

COMMERZBANK

The bank at your side



Disclosure Report as at 30 June 2017

in accordance with the Capital Requirements Regulation (CRR)



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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. Commerzbank serves more than 18 million private and small business customers and 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.

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

In accordance with this definition of materiality, the following companies – as in last year's report - are included in the Disclosure Report 2016 alongside Commerzbank Aktiengesellschaft:

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

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

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

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

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

Waiver rule pursuant to Article 7 CRR

According to the waiver rule pursuant to Article 7 CRR, the supervision of individual institutions within a banking group domiciled in Germany can, under certain circumstances, be replaced by the consolidated supervision. Within Commerzbank Group, comdirect bank AG continues to make use of the waiver rule. The same applies to Commerzbank AG as the parent institute. For more information, please refer to the Disclosure Report 2016.

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

Equity capital

Capital structure

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

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

Table 1: Equity structure

Line		A: Amount on the day of disclosure	C: Residual amount ¹
Common Equity Tier 1 capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	18,444	0
1a	thereof: subscribed capital	1,252	
1b	thereof: capital reserve	17,192	
2	Retained earnings	11,123	
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	-947	see line 26a
3a	Funds for general banking risk	0	
4	Amount of qualifying items referred to in Art. 484 (3) and the related share premium accounts subject to phase out from CET1	0	
4a	Public sector capital injections grandfathered until 1 January 2018	0	
5	Minority interests (amount allowed in consolidated CET1)	699	-70
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0	
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	29,318	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-276	
8	Intangible assets (net of related tax liability) (negative amount)	-2,202	-551
10	Deferred tax assets subject to future profit ratio excluding those arising from temporary differences (net of related tax liability where the conditions in Art. 38 (3) are met) (negative amount)	-490	-123
11	Fair value reserves related to gains or losses on cash flow hedges	74	
12	Negative amounts resulting from the calculation of expected loss amounts	-608	-152
13	Any increase in equity that results from securitised assets (negative amount)	0	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-152	-36
15	Defined benefit pension fund assets (negative amount)	-311	-78
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-43	-11
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	0
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	0
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	0
20a	Exposure amount of the following items which qualify for a risk weight of 1250%, where the institution opts for the deduction alternative	-244	
20b	thereof: qualifying holdings outside the financial sector (negative amount)	0	
20c	thereof: securitisation positions (negative amount)	-244	
20d	thereof: free deliveries (negative amount)	0	

Line	A: Amount on the day of disclosure	C: Residual amount ¹
21	-261	-65
22	0	0
23	0	0
25	0	0
25a	-433	0
25b	0	0
26	397	
26a	397	
26a.1	0	
26a.2	0	
26b	0	
27	0	
27a	0	
28	-4,550	
29	24,769	
Additional Tier 1 (AT1) capital: instruments		
30	0	
31	0	
32	0	
33	1,034	
33a	0	
34	0	0
35	0	
36	1,034	
Additional Tier 1 (AT1) capital: regulatory adjustments		
37	0	0
38	0	0
39	0	0
40	0	0

