	*62*	*–*	*4,555*
Operating expenses	2,730	666	70	54	–	3,520
Operating profit or loss	**504**	**491**	**32**	**8**	**–**	**1,035**
Credit risk-weighted assets	**110,563**	**55,780**	**5,285**	**3,434**	**–**	**175,062**

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

1.1.–30.6.2011 €m	Germany	Europe excluding Germany	America	Asia	Others	Total
Net interest income	2,411	969	98	39	–	3,517
Loan loss provisions	–285	–342	34	–3	–	–596
Net interest income after loan loss provisions	2,126	627	132	36	–	2,921
Net commission income	1,730	178	25	15	–	1,948
Net trading income and net income from hedge accounting	514	530	35	16	–	1,095
Net investment income	–858	–85	2	–1	–	–942
Current net income from companies accounted for using the equity method	16	–3	–	–	–	13
Other net income	319	26	–	3	–	348
Income before loan loss provisions	*4,132*	*1,615*	*160*	*72*	*–*	*5,979*
Income after loan loss provisions	*3,847*	*1,273*	*194*	*69*	*–*	*5,383*
Operating expenses	3,241	794	98	51	–	4,184
Operating profit or loss	**606**	**479**	**96**	**18**	**–**	**1,199**
Credit risk-weighted assets	**132,654**	**61,421**	**8,968**	**3,561**	**21**	**206,625**

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	30.6.2012	31.12.2011	Change in %
Due on demand	54,822	35,867	52.8
With a residual term	61,867	52,165	18.6
up to three months	42,516	30,236	40.6
over three months to one year	10,091	11,475	−12.1
over one year to five years	8,094	8,858	−8.6
over five years	1,166	1,596	−26.9
Total	**116,689**	**88,032**	**32.6**
of which reverse repos and cash collaterals	64,684	51,606	25.3
of which relate to the category:			
Loans and receivables	77,129	64,253	20.0
Available-for-sale financial assets	–	–	.
At fair value through profit or loss (fair value option)	39,560	23,779	66.4

Claims on banks after deduction of loan loss provisions amounted to €116,479m (previous year: €87,790m).

(12) Claims on customers

€m	30.6.2012	31.12.2011	Change in %
With an indefinite residual term	28,549	24,716	15.5
With a residual term	272,893	279,783	−2.5
up to three months	50,423	49,752	1.3
over three months to one year	35,625	34,677	2.7
over one year to five years	91,436	98,002	−6.7
over five years	95,409	97,352	−2.0
Total	**301,442**	**304,499**	**−1.0**
of which reverse repos and cash collaterals	33,534	26,042	28.8
of which relate to the category:			
Loans and receivables	270,489	280,636	−3.6
Available-for-sale financial assets	–	–	.
At fair value through profit or loss (fair value option)	30,953	23,863	29.7

Claims on customers after deduction of loan loss provisions amounted to €293,930m (previous year: €296,586m).

(13) Total lending

€m	30.6.2012	31.12.2011	Change in %
Loans to banks	22,307	26,082	−14.5
Loans to customers	267,434	277,831	−3.7
Total	**289,741**	**303,913**	**−4.7**

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	1,560	1,762	−11.5
Deductions	1,707	2,133	−20.0
Utilisation	715	836	−14.5
Reversals	992	1,297	−23.5
Changes in group of consolidated companies	–	–	.
Exchange rate changes/reclassifications/unwinding	−418	−339	23.3
As at 30.6.	**8,098**	**9,362**	**−13.5**

With direct write-downs, write-ups and recoveries on written-down claims taken into account, the allocations and reversals recognised in profit or loss resulted in provisions of €616m (30 June 2011: €596m) (see Note 2).

Loan loss provisions | €m	30.6.2012	31.12.2011	Change in %
Valuation allowances for specific risks	6,982	7,366	−5.2
Valuation allowances for portfolio risks	740	789	−6.2
Provisions for on-balance-sheet loan losses	**7,722**	**8,155**	**−5.3**
Loan loss provisions for specific risks	258	349	−26.1
Loan loss provisions for portfolio risks	118	159	−25.8
Provisions for off-balance-sheet loan losses	**376**	**508**	**−26.0**
Total	**8,098**	**8,663**	**−6.5**

For claims on banks, loan loss provisions amounted to €210m (previous year: €242m) and for claims on customers to €7,512m (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 trading assets.

