COMMERZBANK INVESTMENTS (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2011

Company Registered No 3073856

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements for the year ended 31 December 2011 This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company is that of an investment company

Following the sale during 2010 of the Company's investment in Commerzbank Holdings (UK) Limited to Commerzbank AG, the Company used the proceeds to fully repay the funding loan from Commerzbank AG London Branch such that its only material asset at the start of this year was an interest bearing deposit held with Commerzbank AG London Branch

On 24 January 2011 the Company received a gift of Trust Preferred Securities amounting to £517,086,912 from its immediate parent undertaking, Commerzbank AG

On 25 January 2011, the Company entered into a series of interest rate and cross currency swaps with Commerzbank AG and also loans and deposits with Commerzbank AG London Branch These positions were entered into in order to materially hedge, from a Commerzbank AG Group perspective, the cash flows related to the Trust Preferred Securities

The directors considered the projected cash flows of the Trust Preferred Securities and the related instruments and expect them to be beneficial for the Company, although for the year ended 31 December 2011, a pre tax loss arose because no coupon income was receivable from the securities

SUBSEQUENT EVENTS

On 22 March 2012 Trust Preferred Securities amounting to £438,173,832 were cancelled and the Company received a compensation payment that resulted in a capital gain of approximately £99 million At the same time the related swaps that had been entered into by the Company were terminated early, resulting in a loss (after termination payments) of approximately £29 million

Following the above transactions the Company held excess cash deposits and capital As a result, on 19 April 2012, the Company cancelled 1,319,247,240 ordinary shares of £1 each to leave the Company with share capital of £132,576,398 made up of 132,576,398 ordinary shares of £1 each £669,247,240 of the reserve arising was used to eliminate the deficit on the Company's profit and loss account after taking into account the distributable capital contribution of £517,086,912 The remaining reserve was distributed to the Company's immediate parent undertaking, Commerzbank AG, resulting in the Company having net assets of £132,576,398

RESULTS AND DIVIDENDS

The results of the Company for the year are set out in detail on page 4 The directors do not recommend the payment of a dividend (2010 £nil) The loss for the financial year of £38,735,000 (2010 profit of £579,000) will be transferred to reserves

DIRECTORS

The directors who held office throughout the year were as follows

N G Aiken
A D Levy
J C Wall

The directors benefited from qualifying third party indemnity provisions in place during the financial year

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS

The directors in office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and will be re-appointed in accordance with Section 487 of the Companies Act 2006

Approved by the Board of Directors
and signed on behalf of the Board

J C Wall
Secretary
Commerzbank Investments (UK) Limited
Company Registered No 3073856

13 September 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMMERZBANK INVESTMENTS (UK) LIMITED

We have audited the financial statements of Commerzbank Investments (UK) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report

Iwan Griffiths (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

14 September 2012

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Foreign exchanges losses		(10,211)	-
Net interest payable on derivatives held with Commerzbank AG		(11,346)	-
Net liability arising on interest rate derivatives		(18,316)	-
OPERATING LOSS	2	(39,873)	-
Interest receivable from Commerzbank AG London Branch		2,633	1,013
Interest payable to Commerzbank AG London Branch		(3,205)	(66)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(40,445)	947
Tax credit / (charge) on (loss) / profit on ordinary activities	3	1,710	(368)
(LOSS) / PROFIT FOR THE FINANCIAL YEAR	11	(38,735)	579

All activities relate to continuing operations

The Company has no recognised gains or losses other than the (loss) / profit for the financial year shown above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the (loss) / profit on ordinary activities before taxation above and its historical cost equivalent

A statement showing the movements on reserves is set out in note 11 on page 9

The accounting policies and notes on pages 6 to 10 form an integral part of these financial statements