Line		A: Amount on the day of disclosure	C: Residual amount ¹
41	Regulatory adjustments applied to AT1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in the CRR (i.e. CRR residual amounts)	-627	
41a	Residual amounts deducted from AT1 capital with regard to deduction from CET1 capital during the transitional period pursuant to Art. 472 CRR	-627	
41a.1	thereof: losses of the current financial year (net)	0	
41a.2	thereof: intangibles	-551	
41a.3	thereof: shortfall of provisions to expected losses	-76	
41a.4	thereof: direct holdings of own CET1 instruments	-1	
41a.5	thereof: reciprocal cross holdings	0	
41a.6	thereof: equity capital instruments of financial sector entities where the institution does not have a significant investment in those entities	0	
41a.7	thereof: equity capital instruments of financial sector entities where the institution has a significant investment in those entities	0	
41b	Residual amounts deducted from AT1 capital with regard to deductions from Tier 2 capital during the transitional period pursuant to Art. 475 CRR	0	
41b.1	thereof: reciprocal cross holdings of Tier 2 instruments	0	
41b.2	thereof: direct positions of non-significant capital holdings of other financial sector entities	0	
41c	Amount to be deducted from or added to AT1 capital with regard to additional deduction or correction positions and deductions required pre CRR	0	
41c.1	thereof: possible deduction or correction positions for unrealised losses	0	
41c.2	thereof: possible deduction or correction positions for unrealised profits	0	
41c.3	thereof: others	0	
42	Qualifying Tier 2 deductions that exceed the Tier 2 capital of the institution (negative amount)	0	
42a	Other AT1 capital elements or deductions	0	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-627	
44	Additional Tier 1 (AT1) capital	407	
45	Tier 1 capital (T1 = CET1 + AT1)	25,176	
Tier 2 capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	5,761	
47	Amount of qualifying items referred to in Art. 484 (5) and the related share premium accounts subject to phase out from Tier 2	82	
47a	Public sector capital injections grandfathered until 1 January 2018	0	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	300	-3
49	thereof: instruments issued by subsidiaries subject to phase out	3	
50	Credit risk adjustments	0	
51	Tier 2 capital before regulatory adjustments	6,143	
Tier 2 capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own Tier 2 instruments and subordinated loans (negative amount)	-80	0
53	Holdings of the Tier 2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	0
54	Direct and indirect holdings of the Tier 2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	0
54a	thereof: new holdings not subject to transitional arrangements	0	0
54b	thereof: holdings existing before 1 January 2013 and subject to transitional arrangements	0	0

Line		A: Amount on the day of disclosure	C: Residual amount ¹
55	Direct and indirect holdings of the Tier 2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	0
56	Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in the CRR (i.e. CRR residual amounts)	-76	
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier1 capital during the transitional period pursuant to Art. 472 of the CRR	-76	
56a.1	thereof: shortfall of provisions to expected losses	-76	
56a.2	thereof: CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities	0	
56a.3	thereof: CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0	
56b	Residual amount deducted from Tier 2 capital with regard to deduction from AT1 capital during the transitional period pursuant to Art. 475 CRR	0	
56b.1	thereof: AT1 capital of financial sector entities where the institution does not have a significant investment in those entities	0	
56b.2	thereof: AT1 capital of financial sector entities where the institution has a significant investment in those entities	0	
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional deduction or correction positions and deductions required pre CRR	0	
56c.1	thereof: possible deduction or correction positions for unrealised losses	0	
56c.2	thereof: possible deduction or correction positions for unrealised profits	0	
56d	Other Tier 2 capital elements or deductions	0	
57	Total regulatory adjustments to Tier 2 capital	-156	
58	Tier 2 capital	5,987	
59	Total capital (TC = Tier 1 + Tier 2)	31,163	
59a	Risk-weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in CRR (i.e. CRR residual amounts)	198	
59a.1	thereof: items not to be deducted from CET1 (CRR residual amounts)	132	
59a.1.1	thereof: deferred tax assets subject to future profitability, net of related tax liabilities	123	
59a.1.2	thereof: indirect holdings of own CET1 instruments	10	
59a.1.3	thereof: items not to be deducted from CET1 capital positions (CRR residual amounts)	0	
59a.1.4	thereof: reciprocal cross holdings of CET1 instruments, direct holdings of non-significant investments in the capital of other financial sector entities	0	
59a.2	thereof: items not to be deducted from AT1 capital positions (CRR residual amounts)	0	
59a.2.1	thereof: indirect holdings of own AT1 instruments	0	
59a.2.2	thereof: indirect holdings of non-significant investments in the AT1 capital of other financial sector entities	0	
59a.2.3	thereof: indirect holdings of significant investments in the AT1 capital of other financial sector entities	0	
59a.3	thereof: items not to be deducted from Tier 2 capital positions (CRR residual amounts)	0	
59a.3.1	thereof: indirect holdings of own Tier 2 instruments	0	
59a.3.2	thereof: indirect holdings of non-significant investments in the capital of other financial sector entities	0	
59a.3.3	thereof: indirect holdings of significant investments in the capital of other financial sector entities	0	
60	Total risk-weighted assets	178,818	