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	30.6.2012	31.12.2011	Change in %
Bonds, notes and other interest-rate-related securities	18,111	20,903	–13.4
Promissory note loans	794	1,063	–25.3
Shares, other equity-related securities and units in investment funds	7,067	9,703	–27.2
Positive fair values of derivative financial instruments	117,079	123,607	–5.3
Currency-related derivative transactions	13,716	17,515	–21.7
Interest-rate-related derivative transactions	96,926	98,365	–1.5
Other derivative transactions	6,437	7,727	–16.7
Other trading assets	204	424	–51.9
Total	**143,255**	**155,700**	**–8.0**

Other transactions involving positive fair values of derivative financial instruments consisted mainly of €2,724m (previous year: €3,303m) in equity derivatives and €3,147m (previous year: €4,060m) in credit derivatives.

(16) Financial investments

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

€m	30.6.2012	31.12.2011	Change in %
Bonds, notes and other interest-rate-related securities[1]	88,786	92,526	−4.0
Shares, other equity-related securities and units in investment funds	1,459	1,506	−3.1
Equity holdings	364	347	4.9
Holdings in non-consolidated subsidiaries	153	144	6.3
Total	**90,762**	**94,523**	**−4.0**
of which relate to the category:			
Loans and receivables[1]	56,172	60,618	−7.3
Available-for-sale financial assets	32,382	30,587	5.9
of which measured at amortised cost	324	456	−28.9
At fair value through profit or loss (fair value option)	2,208	3,318	−33.5

[1] Reduced by portfolio valuation allowances for reclassified securities of €97m (previous year: €91m).

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

The revaluation reserve after deferred taxes for all the securities reclassified in financial years 2008 and 2009 was €−0.7bn as at 30 June 2012 (previous year: €−0.8bn). Without these reclassifications, the revaluation reserve for these portfolios after deferred taxes would have been €−5.5bn (previous year: €−4.3bn) as at 30 June 2012; the carrying amount of these portfolios on the balance sheet date was €53.7bn (previous year: €57.6bn) and the fair value €46.8bn (previous year: €52.6bn).

(17) Intangible assets

€m	30.6.2012	31.12.2011	Change in %
Goodwill	2,080	2,088	– 0.4
Other intangible assets	898	950	– 5.5
Customer relationships	462	495	– 6.7
Brand names	–	9	.
In-house developed software	257	243	5.8
Other	179	203	– 11.8
Total	**2,978**	**3,038**	**– 2.0**

(18) Fixed assets

€m	30.6.2012	31.12.2011	Change in %
Land and buildings	739	794	– 6.9
Office furniture and equipment	557	605	– 7.9
Total	**1,296**	**1,399**	**– 7.4**

(19) Other assets

€m	30.6.2012	31.12.2011	Change in %
Collection items	18	253	– 92.9
Precious metals	1,075	882	21.9
Leased equipment	932	209	.
Accrued and deferred items	388	304	27.6
Initial/variation margins receivable	305	270	13.0
Other assets	1,616	1,324	22.1
Total	**4,334**	**3,242**	**33.7**

(20) Liabilities to banks

€m	30.6.2012	31.12.2011	Change in %
Due on demand	37,685	33,841	11.4
With a residual term	89,174	64,640	38.0
up to three months	42,513	23,526	80.7
over three months to one year	4,786	5,023	– 4.7
over one year to five years	28,095	22,456	25.1
over five years	13,780	13,635	1.1
Total	**126,859**	**98,481**	**28.8**
of which repos und cash collaterals	35,005	18,985	84.4
of which relate to the category:			
Liabilities measured at amortised cost	92,377	85,451	8.1
At fair value through profit or loss (fair value option)	34,482	13,030	.