BALANCE SHEET
As at 31 December 2011

	Notes	2011 £'000	2010 £'000
NON CURRENT ASSETS			
Investments	4	517,087	-
Debtors – amounts falling due after more than one year	5	-	3,953
CURRENT ASSETS			
Debtors – amounts falling due within one year	6	51,376	-
Cash held with Commerzbank AG London Branch		226,071	222,511
		277,447	222,511
CREDITORS: amounts falling due within one year	7	(89,801)	(83)
NET CURRENT ASSETS		187,646	222,428
NET ASSETS		704,733	226,381
CAPITAL AND RESERVES			
Called up share capital	10	1,451,824	1,451,824
Capital contribution	11	517,087	-
Profit and loss account	11	(1,264,178)	(1,225,443)
EQUITY SHAREHOLDER'S FUNDS	11	704,733	226,381

The accounting policies and notes on pages 6 to 10 form an integral part of these financial statements

These financial statements on pages 4 to 10 were approved by the Board of Directors and signed on its behalf by

A D Levy
Director

13 September 2012

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

1. ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared in accordance with the Companies Act 2006 and accounting standards applicable in the UK, and under the historical cost convention In accordance with FRS18 'Accounting Policies', the Company has reviewed its accounting policies to ensure that they are appropriate for the nature of the business and its operations

Going concern
As described elsewhere within these financial statements, in January 2011 the Company received a gift of Trust Preferred Securities and entered into various loans and deposits, as well as interest rate and foreign exchange swaps, in relation to those assets Although these positions resulted in a loss for the year, as no coupons were receivable from those Trust Preferred Securities, the directors have considered the future expected cash flows of these positions and expect them to be beneficial for the Company

As described in Note 12, a significant amount of these positions were cancelled in March 2012 resulting in a compensation payment that resulted in a capital gain of approximately £99 million and a loss from early terminating the related swaps of approximately £29 million Furthermore in April 2012, as a result of holding excess cash deposits, the Company undertook a capital restructuring and made a repayment of excess capital of £650 million

Following these transactions the Company now holds some remaining Trust Preferred Securities and related swaps that the directors believe will be beneficial for the Company in the future, together with net cash deposits held with Commerzbank AG London Branch The directors do not consider the recovery of the net deposit to be a significant and material uncertainty

Based on these factors the directors continue to prepare the financial statements of the Company on a going concern basis The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern

Investments
Investments are stated at cost less provisions for impairment Where an investment is transferred from a fellow group undertaking, the directors consider the underlying substance of the transaction (including the amount of consideration payable) in determining the most appropriate accounting treatment During the year the Company received a gift of Trust Preferred Securities with an initial fair value of £517,086,912 from its immediate parent undertaking, Commerzbank AG, where no consideration was payable Having assessed the substance of the transaction, the directors consider the gift of the Trust Preferred Securities to represent a capital contribution from the immediate parent undertaking and have therefore accounted for it as such, resulting in the creation of an investment of £517,086,912 and a capital contribution reserve of the same amount

Taxation
The charge for taxation is based on the results for the year Full provision is made in the profit and loss account for taxation in respect of all differences in timing between the accounting and tax treatments of income and expenses The timing differences are recognised as deferred tax liabilities or assets, measured at expected future tax rates An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain Deferred tax assets and liabilities are not discounted

Related party transactions
The Company's ultimate parent undertaking, Commerzbank AG, prepares consolidated financial statements, which are publicly available Accordingly advantage is taken in these financial statements of the exemptions available in FRS 8, 'Related Party Disclosures' for disclosure of transactions with entities that are part of the group or investees of group entities as related parties

Cash flow statement
The Company has taken advantage of the exemption under FRS 1 (revised) 'Cash flow Statements' not to prepare a cash flow statement on the grounds that the ultimate parent undertaking, Commerzbank AG, prepares consolidated financial statements, which are publicly available

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2011

1. ACCOUNTING POLICIES (continued)

Interest receivable and payable
Deposit interest receivable and loan interest payable are accounted for on an accruals basis

Derivative financial instruments
When derivative financial instruments are used for hedging purposes they are accounted for on an accruals basis in line with the underlying assets or liabilities Income and expense is taken to the same line in the profit and loss account as the underlying asset or liability Any discount or premium on inception is capitalised and amortised on a straight line basis over the life of the underlying instrument