Line		A: Amount on the day of disclosure	C: Residual amount ¹
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)		13.9
62	Tier 1 (as a percentage of total risk exposure amount)		14.1
63	Total capital (as a percentage of total risk exposure amount)		17.4
64	Institution specific buffer requirement (CET1 requirement in accordance with Art. 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution (G-SII or O-SII) buffer expressed as a percentage of risk exposure amount)		6.269
65	thereof: capital conservation buffer requirement		1.250
66	thereof: countercyclical buffer requirement		0.019
67	thereof: systemic risk buffer requirement		0
67a	thereof: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		0.5
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)		9.4
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings by the institution of capital instruments of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		602
73	Direct and indirect holdings by the institution of the CET1 instruments of relevant financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		437
75	Deferred tax assets subject to future profit ratio, arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Art. 38 (3) are met)		2,503
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in Tier 2 in respect of exposures under the standard approach (before application of cap)		0
77	Cap on inclusion of credit risk adjustments in Tier 2 under the standardised approach		282
78	Credit risk adjustments included in Tier 2 in respect of exposures subject to the internal ratings-based approach (before application of cap)		0
79	Cap on inclusion of credit risk adjustments allowable in Tier 2 related to exposures subject to internal ratings-based approach		671
Capital instruments subject to phase-out arrangements			
80	Current cap for CET1 instruments subject to phase-out arrangements		0
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		0
82	Current cap on AT1 instruments subject to phase out arrangements		1,265
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		0
84	Current cap on Tier 2 instruments subject to phase out arrangements		402
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)		0

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

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

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

Position €m	Equity IFRS (Phase in) ¹	Equity FINREP ²	Equity COREP ³
Subscribed capital	1,252	1,252	1,252
Capital reserve	17,192	17,192	17,192
Retained earnings	11,080	11,091	11,091
Silent participations	0	0	0
Actuarial profits/losses current year	178	178	178
Change from remeasurement of own credit risk	-81	-81	-81
Revaluation reserve	-715	-718	-718
Valuation of cash flow hedges	-74	-74	-74
Currency translation reserve	-157	-156	-156
Distributable profit/loss from previous year (after suspension of retained earnings)	0	0	0
Distributable profit/loss from current year	-406	-374	-374
Non-controlling interests	1,107	1,097	1,097
Equity as shown in balance sheet	29,375	29,407	29,407
Effects from debit valuation adjustments			-146
Correction of revaluation reserve			144
Correction to cash flow hedges reserve			74
Correction to phase-in (IAS 19)			254
Correction to non-controlling interests (minority)			-398
Goodwill			-1,496
Intangible assets			-1,257
Surplus in plan assets			-311
Deferred tax assets from loss carry-forwards			-490
Shortfall due to expected loss			-684
Prudential valuation			-276
Own shares			-44
First loss positions from securitisations			-244
Advance payment risks			0
Deduction of offset components of Additional Tier 1 capital (AT1)			627
Deferred tax assets from temporary differences which exceed the 10% threshold			-261
Others and rounding			-128
CET1			24,769
Hybrid capital	1,144	1,144	1,144
Not eligible issues			-23
Others, especially hedge accounting, interests, agio, disagio			-87
Additional Tier 1 before deductions			1,034
Deduction of offset components of Additional Tier 1 capital (AT1)			-627
Additional Tier 1 after deductions			407
Subordinated capital	9,932	9,932	9,932
Decreased offsetting in the last 5 years of residual maturity			-3,592
Not eligible non-controlling interests			-39
Others, especially hedge accounting, interests, agio, disagio			-238
Tier 2 before deductions			6,063
Shortfall due to expected loss			-76
Tier 2 after deductions			5,987
Own funds	40,451	40,482	31,163

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

More details on the composition of Commerzbank's equity capital can be found in the Disclosure Report 2016 as well as in the Notes of the Annual Report 2016. Information on the issued capital instruments of Commerzbank Group according to Article 437 (1) b) and c) CRR are given on the internet pages of Commerzbank.

