COMMERZBANK

Interim financial information as at 31 March

2023

The bank at your side

Key figures

Income statement	1.1.–31.3.2023	1.1.–31.3.2022
Operating profit (€m)	875	544
Operating profit per share (€)	0.70	0.43
Consolidated profit or loss[1] (€m)	580	298
Earnings per share (€)	0.46	0.24
Operating return on equity based on CET1[2] (%)	14.7	9.2
Return on equity of consolidated profit or loss[2, 3] (%)	8.3	4.0
Cost/income ratio in operating business (excl. compulsory contributions) (%)	54.9	51.5
Cost/income ratio in operating business (incl. compulsory contributions) (%)	64.6	63.9

Balance sheet	31.3.2023	31.12.2022
Total assets (€bn)	497.4	477.4
Risk-weighted assets (€bn)	171.5	168.7
Equity as shown in balance sheet (€bn)	31.8	30.9
Total capital as shown in balance sheet (€bn)	38.8	37.8

Regulatory key figures	31.3.2023	31.12.2022
Tier 1 capital ratio (%)	16.1	16.0
Common Equity Tier 1 ratio[4] (%)	14.2	14.1
Total capital ratio (%)	18.9	18.9
Leverage ratio (%)	4.8	4.9

Full-time personnel	31.3.2023	31.12.2022
Germany	25,214	25,734
Abroad	12,303	12,118
Total	37,516	37,852

Ratings[5]	31.3.2023	31.12.2022
Moody's Investors Service, New York[6]	A1/A2/P-1	A1/A2/P-1
S&P Global, New York[7]	A/A-/A-2	A-/BBB+/A-2

[1] Insofar as attributable to Commerzbank shareholders.
[2] Annualised.
[3] Ratio of net income attributable to Commerzbank shareholders after deduction of dividend accruals, if applicable, and the potential (completely discretionary) AT-1-Coupon and average IFRS equity before minority afterdeduction of goodwill and other intangible assets without additional equity components and non-controlling interests.
[4] The Common Equity Tier 1 ratio is the ratio of Common Equity Tier 1 capital (CET1) mainly subscribed capital, reserves and deduction items) to risk-weighted assets.
[5] Further information can be found online at www.commerzbank.com.
[6] Counterparty rating and deposit rating/issuer credit rating/short-term liabilities.
[7] Counterparty rating/deposit rating and issuer credit rating/short-term liabilities.

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

Contents

Performance highlights 1 January to 31 March 2023

Key statements

Commerzbank has made a very good start to the 2023 financial year. Despite spells of capital market turbulence and further charges in connection with loans issued in Swiss francs at mBank, Commerzbank increased its operating profit by more than 60% in the first quarter of the year. The Bank almost doubled its consolidated profit as it continued to benefit from the turnaround in interest rates and healthy commission business. On the cost side, Commerzbank remained on track despite the high inflationary pressure. The risk result was very positive, despite the tense macroeconomic situation. The capital ratio remained comfortable, enabling the Bank to recognise an accrual in the first quarter for the targeted payout ratio of 50%.

The key figures for the Bank's business performance in the first three months of 2023 are shown below:

- Overall, Commerzbank significantly improved its operating profit to €875m in the period under review, an increase of €332m compared with the prior-year period.
- The Group risk result was €–68m, significantly lower than in the prior-year period. The top-level adjustment (TLA) for secondary effects remained in place and was almost unchanged at €–483m. The non-performing exposure (NPE) ratio was 1.1%.
- Operating expenses rose slightly by 1.8% year on year to €1,464m – mainly due to higher accruals for profit-related variable remuneration. Compulsory contributions, which are reported separately, fell by around a quarter year on year to €260m.
- The consolidated profit attributable to Commerzbank shareholders and investors in additional equity components was €580m, compared with €298m in the prior-year period.
- The Common Equity Tier 1 ratio was slightly higher again as at 31 March 2023 at 14.2%, while the leverage ratio was 4.8%.
- The operating return on equity was 14.6%, compared with 9.2% in the prior-year period. The return on equity based on consolidated profit or loss (less intangible assets and AT1-related items) was 8.3%, compared with 4.0% in the previous year, with the increase primarily attributable to the lower risk result. The cost/income ratio was 54.9% with compulsory contributions excluded and 64.6% including compulsory contributions. The corresponding figures for the previous year were 51.5% and 63.9% respectively.