When a hedging relationship is broken or does not operate as intended, the relevant derivative financial instrument is recorded at the lower of cost and net realisable value For cross currency swaps, net realisable value is determined based upon movements in spot rate and for interest rate swaps net realisable value is based on arms length fair value In both cases, adverse changes are reflected in the balance sheet but favourable changes deferred until they crystallise

Foreign currencies
Investments denominated in foreign currencies are translated into sterling at the rate prevailing on the date of the transaction All other monetary assets and liabilities denominated in foreign currencies are translated into Sterling at mid-market closing rates of exchange ruling at the balance sheet date All other foreign exchange differences are taken to the profit and loss account in the year in which they arise All revenue and expense items are translated at the rate applicable to the period when they are recognised

2. OPERATING LOSS

All administrative expenses, including auditors' remuneration for services to the Company, were borne by Commerzbank AG London Branch The Company had no employees during the year (2010 None) None of the directors received any emoluments in respect of their services to the Company (2010 £Nil) The audit fee applicable in respect of the Company's financial statements was £15,000 (2010 £10,500), with no further services provided to the Company by the Company's auditor

3. TAX CREDIT / (CHARGE) ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

a) The tax charge on the (loss) / profit on ordinary activities for the year was as follows:	**2011 £'000**	**2010 £'000**
Current tax – group relief receivable (note 3b)	4,487	-
Deferred tax valuation allowance against tax losses	(2,571)	-
Deferred tax utilisation of tax losses	-	(265)
Deferred tax impact of tax rate change	(206)	(103)
Total tax credit / (charge)	1,710	(368)

b) Factors affecting the credit for the year:	**2011 £'000**	**2010 £'000**
(Loss) / profit on ordinary activities before tax	(40,445)	947
Standard rate tax credit / (charge) in the UK of 26 5% (2010 28%)	10,718	(265)
Effects of		
Losses surrendered for nil consideration	(6,231)	-
Utilisation of losses brought forward	-	265
Current tax credit (note 3a)	4,487	-

In the Budget on 23 March 2011, the UK Government proposed to reduce Corporation tax rates to 26% with effect from 1 April 2011 with three further reductions of 1% per annum to follow This proposal was updated in the Budget on 21 March 2012, such that the rate applicable from 1 April 2012 will be reduced by 2% to 24%, reducing by a further 1% each year in the following two years The financial statements include a reduction to the deferred tax asset for the proposed decrease in the rate to 25%, as that reduction had been substantially enacted by 31 December 2011

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2011

4. INVESTMENTS

	Trust Preferred Securities £'000
Cost and net book value:	
1 January 2011	-
Additions	517,087
31 December 2011	517,087

On 24 January 2011 the Company received a gift of Trust Preferred Securities amounting to £517,086,912 (£202,523,750 of this amount represents a Trust Preferred Security denominated in GBP with the remaining amount of £314,563,162 denominated in € with the underlying amount being €371,779,055) from its immediate parent undertaking, Commerzbank AG The directors believe that the carrying value of the investment is supported by their underlying net assets

5. DEBTORS

	2011 £'000	2010 £'000
Amounts falling due after more than one year:		
Group relief receivable	-	1,176
Deferred taxation (see note 8)	-	2,777
	-	3,953

6. DEBTORS

	2011 £'000	2010 £'000
Amounts falling due within one year:		
Group relief receivable	5,663	-
Foreign exchange derivative with Commerzbank AG (see note 8)	41,760	-
Interest rate derivative held with Commerzbank AG (see note 8)	3,953	-
	51,376	-

7. CREDITORS

	2011 £'000	2010 £'000
Amounts falling due within one year:		
Bank loans due to Commerzbank AG London Branch	45,193	-
Interest rate derivatives held with Commerzbank AG (see note 8)	44,524	-
Other creditors	84	83
	89,801	83

The bank loans due to Commerzbank AG London Branch are unsecured, repayable on demand and bear interest at market rates