Regarding the disclosure of leverage ratio information pursuant to article 451 (1) CRR, we refer to Note 28 (Capital requirements and leverage ratio) of the Interim Financial Statements as at 30 June 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 3: Capital requirements and risk weighted assets by risk type

€m	30.6.2017		31.12.2016	
	Capital requirements	Risk weighted assets	Capital requirements	Risk weighted assets
Default risks				
Standardised Approach to Credit Risk (SACR)	1,443	18,038	1,448	18,097
Central governments or central banks	8	105	9	114
Regional governments or local authorities	123	1,535	137	1,710
Public-sector entities	24	300	26	323
Multilateral development banks	0	0	0	0
International organisations	0	0	0	0
Institutions	74	923	47	591
Corporates	482	6,026	464	5,805
thereof SMEs	28	353	33	413
Retail	84	1,053	72	900
thereof SMEs	1	9	3	35
Loans backed by real estate	47	589	44	544
thereof SMEs	1	7	1	9
Defaulted positions	35	436	43	534
Particularly high risk positions	4	52	4	52
Covered bonds	1	18	2	20
Institutions/corporates with short-term credit assessment	0	0	0	0
Collective investment undertakings	37	457	44	549
Other items	523	6,542	556	6,954
Advanced approach (IRBA)	9,077	113,467	9,529	119,113
Central governments or central banks	418	5,229	439	5,482
Institutions	1,433	17,913	1,684	21,046
Corporates	5,639	70,485	6,018	75,224
thereof specialised lending	1,452	18,150	1,663	20,794
thereof SMEs	389	4,858	450	5,630
Retail	1,193	14,911	1,166	14,575
Secured by mortgages on immovable property	479	5,991	516	6,456
thereof SMEs	23	292	23	285
Qualifying revolving	43	539	38	477
Other	670	8,380	611	7,642
thereof SMEs	191	2,390	187	2,343
Other non-loan based assets	394	4,928	223	2,787

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

€m	30.6.2017		31.12.2016	
	Capital requirements	Risk weighted assets	Capital requirements	Risk weighted assets
Securitisation risks	224	2,801	227	2,838
Securitised positions IRBA	134	1,671	121	1,514
thereof resecuritisations	1	16	1	10
Securitisation positions SACR	90	1,130	106	1,325
thereof resecuritisations	0	0	0	0
Investment risks	86	1,077	97	1,208
Investment positions SACR (permanent partial use)	86	1,077	97	1,208
thereof investments with method contin. (Grandfathering)	7	82	9	111
Investment positions IRBA	0	0	0	0
Processing risk	0	0	1	12
Contribution to default fund	13	162	13	164
Non-material entities	464	5,800	436	5,448
Total default risk	11,307	141,343	11,750	146,880
Market risks in the trading book	914	11,420	1,070	13,371
Standardised approach	40	502	61	760
Interest rate risk	24	304	25	313
thereof general price risk	18	230	19	236
thereof specific price risk	6	73	6	75
Specific price risk securitisations in trading book	0	0	0	0
Exchange rate risk	16	196	35	444
Equity risk (general price risk)	0	1	0	2
Equity risk (specific price risk)	0	1	0	2
Commodity price risk	0	0	0	0
Correlation trading portfolio	0	0	0	0
Internal model approach	873	10,918	1,009	12,611
Credit value adjustments (CVA)	389	4,864	454	5,679
Advanced	369	4,608	435	5,438
Standard	21	256	19	241
Non-material entities	51	640	57	718
Total market risk	1,354	16,926	1,581	19,768
Operational risks	1,644	20,549	1,910	23,879
Base indicator approach (BIA)	0	0	0	0
Standardised approach	0	0	0	0
Advanced measurement approach (AMA)	1,644	20,549	1,910	23,879
Non-material entities	0	0	0	0
Supervisory capital requirements	14,305	178,818	15,242	190,527

Specific risk management

Default risk

Default risk is defined as the risk of losses sustained or profits foregone due to the default of a counterparty. It is a quantifiable material risk and includes the material sub-risk types of credit default risk, issuer risk, counterparty risk, country and transfer risk, dilution risk and reserve risk.

Quantitative information on default risks

Commerzbank Group's IRBA portfolio

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

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

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

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

In tables 4 to 7, only portfolios which fall under the scope of application of the IRBA and are rated with a rating process that has been approved by the supervisory authority are shown. Positions in the asset class other non-loan-related assets are not listed. These risk weighted assets amount to €4.9bn. They do not have any creditworthiness risks and are therefore not relevant for the management of default risks. Furthermore, mBank S.A. positions in the amount of EaD €1.7bn are not included. They are subject to the IRBA slotting approach.