Important business policy events after the end of the previous reporting period

Science Based Targets initiative (SBTi) validates Commerzbank's ambitious CO_2 emissions reduction targets

In September 2020, Commerzbank became the first German bank to commit to setting science-based targets through the SBTi. The initiative is a global body enabling businesses to set their emissions reduction targets in line with the latest climate science. It supports companies to reduce CO_2 emissions significantly by 2030 and consequently move to net-zero emissions by 2050.

Our ambitious CO_2 emissions reduction calculations were reviewed and validated by the Science Based Targets initiative, one of the leading standard-setting bodies, at the end of March 2023. Commerzbank is the first German bank with SBTi-validated emissions reduction targets.

The SBTi targets are a core element of Commerzbank's sustainability strategy and its commitment to achieving net-zero greenhouse gas emissions by 2050 in line with a 1.5°C scenario. Around 85% of the portfolio emissions financed by Commerzbank are already covered by SBTi-validated targets. For example, the Bank has defined specific CO_2 reduction targets for seven emissions-intensive sectors with a total lending and investment volume of €112bn. These are: power generation, retail mortgage financing, commercial real estate financing, automotive manufacturing, aviation, cement, and iron and steel.

European Central Bank approves share buyback

At the end of April 2023, the European Central Bank (ECB) and the Finance Agency approved Commerzbank's first share buyback programme. The buyback has a volume of €122m and supplements the proposed dividend of €0.20 per share that will be put to the Annual General Meeting on 31 May 2023. In line with its policy on returning capital, Commerzbank will therefore – subject to approval by the Annual General Meeting – distribute 30% of last year's consolidated profit after deduction of AT1 coupons.

S&P Global Ratings (S&P) raises Commerzbank's rating

In March 2023, S&P raised Commerzbank's Deposit/Issuer Credit Rating (Preferred Senior Rating) by one notch to "A–" with a stable outlook. At the same time, the counterparty rating (Resolution Counterparty Rating) was increased by one level to "A".

The rating measure was driven by a strong loss-absorbing buffer that provides further protection to senior creditors in a hypothetical resolution scenario. In 2022, the so-called Additional Loss Absorbing Capacity (ALAC) exceeded the S&P model-theoretically relevant threshold of 6% with 6.5%. This results in an increase in support by two levels (previously one level) to the stand-alone rating "bbb". S&P assumes that Commerzbank will be able to maintain or exceed the threshold of over 6% in the coming years.

Financial performance, assets, liabilities and financial position

For a description of the accounting and measurement methods applied as at 31 March 2023, see “Additional information” on page 20.

Income statement of the Commerzbank Group

Despite significantly higher charges from provisions in connection with mortgage loans issued in foreign currencies at mBank compared with the prior-year period, and the non-recurrence of income from targeted longer-term refinancing operations with the ECB that was included in the figures for the prior-year period, Commerzbank recorded a consolidated profit attributable to Commerzbank shareholders and investors in additional equity components of €580m in the first three months of 2023, compared with €298m in the prior-year period. The operating profit was €875m in the period under review, compared with €544m in the prior-year period.

The main items in the income statement performed as follows in the period under review:

Net interest income increased significantly by 38.9% to €1,947m in the period under review. In the Private and Small-Business Customers segment, the rise in interest rates led to a marked increase in net interest income both in Germany – driven in particular by deposit business – and at mBank. The Corporate Clients segment also recorded a substantial rise in net interest income compared with the prior-year period that was also largely driven by an increase in deposit income.

Net commission income was solid overall compared with the prior-year quarters at €915m, barely 6% lower than the extraordinarily strong result recorded for the first three months of 2022. In the Private and Small-Business Customers segment in Germany, the market volatility that is key to transaction-related business was lower than in the prior-year quarter. This was reflected in lower commission income that was only partially offset by higher income from payment transactions and other commission-bearing business in particular. mBank also recorded a fall in net commission income compared with the prior-year period. Net commission income in the Corporate Clients segment was slightly below the figure for the first three months of the previous year, with the decline in income from foreign currency business almost entirely offset by higher income from bond issuance business.

Net income from financial assets and liabilities measured at fair value through profit or loss was €–72m in the period under review and thus significantly lower than the figure for the prior-year period. The fall was attributable to negative interest effects from banking book derivatives caused by the marked rise in interest rates – with a corresponding counter-effect on net interest income – and negative remeasurement effects from foreign currency basis spreads and lower remeasurement gains in foreign locations.

The other net income figure of €–123m includes provisions of €-173m in connection with mortgage loans issued in foreign currencies at mBank.