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2011

8. DERIVATIVE FINANCIAL INSTRUMENTS

During the year, the Company entered into a cross currency swap with Commerzbank AG, resulting in the Company making a day 1 payment of approximately €411 million in return for a day 1 receipt of approximately £283 million plus a premium of £10 million As a result a day 1 cross currency swap derivative asset of approximately £55 million was created, based upon prevailing spot rates At the year end, the cross currency swap derivative had a book value of £41,760,000 (including accrued interest) and a fair value of £13,036,890 The cross currency swap hedged inter-company loans until their repayment in October 2011, at which point it ceased to act as a hedging instrument This did not impact the accounting during the year, as the reduction in value of the cross currency swap derivative asset between October 2011 and the year end has been recognised

During the year the Company entered into three interest rate swaps with Commerzbank AG Two of these interest rate swaps resulted in the Company receiving a day 1 premium of approximately £20 million, whilst the other interest rate swap resulted in the Company paying a premium of approximately £7 million These swaps were not used as hedging instruments in the manner originally intended At the year end, the interest rate swap derivative held as a current asset had a book value of £3,953,000 and a fair value of £3,953,000, and the interest rate swap derivatives held as liabilities had a book value of £44,524,000 and a fair value of £44,524,000

9. DEFERRED TAXATION

Asset held in respect of carried forward losses	**2011 £'000**	**2010 £'000**
At 1 January	2,777	3,145
Charge to the profit and loss account	(2,777)	(368)
At 31 December	-	2,777

A deferred tax asset representing excess carried forward tax losses of approximately £38 5 million (2010 £28 3 million) and carried forward capital losses of £208 9 million (2010 £208 9 million) has not been recognised as the current projection does not suggest that there will be sufficient taxable profits available against which against which the deferred tax asset can be utilised, following the transactions described in note 11 For the year ended 31 December 2010, a deferred tax asset was recognised at a rate of 27% on carried forward tax losses of approximately £10 3 million justified by expected future taxable profits

10. CALLED UP SHARE CAPITAL

	2011 £'000	**2010 £'000**
Allotted, called up and fully paid		
1,451,823,638 ordinary shares of £1 each	1,451,824	1,451,824

11. COMBINED RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDER'S FUNDS AND STATEMENT OF MOVEMENT ON RESERVES

	2011 Issued share capital £000's	**2011 Capital contribution £000's**	**2011 Profit and loss account £000's**	**2011 Shareholder's funds total £000's**	**2010 Shareholder's funds total £000's**
At 1 January 2011	1,451,824	-	(1,225,443)	226,381	225,802
Gift of Trust Preferred Securities	-	517,087	-	517,087	-
(Loss) / profit for the financial year	-	-	(38,735)	(22,681)	579
At 31 December 2011	1,451,824	517,087	(1,264,178)	704,733	226,381

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2011

12. SUBSEQUENT EVENTS

On 22 March 2012 Trust Preferred Securities amounting to £438,173,832 were cancelled and the Company received a compensation payment that resulted in a capital gain of approximately £99 million At the same time the related swaps that had been entered into by the Company were terminated early resulting in a loss (including termination payments) of approximately £29 million

Following the above transactions the Company held excess cash deposits and capital As a result, on 19 April 2012, the Company cancelled 1,319,247,240 ordinary shares of £1 each to leave the Company with share capital of £132,576,398 made up of 132,576,398 ordinary shares of £1 each £669,247,240 of the reserve arising was used to eliminate the deficit on the Company's profit and loss account after taking into account the distributable capital contribution of £517,086,912 The remaining reserve was distributed to the Company's immediate parent undertaking, Commerzbank AG, resulting in the Company having net assets of £132,576,398

13. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking of the Company is Commerzbank AG, a company incorporated in Germany under German law

The largest group in which the results of the Company are consolidated is that headed by Commerzbank AG Commerzbank AG is also the ultimate parent undertaking and controlling party Financial statements of Commerzbank AG are available from Commerzbank AG, Investor Relations, Kaiserplatz, D-60261 Frankfurt am Main, Germany