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

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

All of the IRBA exposures are presented as follows:

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

Asset class €m		Investment Grade		Non-Investment Grade			Default	Total
		Rating 1 (0.00- 0.08%)	Rating 2 (0.08- 0.68%)	Rating 3 (0.68- 3.10%)	Rating 4 (3.10- 9.35%)	Rating 5 (9.35- 99.99%)	Rating 6 (100%)	
Central governments or central banks	EaD	18,472	15,601	289	262	53	0	34,676
	LGD %	19.9	24.0	93.0	93.5	56.0	20.0	23.0
	PD %	0.0	0.2	0.9	4.0	17.6	100.0	0.2
	RW %	5.3	19.1	148.6	268.9	254.3	0.0	15.2
	RWA	980	2,982	429	705	135	0	5,229
Institutions	EaD	17,395	18,134	6,206	1,583	344	106	43,768
	LGD %	37.6	37.0	36.2	17.3	23.7	75.5	36.4
	PD %	0.0	0.3	1.4	6.5	22.0	100.0	1.0
	RW %	17.2	47.6	78.0	61.9	128.8	23.2	40.9
	RWA	2,998	8,626	4,841	979	443	25	17,913
Corporates	EaD	15,564	86,615	19,452	4,408	4,241	4,322	134,601
	LGD %	38.3	38.1	34.6	35.4	30.9	56.9	37.9
	PD %	0.0	0.3	1.3	5.3	32.6	100.0	4.8
	RW %	18.3	44.6	72.3	114.8	156.9	42.2	51.4
	RWA	2,849	38,668	14,065	5,059	6,653	1,825	69,119
thereof specialised lending	EaD	5,878	9,512	3,865	2,117	3,026	2,566	26,964
	LGD %	38.0	38.1	28.7	35.3	28.4	52.9	36.8
	PD %	0.0	0.3	1.4	5.6	37.2	100.0	14.4
	RW %	19.2	49.5	67.2	121.0	138.6	62.1	62.2
	RWA	1,127	4,711	2,596	2,562	4,194	1,594	16,784
thereof SMEs	EaD	961	5,057	2,857	875	169	492	10,411
	LGD %	29.0	32.5	35.2	35.6	33.7	60.8	34.6
	PD %	0.1	0.3	1.4	5.1	15.7	100.0	6.0
	RW %	12.8	34.6	64.9	96.9	127.8	13.3	46.7
	RWA	123	1,752	1,854	847	216	65	4,858
Retail	EaD	39,607	52,954	13,043	3,303	1,448	1,215	111,570
	LGD %	24.7	22.8	29.3	30.0	27.1	55.2	24.9
	PD %	0.0	0.3	1.3	5.3	20.1	100.0	1.8
	RW %	2.3	11.0	31.6	53.1	83.6	88.7	13.4
	RWA	912	5,834	4,123	1,754	1,210	1,078	14,911
Total	EaD	91,038	173,304	38,990	9,555	6,086	5,643	324,616
	LGD %	28.6	32.0	33.5	32.1	29.8	56.9	31.6
	PD %	0.0	0.3	1.3	5.4	28.9	100.0	2.8
	RW %	8.5	32.4	60.2	88.9	138.7	51.9	33.0
	RWA	7,739	56,111	23,458	8,496	8,441	2,927	107,172