The risk result of €–68m was significantly better than the prior-year figure of €–464m. In the Private and Small-Business Customers segment, the loan loss provisions required for the first three months of 2023 increased by €56m compared with the same quarter of the previous year, due in particular to further allocations resulting from the review of the secondary effects TLA and from rating downgrades. By contrast, mBank reported lower risk costs compared with the first three months of the previous year. The Corporate Clients segment reported a positive risk result of €54m for the first quarter of 2023, after charges of €–286m in the prior-year period. This was due in part to repayments and the associated reversal of loan loss provisions in the non-performing exposure portfolio and to adjustments following a review of the secondary effects TLA.

Operating expenses rose by 1.8% year on year in the period under review to €1,464m. Personnel expenses were up 4.6% on the prior-year level at €899m, with the effects of the reduction in the number of full-time employees only partially offsetting countervailing effects, including in particular higher accruals for profit-related variable remuneration. By contrast, administrative expenses, including depreciation on fixed assets and amortisation of other intangible assets, were reduced by 2.3% to €566m. The decrease was primarily attributable to a fall in IT expenses, lower amortisation of software and the streamlining of our branch network.

Compulsory contributions, which are reported separately, fell by €87m to €260m. The reduction of around a quarter resulted in particular from a lower European banking levy due to the decision taken by the Single Resolution Fund of the Banking Union to reduce the target volume for 2023 due to slower growth in European covered deposits.

Restructuring expenses in connection with the implementation of the “Strategy 2024” programme were €4m in the period under review, compared with €15m in the prior-year period.

The pre-tax profit was €871m, compared with €529m in the prior-year period. Tax expenses of €279m were reported for the period under review. These resulted primarily from current tax expenses and deferred tax expenses arising from the use of loss carryforwards. In addition, extraordinary charges from banking levies and provisions in connection with mortgage loans issued in foreign currencies at mBank were not tax-deductible. These were partially offset by lower taxes on foreign income.

The profit after tax was €592m, compared with €330m in the prior-year period.

Net of non-controlling interests, a consolidated profit of €580m was attributable to Commerzbank shareholders and investors in additional equity components for the 2023 reporting period, compared with €298m in the previous year.

Operating profit per share was €0.70 and earnings per share €0.46. The comparable figures in the prior-year period were €0.43 and €0.24 respectively.

As at the reporting date, Common Equity Tier 1 capital was €24.4bn, compared with €23.9bn as at 31 December 2022. The increase of €0.5bn was primarily attributable to the consolidated profit for the first three months of 2023 (taking account of the accruals for the dividend and AT1 coupons), a rise in actuarial gains and the positive development of the revaluation reserve. The Common Equity Tier 1 ratio was 14.2%, compared with 14.1% as at the end of 2022. The Tier 1 ratio was 16.1% as at the reporting date, compared with 16.0% as at the end of 2022. Tier 2 capital increased by €0.2bn due to a new issue, while amortisation and currency effects reduced Tier 2 capital by €0.2bn. The total capital ratio (with transitional provisions) was 18.9% as at the reporting date and was thus unchanged compared with the end of 2022. Own funds increased by €0.6bn compared with the end of the previous year to €32.5bn as at 31 March 2023.

The leverage ratio, which is equal to Tier 1 capital divided by leverage ratio exposure, was 4.8%.

Balance sheet of the Commerzbank Group

The total assets of the Commerzbank Group as at 31 March 2023 were €497.4bn. This represented an increase of €19.9bn compared with the end of 2022. The growth of 4.2% was attributable in particular to the rise in sight deposits at central banks and to an increase in collateralised repurchase agreements following the seasonal contraction driven by resource management at the end of the previous year.

Equity

The equity capital attributable to Commerzbank shareholders reported in the balance sheet as at 31 March 2023 was €27.7bn, an increase of €0.8bn compared with year-end 2022. Further information on the change in equity can be found on page 18 f.

Risk-weighted assets were €171.5bn as at 31 March 2023 and thus €2.8bn higher than at year-end 2022. This change was primarily attributable to an increase in risk-weighted assets from credit risks. The higher credit risk was mainly attributable to increases from the anticipation of effects from model adjustments under the "IRB Repair" programme set up by the banking supervisory authority and higher volumes of derivatives, repos and securities positions. These were partially offset by a new securitisation transaction and exchange rate effects in particular. The slight increase in risk-weighted assets from market risks resulted mainly from position changes. Risk-weighted assets from operational risks remained at the same level as at the end of 2022.

Funding and liquidity

During the period under review, the money and capital markets continued to be influenced by the Russia-Ukraine war, high energy and commodity prices, persistently high inflation, rising interest rates and the ECB's monetary policy tightening. The recent difficulties of single banks in the USA and the events surrounding the takeover of Credit Suisse by UBS also led to temporary uncertainty on the markets. Commerzbank's liquidity and solvency were assured at all times. Furthermore, the Bank's liquidity management is always able to respond promptly to new market circumstances.