(21) Liabilities to customers

€m	30.6.2012	31.12.2011	Change in %
Savings deposits	10,934	6,862	59.3
With an agreed period of notice of			
three months	10,223	6,155	66.1
over three months	711	707	0.6
Other liabilities to customers	246,503	248,482	−0.8
Due on demand	131,362	129,731	1.3
With a residual term	115,141	118,751	−3.0
up to three months	45,159	56,097	−19.5
over three months to one year	22,688	16,294	39.2
over one year to five years	14,494	11,996	20.8
over five years	32,800	34,364	−4.6
Total	**257,437**	**255,344**	**0.8**
of which repos und cash collaterals	22,912	28,209	−18.8
of which relate to the category:			
Liabilities measured at amortised cost	228,653	223,491	2.3
At fair value through profit or loss (fair value option)	28,784	31,853	−9.6

(22) Securitised liabilities

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

€m	30.6.2012	31.12.2011	Change in %
Bonds and notes issued	86,768	100,311	−13.5
of which Mortgage Pfandbriefe	25,222	29,353	−14.1
Public Pfandbriefe	31,646	34,990	−9.6
Money market instruments issued	1,990	5,224	−61.9
Own acceptances and promissory notes outstanding	136	138	−1.4
Total	**88,894**	**105,673**	**−15.9**
of which relate to the category:			
Liabilities measured at amortised cost	85,728	102,593	−16.4
At fair value through profit or loss (fair value option)	3,166	3,080	2.8

Residual maturities of securitised liabilities | €m	**30.6.2012**	**31.12.2011**	Change in %
Due on demand	–	–	.
With a residual term	88,894	105,673	–15.9
up to three months	5,759	17,727	–67.5
over three months to one year	14,594	10,433	39.9
over one year to five years	52,980	58,921	–10.1
over five years	15,561	18,592	–16.3
Total	**88,894**	**105,673**	**–15.9**

In the first six months of 2012, material new issues with a total volume of €13.8bn were floated. In the same period the volume of redemptions and repurchases amounted to €5.7bn and the volume of bonds maturing to €26.7bn.

(23) Trading liabilities

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

€m	**30.6.2012**	**31.12.2011**	Change in %
Currency-related derivative transactions	16,881	20,762	–18.7
Interest-rate-related derivative transactions	92,612	96,736	–4.3
Other derivative transactions	6,926	8,433	–17.9
Certificates and other notes issued	5,464	5,789	–5.6
Delivery commitments arising from short sales of securities, negative market values of lending commitments and other trading liabilities	11,899	6,127	94.2
Total	**133,782**	**137,847**	**–2.9**

Other derivative transactions consisted mainly of €3,452m (previous year: €3,714m) in equity derivatives and €3,158m (previous year: €4,305m) in credit derivatives.

(24) Provisions

€m	**30.6.2012**	**31.12.2011**	Change in %
Provisions for pensions and similar commitments	306	437	–30.0
Other provisions	3,103	3,324	–6.6
Total	**3,409**	**3,761**	**–9.4**

(25) Other liabilities

€m	30.6.2012	31.12.2011	Change in %
Liabilities attributable to film funds	1,952	1,952	0.0
Liabilities attributable to non-controlling interests	2,258	2,576	–12.3
Accrued and deferred items	574	484	18.6
Variation margins payable	141	108	30.6
Other liabilities	1,667	1,448	15.1
Total	**6,592**	**6,568**	**0.4**

(26) Subordinated capital

€m	30.6.2012	31.12.2011	Change in %
Subordinated liabilities	11,974	12,094	–1.0
Profit-sharing certificates	892	975	–8.5
Accrued interest, including discounts	–194	–165	17.6
Remeasurement effects	352	381	–7.6
Total	**13,024**	**13,285**	**–2.0**
of which relate to the category:			
Liabilities measured at amortised cost	12,999	13,261	–2.0
At fair value through profit or loss (fair value option)	25	24	4.2

In the first six 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. Maturing subordinated liabilities amounted to €0.1m. There were no other significant changes.

(27) Hybrid capital

€m	30.6.2012	31.12.2011	Change in %
Hybrid capital	2,109	2,830	–25.5
Accrued interest, including discounts	–918	–1,131	–18.8
Remeasurement effects	490	476	2.9
Total	**1,681**	**2,175**	**–22.7**
of which relate to the category:			
Liabilities measured at amortised cost	1,681	2,175	–22.7
At fair value through profit or loss (fair value option)	–	–	.