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

Asset class €m		Investment Grade		Non-Investment Grade			Default	Total
		Rating 1 (0.00- 0.08%)	Rating 2 (0.08- 0.68%)	Rating 3 (0.68- 3.10%)	Rating 4 (3.10- 9.35%)	Rating 5 (9.35- 99.99%)	Rating 6 (100%)	
Retail banking	EaD	39,607	52,954	13,043	3,303	1,448	1,215	111,570
	LGD %	24.7	22.8	29.3	30.0	27.1	55.2	24.9
	PD %	0.0	0.3	1.3	5.3	20.1	100.0	1.8
	RW %	2.3	11.0	31.6	53.1	83.6	88.7	13.4
	RWA	912	5,834	4,123	1,754	1,210	1,078	14,911
Secured by mortgages on immovable property, excluding SMEs	EaD	25,720	33,740	5,054	1,127	694	482	66,817
	LGD %	13.5	13.4	14.0	15.2	16.8	40.8	13.8
	PD %	0.0	0.3	1.3	5.5	21.1	100.0	1.3
	RW %	1.9	6.9	21.1	55.0	92.7	115.1	8.5
	RWA	480	2,333	1,069	620	643	555	5,699
Secured by mortgages on immovable property, SMEs	EaD	44	671	281	52	32	52	1,132
	LGD %	15.5	19.9	20.9	24.8	27.4	55.0	22.0
	PD %	0.1	0.3	1.3	5.5	18.1	100.0	5.9
	RW %	1.9	8.5	25.4	67.4	116.5	173.6	25.8
	RWA	1	57	71	35	37	91	292
Qualifying revolving	EaD	6,604	1,422	531	120	32	7	8,716
	LGD %	60.8	61.4	62.4	63.4	62.8	72.4	61.0
	PD %	0.0	0.3	1.4	5.1	16.8	100.0	0.4
	RW %	1.6	8.1	32.2	81.3	151.6	0.0	6.2
	RWA	108	115	171	97	49	0	539
Other, excluding SMEs	EaD	6,893	13,076	4,333	862	291	369	25,823
	LGD %	31.5	38.3	39.3	39.6	42.3	63.1	37.1
	PD %	0.0	0.3	1.3	5.0	21.1	100.0	2.2
	RW %	4.4	20.8	43.3	60.6	92.6	81.4	23.2
	RWA	305	2,716	1,878	522	270	300	5,991
Other, SMEs	EaD	346	4,045	2,845	1,142	398	305	9,082
	LGD %	38.6	37.6	35.7	34.1	30.9	68.0	37.4
	PD %	0.1	0.3	1.5	5.2	18.2	100.0	5.4
	RW %	5.3	15.2	32.8	42.0	53.0	43.4	26.3
	RWA	19	614	934	479	211	132	2,390

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

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

Asset class €m		Investment Grade		Non-Investment Grade			Default	Total
		Rating 1 (0.00- 0.08%)	Rating 2 (0.08- 0.68%)	Rating 3 (0.68- 3.10%)	Rating 4 (3.10- 9.35%)	Rating 5 (9.35- 99.99%)	Rating 6 (100%)	
Central governments or central banks	Total sum	643	52	48	33	55	0	831
	Ø CCF (%)	48	44	45	43	19	0	48
	EaD	311	23	11	4	2	0	351
	Ø EaD	11	2	29	37	64	0	12
Institutions	Total sum	626	1,241	334	125	148	0	2,474
	Ø CCF (%)	46	46	36	19	40	0	45
	EaD	315	550	38	7	14	0	924
	Ø EaD	38	40	59	18	31	0	40
Corporates	Total sum	9,538	70,161	9,294	1,282	735	109	91,119
	Ø CCF (%)	42	44	45	45	42	44	44
	EaD	4,297	30,639	4,034	484	312	48	39,814
	Ø EaD	53	60	15	25	25	2	54
thereof specialised lending	Total sum	361	685	300	275	513	21	2,155
	Ø CCF (%)	39	53	58	48	47	62	49
	EaD	405	962	202	132	240	13	1,954
	Ø EaD	8	20	4	25	31	2	17
thereof SMEs	Total sum	239	1,742	845	157	11	24	3,017
	Ø CCF (%)	43	44	48	45	47	18	45
	EaD	101	760	391	70	5	4	1,332
	Ø EaD	2	3	3	1	0	0	2
Retail	Total sum	14,494	12,938	3,229	406	60	9	31,136
	Ø CCF (%)	69	71	69	63	61	35	70
	EaD	10,077	9,138	2,227	252	36	3	21,734
	Ø EaD	0	11	0	0	0	0	5
thereof secured by mortgages on immovable property, SMEs	Total sum	2	34	20	1	0	0	56
	Ø CCF (%)	100	95	112	99	77	0	101
	EaD	2	33	22	1	0	0	56
	Ø EaD	0	0	0	0	0	0	0
thereof secured by mortgages on immovable property, excluding SMEs	Total sum	787	1,302	199	14	1	0	2,304
	Ø CCF (%)	100	100	100	99	85	0	100
	EaD	784	1,299	199	13	1	0	2,296
	Ø EaD	1	0	0	1	0	0	0
thereof qualified revolving	Total sum	9,765	1,734	448	77	8	0	12,033
	Ø CCF (%)	66	64	63	63	65	61	65
	EaD	6,409	1,114	281	48	5	0	7,858
	Ø EaD	0	0	0	0	0	0	0
thereof other SMEs	Total sum	483	4,217	1,231	192	31	5	6,158
	Ø CCF (%)	44	47	49	49	46	39	47
	EaD	210	1,960	605	93	14	2	2,883
	Ø EaD	1	1	0	0	0	0	1
thereof other, excluding SMEs	Total sum	3,458	5,651	1,331	123	19	4	10,586
	Ø CCF (%)	77	84	84	80	81	30	81
	EaD	2,674	4,733	1,121	97	16	1	8,642
	Ø EaD	1	25	1	1	0	0	14
Total	Total sum	25,301	84,393	12,904	1,846	998	118	125,561
	Ø CCF (%)	58	48	51	49	43	43	50
	EaD	15,000	40,350	6,310	747	364	51	62,823
	Ø EaD	22	52	11	19	24	2	41