The Commerzbank Group raised a total of €2.6bn in long-term funding on the capital market in the first quarter of 2023. Of this, €1bn was attributable to Pfandbriefe and €1.6bn to unsecured issues.

Commerzbank Aktiengesellschaft issued a mortgage Pfandbrief in January with a volume of €1bn and a term of 3.25 years. The re-offer spread was three basis points below the swap mid-rate.

The Bank issued a non-preferred senior bond with a volume of €750m and a term of seven years. The bond is callable after six years, and the re-offer spread is 240 basis points above the swap mid-rate. A further non-preferred senior bond with a volume of CHF 200m and a term of four years was also issued. Commerzbank also issued a subordinated Tier 2 bond in Singapore dollars with a volume of SGD 300m that matures in May 2033. The bond has a call option from February 2028 to May 2028 and a fixed interest rate of 5.7% until the final call redemption date in May 2028. Secured and unsecured private placements with a combined volume of around €450m were also issued.

Commerzbank has repaid the majority of the funds from the ECB's targeted longer-term refinancing operations III programme (TLTRO III). As at the end of March 2023, Commerzbank still held €9bn of TLTRO III funds.

Deposits in March 2023 compared with December 2022 on the basis of the monthly average show a stable or slightly positive trend. In March 2023, private and business customers had deposits of 188 billion Euro (December 2022: 186 billion Euro), with more than 90% of domestic deposits insured. In the Corporate Clients segment, deposits amounted to 98 billion in March 2023 Euro (December 2022: 94 billion Euro) and insured at more than 60%.

As at the reporting date, the Bank had a liquidity reserve of €113.8bn in the form of highly liquid assets. The liquidity reserve portfolio works as a buffer in stress situations. It is funded in line with the liquidity risk appetite to ensure that it is kept at the required size throughout the entire reserve period stipulated by the Board of Managing Directors. Part of this liquidity reserve is held in a separate stress liquidity reserve portfolio managed by Group Treasury to cover liquidity outflows should a stress event occur and to ensure solvency at all times.

The Bank also holds an intraday liquidity reserve portfolio. As at the reporting date, the total value of this portfolio was €6.1bn.

At 141.3% (average of the last 12 month-end values), Commerzbank was well above the minimum 100% level required for the liquidity coverage ratio (LCR). Commerzbank's liquidity situation as at the end of the reporting period was therefore comfortable given its conservative and forward-looking funding strategy and complied with internal and external limits and applicable regulatory requirements.

Segment performance

The comments on the segments' results for the first three months of 2023 are based on the segment structure described on pages 75 and 262 ff of the Annual Report 2022.

Overviews of the segments' results can be found under "Additional information" on page 22 f.

Private and Small-Business Customers

The Private and Small-Business Customers segment increased its operating income year on year in the first quarter of 2023. Despite a significantly higher risk result, increased provisions in connection with mortgage loans issued in foreign currencies at mBank and a slight rise in total costs, the operating profit as well as the pre-tax profit fell only slightly to €390m, down €14m compared with the same quarter of 2022.

Income before risk result increased by €36m to €1,503m in the period under review, driven largely by very strong net interest income. This strong growth in net interest income, which increased significantly by €284m year on year to €1,092m, was attributable in particular to higher key interest rates in Germany and Poland. Net interest income in Germany increased substantially due to the rise in interest rates – driven in particular by deposit business. mBank also recorded further strong growth in net interest income thanks to the rise in interest rates.

Net commission income decreased by €48m to €592m in the first three months of 2023 compared with the prior-year period. In Germany, the market volatility that is key to transaction-related business was lower in the first quarter of 2023 than in the corresponding prior-year quarter. This was reflected in lower commission income that was only partially offset by higher income from payment transactions and other commission-bearing business in particular. mBank also recorded a fall in net commission income compared with the prior-year period.

Other income items totalled €–181m, compared with €19m in the previous year. The decrease was mainly attributable to significantly higher provisions in connection with mortgage loans issued in foreign currencies at mBank compared with the prior-year quarter and a negative fair value result.

The risk result in the Private and Small-Business Customers segment was €–128m, which was €56m lower than in the prior-year quarter. In Germany, the risk result increased significantly year on year due in particular to allocations resulting from the review of the secondary effects TLA and from rating downgrades, while risk costs at mBank fell.

Operating expenses increased by a total of €26m in the period under review to €846m. While personnel expenses rose by 2.4% in Germany, primarily due to higher accruals for profit-related variable remuneration, administrative expenses remained stable. mBank's operating expenses also rose compared with the prior-year quarter.