In the first six 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	30.6.2012	31.12.2011	Change in %
Tier I capital	27,909	26,189	6.6
Tier II capital	10,787	10,371	4.0
Tier III capital	–	–	.
Eligible equity	**38,696**	**36,560**	**5.8**

	Capital adequacy requirement		Risk-weighted assets[1]		
€m	30.6.2012	31.12.2011	30.6.2012	31.12.2011	Change in %
Credit risk	14,005	15,182	175,062	189,769	–7.7
Market risk	1,043	1,640	13,038	20,500	–36.4
Operational risk	1,764	2,106	22,050	26,325	–16.2
Total capital requirement	**16,812**	**18,928**	**210,150**	**236,594**	**–11.2**
Eligible equity	38,696	36,560			5.8
Tier I capital ratio (%)	13.3	11.1			
Total capital ratio (%)	18.4	15.5			

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

(29) Contingent liabilities and irrevocable lending commitments

€m	30.6.2012	31.12.2011	Change in %
Contingent liabilities	35,686	37,217	–4.1
from rediscounted bills of exchange credited to borrowers	3	1	.
from guarantees and indemnity agreements	35,670	37,160	–4.0
from other commitments	13	56	–76.8
Irrevocable lending commitments	49,769	53,911	–7.7

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

(30) Derivative transactions

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

The netting volume as at 30 June 2012 totalled €177,949m (previous year: €194,925m). On the assets side, €174,229m of this was attributable to positive fair values and €3,720m to variation margins received. Netting on the liabilities side involved negative fair values of €177,786m and liabilities for variation margin payments of €163m.

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

	Nominal amount by residual term						Fair values	
30.6.2012 €m	due on demand	up to 3 months	over 3 months to 1 year	over 1 to 5 years	over 5 years	Total	positive	negative
Foreign-currency-based forward transactions	5	375,538	192,303	165,940	109,867	843,653	14,325	16,951
Interest-based forward transactions	11	519,546	1,866,519	2,380,367	2,016,762	6,783,205	276,228	281,705
Other forward transactions	865	67,850	84,849	148,900	18,685	321,149	6,499	6,986
Total	**881**	**962,934**	**2,143,671**	**2,695,207**	**2,145,314**	**7,948,007**	**297,052**	**305,642**
of which exchange-traded	*–*	*51,950*	*103,903*	*26,211*	*8,636*	*190,700*		
Net position in the balance sheet							**122,823**	**127,856**

	Nominal amount by residual term						Fair values	
31.12.2011 €m	due on demand	up to 3 months	over 3 months to 1 year	over 1 to 5 years	over 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	30.6.2012	31.12.2011	30.6.2012	31.12.2011	30.6.2012	31.12.2011
Assets						
Cash reserve	6.8	6.1	6.8	6.1	–	–
Claims on banks	116.5	87.6	116.5	87.8	0.0	−0.2
Claims on customers	295.0	292.9	293.9	296.6	1.1	−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	5.7	5.1	5.7	5.1	–	–
Trading assets	143.3	155.7	143.3	155.7	–	–
Financial investments	83.9	89.4	90.8	94.5	−6.9	−5.1
Liabilities						
Liabilities to banks	126.8	98.3	126.9	98.5	−0.1	−0.2
Liabilities to customers	257.7	255.1	257.4	255.3	0.3	−0.2
Securitised liabilities	90.6	104.6	88.9	105.7	1.7	−1.1
Value adjustment portfolio fair value hedges[1]	0.0	0.0	1.2	0.9	−1.2	−0.9
Negative fair values of derivative hedging instruments	11.4	11.4	11.4	11.4	–	–
Trading liabilities	133.8	137.8	133.8	137.8	–	–
Subordinated and hybrid capital	12.3	11.8	14.7	15.5	−2.4	−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).

Financial assets | €bn		Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
		30.6.2012				31.12.2011			
Claims on banks	At fair value through profit or loss	–	39.6	–	39.6	–	23.8	–	23.8
Claims on customers	At fair value through profit or loss	–	30.7	0.3	31.0	–	23.7	0.2	23.9
Positive fair values of derivative hedging instruments	Hedge accounting	–	5.7	–	5.7	–	5.1	–	5.1
Trading assets	Held for trading	24.7	115.9	2.7	143.3	29.7	121.8	4.2	155.7
of which positive fair values from derivatives		–	115.5	1.6	117.1	–	121.1	2.5	123.6
Financial investments	At fair value through profit or loss	2.1	–	0.1	2.2	3.1	–	0.2	3.3
	Available-for-sale	30.2	1.4	0.8	32.4	27.7	2.1	0.8	30.6
Total		**57.0**	**193.3**	**3.9**	**254.2**	**60.5**	**176.5**	**5.4**	**242.4**