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

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

Asset class €m		Investment Grade		Non-Investment Grade			Default	Total
		Rating 1 (0.00- 0.08%)	Rating 2 (0.08- 0.68%)	Rating 3 (0.68- 3.10%)	Rating 4 (3.10- 9.35%)	Rating 5 (9.35- 99.99%)	Rating 6 (100%)	
Central governments or central banks	Total sum	69	171	56	68	113	0	477
	Ø CCF (%)	37	51	34	38	16	0	38
	EaD	25	88	19	26	15	0	173
	Ø EaD	1	3	1	0	6	0	3
Institutions	Total sum	796	2,478	1,558	1,202	300	22	6,356
	Ø CCF (%)	58	44	45	47	45	25	47
	EaD	471	1,079	670	475	89	5	2,789
	Ø EaD	23	18	5	17	5	2	15
Corporates	Total sum	2,749	18,137	3,671	329	287	178	25,351
	Ø CCF (%)	34	36	24	26	21	26	34
	EaD	1,237	6,522	713	82	62	45	8,661
	Ø EaD	19	25	13	0	1	1	22
thereof specialised lending	Total sum	202	172	107	28	38	14	562
	Ø CCF (%)	32	28	33	23	25	20	31
	EaD	368	167	55	7	10	3	610
	Ø EaD	7	2	2	0	0	1	5
thereof SMEs	Total sum	612	756	298	92	17	30	1,806
	Ø CCF (%)	44	25	28	28	24	32	32
	EaD	271	186	82	25	4	9	577
	Ø EaD	80	0	1	0	1	0	28
Retail	Total sum	121	970	171	45	11	20	1,338
	Ø CCF (%)	25	57	27	25	23	30	48
	EaD	31	546	44	11	2	6	641
	Ø EaD	0	179	0	0	0	0	130
thereof secured by mortgages on immovable property, SMEs	Total sum	0	0	0	0	0	0	0
	Ø CCF (%)	0	0	0	0	0	0	0
	EaD	0	0	0	0	0	0	0
	Ø EaD	0	0	0	0	0	0	0
thereof secured by mortgages on immovable property, excluding SMEs	Total sum	0	0	0	0	0	0	0
	Ø CCF (%)	0	0	0	0	0	0	0
	EaD	0	0	0	0	0	0	0
	Ø EaD	0	0	0	0	0	0	0
thereof qualified revolving	Total sum	0	0	0	0	0	0	0
	Ø CCF (%)	0	0	0	0	0	0	0
	EaD	0	0	0	0	0	0	0
	Ø EaD	0	0	0	0	0	0	0
thereof other SMEs	Total sum	42	497	150	42	9	17	757
	Ø CCF (%)	23	23	26	26	23	32	24
	EaD	10	115	38	10	2	5	180
	Ø EaD	0	0	0	0	0	0	0
thereof other, excluding SMEs	Total sum	79	473	21	3	2	3	581
	Ø CCF (%)	26	91	31	22	24	24	79
	EaD	21	431	6	1	0	1	461
	Ø EaD	0	364	0	0	0	0	295
Total	Total sum	3,735	21,756	5,456	1,644	711	220	33,522
	Ø CCF (%)	38	38	31	41	29	26	37
	EaD	1,765	8,236	1,446	594	168	56	12,265
	Ø EaD	19	31	10	12	3	1	25

