

COMMERZBANK

The bank at your side



Disclosure Report as at 31 March 2017

in accordance with the Capital Requirements Regulation (CRR)



Contents

3	Introduction
4	Equity capital
4	Capital structure
5	Capital requirements
6	Appendix
6	Additional table
6	List of tables
6	List of abbreviations

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

Introduction

Commerzbank

Commerzbank is a leading international commercial bank with branches and offices in almost 50 countries. With approximately 1,000 branches, Commerzbank has one of the densest branch networks among German private banks. In total, Commerzbank serves more than 17.5 million private and small business customers, as well as more than 60,000 corporate clients, multinationals, financial service providers, and institutional clients.

The structure and organisation of Commerzbank Group is described in detail in the Annual Report 2016.

Scope

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

On 8 June 2015 BaFin (Bundesanstalt für Finanzdienstleistungsaufsicht) has published the circular letter 05/2015 (BA) to implement the EBA guidelines on materiality, proprietary and confidentiality and on disclosure frequency.

With this report, Commerzbank Aktiengesellschaft as the parent institute of the regulatory group of companies implements the disclosure requirements of CRR as at the reporting date 31 March 2017 taking into account the guidelines published in BaFin's circular letter.

Equity capital

Capital structure

The following table shows the composition of the regulatory equity capital and the equity capital ratios. For a comprehensive overview of the Group's available equity capital, the analysis comprises the whole regulatory basis of consolidation.

Table 1: Equity structure

€m		31.3.2017		31.12.2016	
Line		A: Amount on the day of disclosure	C: Residual amount ¹	A: Amount on the day of disclosure	C: Residual amount ¹
Common Equity Tier 1 capital: instruments and reserves					
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	29,125		29,198	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1) capital	-4,165		-2,704	
29	Common Equity Tier 1 (CET1) capital	24,960		26,494	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	1,067		1,066	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-605		-1,066	
44	Additional Tier 1 (AT1) capital	462		0	
45	Tier 1 capital (T1 = CET1 + AT1)	25,422		26,494	
51	Tier 2 (T2) capital before regulatory adjustments	6,544		5,862	
57	Total regulatory adjustments to Tier 2 (T2) capital	-142		-185	
58	Tier 2 (T2) capital	6,402		5,677	
59	Total capital (TC = T1 + T2)	31,824		32,171	
60	Total risk-weighted assets	186,529		190,527	
Capital ratios					
61	CET1 ratio (as a percentage of total risk exposure amount)	13.4		13.9	
62	Tier 1 ratio (as a percentage of total risk exposure amount)	13.6		13.9	
63	Total capital ratio (as a percentage of total risk exposure amount)	17.1		16.9	

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

More details on the composition of Commerzbank's equity capital can be found in the Disclosure Report 2016 as well as in the Notes of the Annual Report 2016.

Regarding the disclosure of leverage ratio information pursuant to article 451 (1) CRR, we refer to Note 27 (Capital requirements and leverage ratio) of the Interim Financial Statements as at 31 March 2017, which is published on our website.

Capital requirements

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

Table 2: Capital requirements and risk weighted assets by risk type

€m	31.3.2017		31.12.2016	
	Capital requirements	Risk weighted assets	Capital requirements	Risk weighted assets
Default risks				
Standardised Approach to Credit Risk (SACR)	1,377	17,217	1,448	18,097
Advanced approach (IRBA)	9,438	117,974	9,529	119,113
Securitisation risks	223	2,784	227	2,838
Securitized positions IRBA	119	1,490	121	1,514
thereof resecritisations	1	9	1	10
Securitisation positions SACR	104	1,294	106	1,325
thereof resecritisations	0	0	0	0
Investment risks	89	1,107	97	1,208
Investment positions SACR (permanent partial use)	89	1,107	97	1,208
thereof investments with method contin. (Grandfathering)	7	83	9	111
Investment positions IRBA	0	0	0	0
Processing risk	0	1	1	12
Contribution to default fund	18	219	13	164
Non-material entities	449	5,611	436	5,448
Total default risk	11,593	144,911	11,750	146,880
Market risks in the trading book	1,095	13,683	1,070	13,371
Standardised Approach	45	560	61	760
Internal model approach	1,050	13,123	1,009	12,611
Credit Value Adjustments (CVA)	451	5,634	454	5,679
Advanced	432	5,405	435	5,438
Standard	18	229	19	241
Non-material entities	51	632	57	718
Total market risk	1,596	19,948	1,581	19,768
Operational risks	1,734	21,669	1,910	23,879
Base indicator approach	0	0	0	0
Standardised Approach	0	0	0	0
Advanced Measurement Approach (AMA)	1,734	21,669	1,910	23,879
Non-material entities	0	0	0	0
Supervisory capital requirements	14,922	186,529	15,242	190,527

Appendix

Additional table

Table 3: Addition to table 1 (Equity structure):

B: Reference to article in EU regulation no. 575/2013

Line	(B) Reference to article in EU regulation no. 575/2013
6	
28	
29	
36	
43	
44	
45	
51	
57	
58	
59	
60	
61	92 (2) (a), 465
62	92 (2) (b), 465
63	92 (2) (c)

Index of tables

Table 1: Equity structure	4
Table 2: Capital requirements and risk weighted assets by risk type	5
Table 3: Addition to table 1 (Equity structure)	6

List of abbreviations

AMA	Advanced Measurement Approach
BA	Bankenaufsicht (banking supervision)
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (federal financial supervisory authority)
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CVA	Credit Value Adjustments
EBA	European Banking Authority
IFRS	International Financial Reporting Standards
IRBA	Internal Ratings Based Approach
SACR	Standardised Approach to Credit Risk

Disclaimer

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

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

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