Financial liabilities | €bn		Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
		30.6.2012				31.12.2011			
Liabilities to banks	At fair value through profit or loss	0.4	34.1	–	34.5	0.1	12.9	–	13.0
Liabilities to customers	At fair value through profit or loss	1.9	26.9	–	28.8	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	–	11.4	–	11.4	–	11.4	–	11.4
Trading liabilities	Held for trading	17.2	115.3	1.3	133.8	11.6	124.8	1.4	137.8
of which negative fair values from derivatives		–	115.3	1.1	116.4	–	124.7	1.2	125.9
Subordinated capital	At fair value through profit or loss	–	–	–	–	–	–	–	–
Total		**22.7**	**187.7**	**1.3**	**211.7**	**16.3**	**179.5**	**1.4**	**197.2**

In the second quarter of 2012 we reclassified €0.4bn each of positive and negative fair values of derivative hedging instruments from Level III to Level II as a result of improved availability and observability of relevant market data. Beyond these, there were no other significant reclassifications between Level I, Level II and Level III.

(32) Treasury shares

	Number of shares in units	Notional par value[1] in €1.000	Percentage of share capital
Balance as at 30.6.2012	1,512,122	1,512	0.03
Largest number acquired during the financial year	38,917,378	38,917	0.67
Total shares pledged by customers as collateral as at 30.6.2012	34,509,701	34,510	0.59
Shares acquired during the financial year	789,008,936	789,009	
Shares disposed of during the financial year	788,359,824	788,360	

[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	30.6.2012	31.12.2011	Change in %
Claims on banks	250	343	– 27.1
Claims on customers	1,657	1,876	– 11.7
Trading assets	162	1	.
Financial investments	120	105	14.3
Other assets	429	426	0.7
Total	**2,618**	**2,751**	**– 4.8**
Liabilities to banks	2	2	0.0
Liabilities to customers	1,584	1,236	28.2
Trading liabilities	127	8	.
Subordinated capital	637	622	2.4
Other liabilities	21	23	– 8.7
Total	**2,371**	**1,891**	**25.4**
Off-balance-sheet items			
Guarantees and collaterals granted	121	146	– 17.1
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.–30.6.2012	1.1.–30.6.2011	Change in %
Income			
Interest income	58	71	–18.3
Commission income	9	3	.
Goods and services	1	–	.
Expenses			
Interest expense	27	41	–34.1
Commission expense	21	15	40.0
Operating expenses	4	4	14.3
Goods and services	15	28	–46.4
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	30.6.2012	31.12.2011	Change in %
Cash reserve	1,996	1,179	69.3
Claims on banks	127	286	–55.6
Claims on customers	2,246	3,349	–32.9
Trading assets	1,974	3,576	–44.8
Financial investments	3,977	3,865	2.9
Total	**10,320**	**12,255**	**–15.8**
Liabilities to banks	14,352	13,390	7.2
Liabilities to customers	80	256	–68.8
Trading liabilities	895	299	.
Silent participation	1,626	1,937	–16.1
Total	**16,953**	**15,882**	**6.7**
Off-balance-sheet items			
Guarantees and collaterals granted	321	24	.
Guarantees and collaterals received	–	5,000	–100.0

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

€m	1.1.–30.6.2012	1.1.–30.6.2011	Change in %
Income			
Interest	236	298	– 20.8
Commission	2	–	.
Goods and services	2	4	– 50.0
Expenses			
Interest	28	45	– 37.8
Commission	2	24	– 91.7
Goods and services	–	–	.
Write-downs/impairments	–	3	– 100.0

Responsibility statement by the Board of Managing Directors

We confirm that, to the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group presents a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the rest of the financial year.

Frankfurt am Main, 30 July 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
(until 23 May 2012)

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. Gertrude Tumpel-Gugerell
(since 1 June 2012)

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 30 June 2012 which are part of the half-year financial report pursuant to § (Article) 37 w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

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

Frankfurt am Main, 31 July 2012

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Peter Goldschmidt	Caroline Gass
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüferin (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
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, 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	
November 8, 2012	Interim Report Q3 2012
End-March 2013	Annual Report 2012
Early-May 2013	Interim Report Q1 2013
Early-August 2013	Interim Report Q2 2013
Early-November 2013	Interim Report Q3 2013

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