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

Appendix

Additional table

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

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

Line	(B) Reference to article in the directive (EU) Nr. 575/2013
1	26 (1), 27, 28, 29, EBA list 26 (3)
1a	EBA list 26 (3)
1b	EBA list 26 (3)
1c	EBA list 26 (3)
2	26 (1) (c)
3	26 (1)
3a	26 (1) (f)
4	486 (2)
4a	483 (2)
5	84, 479, 480
5a	26 (2)
6	
7	34, 105
8	36 (1) (b), 37, 472 (4)
9	
10	36 (1) (c), 37, 472 (4)
11	33 (a)
12	36 (1) (d), 40, 159, 472 (6)
13	32 (1)
14	33 (b)
15	36 (1) (e), 41, 472 (7)
16	36 (1) (f), 42, 472 (8)
17	36 (1) (g), 44, 472 (9)
18	36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10) 36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 471 (11)
19	
20	
20a	36 (1) (k)
20b	36 (1) (k) (i), 89 to 91
20c	36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258
20d	36 (1) (k) (iii), 379 (3)
21	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
22	48 (1)
23	36 (1) (i), 48 (1) (b), 470, 472 (11)
24	
25	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
25a	36 (1) (a), 472 (2)
25b	36 (1) (l)
26	
26a	
26a.1	467
26a.2	468

Line	(B) Reference to article in the directive (EU) Nr. 575/2013
26b	481
27	36 (1) (j)
27a	
28	
29	
30	51, 52
31	
32	
33	486 (3)
33a	486 (3)
34	85, 86, 480
35	486 (3)
36	
37	52 (1) (b), 56 (a), 57, 475 (2)
38	56 (b), 58, 475 (3)
39	56 (c), 59, 60, 79, 475 (4)
40	56 (d), 59, 79, 475 (4)
41	
41a	472, 472 (3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
41a.1	472 (3)(a)
41a.2	472 (4)
41a.3	472 (6)
41a.4	472 (8)(a)
41a.5	472(9)
41a.6	472(10)
41.7	472(11)
41b	477, 477 (3), 477 (4) (a)
41c	467, 468, 481
41c.1	467
41c.2	468
41c.3	481
42	56 (e)
43	
44	
45	
46	62, 63
47	486 (4)
47a	483 (4)
48	87, 87, 480
49	486 (4)
50	62 (c) & (d)
51	
52	63 (b) (i), 66 (a), 67, 477 (2)
53	66 (b), 68, 477 (3)
54	66 (c), 69, 70, 79, 477 (4)
55	66 (d), 69, 79, 477 (4)

Line	(B) Reference to article in the directive (EU) Nr. 575/2013
56	
56a	472, 472 (3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
56b	475, 475 (2) (a), 475 (3), 475 (4) (a)
56c	467, 468, 481
56c.1	467
56c.2	468
57	
58	
59	
59a	
59a.1	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)
59a.2	472, 475 (2) (b), 475 (2) (c), 475 (4) (b)
59a.3	477, 477 (2) (b), 477 (2) (c), 477 (4) (b)
60	
61	92 (2) (a), 465
62	92 (2) (b), 465
63	92 (2) (c)
64	CRD 128, 129, 130
65	
66	
67	
67a	CRD 131
68	CRD 128
69	
70	
71	
72	36 (1) (h), 45, 46, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)
73	36 (1) (i), 45, 48, 470, 472 (11)
74	
75	36 (1) (c), 38, 48, 470, 472 (5)
76	62
77	62
78	62
79	62
80	484 (3), 486 (2) & (5)
81	484 (3), 486 (2) & (5)
82	484 (4), 486 (3) & (5)
83	484 (4), 486 (3) & (5)
84	484 (5), 486 (4) & (5)
85	484 (5), 486 (4) & (5)

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List of abbreviations

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

Disclaimer

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

The interpretations with regard to CRR/CRD IV rules are still ongoing. 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.

Commerzbank AG

Head Office
Kaiserplatz
Frankfurt am Main
www.commerzbank.com

Postal address
60261 Frankfurt am Main
Tel. +49 69 136-20
info@commerzbank.com

Investor Relations
Tel. +49 69 136-21331
Fax +49 69 136-29492
ir@commerzbank.com