The cost of compulsory contributions fell by €31m compared with the prior-year quarter to €140m, due in particular to a lower European banking levy.

Corporate Clients

The Corporate Clients segment achieved a positive performance in the first three months of 2023 despite the persistently challenging operating environment. Higher inflation, elevated energy and commodity prices and rising interest rates continue to have an impact on companies' finances. In this challenging environment, we are supporting our corporate clients through all the challenges and opportunities they face.

The Corporate Clients segment recorded an operating profit as well as a pre-tax profit of €539m in the period under review, compared with a loss of €–7m in the prior-year period. All of the segment's operating customer areas contributed to the increase of €546m.

The Mittelstand division recorded significantly positive income growth compared with the prior-year period. While income from lending business decreased slightly, the Cash Management and Financial Markets divisions benefited from a marked rise in deposit income. The International Corporates division recorded higher income from lending and deposit business in particular. The Institutionals division posted significant income growth from both deposit and bond issue business. The income reported in the Others division, which was primarily attributable to hedging and remeasurement effects, remained positive, albeit at a significantly lower level than in the prior-year period.

Income before risk result was €1,078m in the first three months of 2023, €152m higher than in the prior-year period. At €626m, net interest income was up €167m on the prior-year level, while net commission income was slightly below the corresponding prior-year figure at €335m. The decrease in income from foreign currency business was almost entirely offset by higher income from bond issuance business. Net income from financial assets and liabilities measured at fair value through profit or loss also improved, rising by 15.1% year on year to €132m.

The segment reported a positive risk result of €54m for the first quarter of 2023, after charges of €–286m in the prior-year period. This was due in part to repayments and the associated reversal of loan loss provisions in the non-performing exposure portfolio and to adjustments following a review of the secondary effects TLA.

Operating expenses were €514m, down €17m on the prior-year figure. The fall was attributable in particular to lower cost allocations from service and operating units, while personnel expenses increased by 4.8% due to higher accruals for profit-related variable remuneration. The decrease in reported compulsory contributions from €115m in the prior-year period to €78m was primarily due to a reduction in the European banking levy.

Others and Consolidation

The Others and Consolidation segment contains the income and expenses which are not attributable to the two business segments. Others covers, for example, Group Treasury, equity holdings not allocated to the business segments and overarching matters such as expenditure on regulatory fees. Consolidation reconciles the figures shown in segment reporting with the Group financial statements in accordance with International Financial Reporting Standards (IFRS). Others and Consolidation also covers the costs of staff, management and support functions, which are then charged to the segments. In addition, restructuring expenses for the Group are reported centrally in this segment.

The Others and Consolidation segment reported an operating loss of €–54m for the first quarter of 2023, compared with a profit of €147m in the prior-year period. The negative earnings trend was primarily attributable to a lower positive Group Treasury result, mainly due to negative remeasurement effects from foreign currency basis spreads, and to lower remeasurement gains in foreign locations. In the rest of the Others and Consolidation segment, the main factors behind the fall in earnings were lower net remeasurement effects, the elimination of the income from targeted longer-term refinancing operations with the ECB that was booked in the previous year and a net charge from the recognition and reversal of provisions. This was partially offset by the absence of the negative impact on earnings from the residual portfolio of the dissolved Asset & Capital Recovery segment, which in the previous year was chiefly attributable to the risk result. Others and Consolidation recorded a pre-tax loss of €–58m for the first quarter of 2023. This figure included restructuring expenses of €4m in connection with the implementation of the "Strategy 2024" programme.

Outlook and opportunities report

Future economic situation

The turmoil on the financial markets at the end of March did not deter the central banks from implementing further interest rate rises to combat the still high level of inflation. The trend over the next few months will also be dependent on the degree of market uncertainty.

With inflation remaining high and market turmoil set to subside again, the ECB is likely to raise its deposit rate by a further 25 basis points to 3.50% in June. Interest rates in the USA have probably reached their peak. The US Federal Reserve is set to keep the target range for its policy rate at between 5.0% and 5.25% until the end of the year.

In terms of the wider economic outlook, the current turmoil shows that the more restrictive monetary policy is affecting parts of the economy at least. The full impact on economic activity will probably not be evident until the autumn, however. We now expect the forecast mild recession in the USA, the eurozone and Germany to emerge later in the year, as energy prices have fallen again and supply chain problems are easing. Corporate balance sheets are also more solid again, meaning that companies are now likely to be more resilient than they were previously. As a result, they are also likely to be much more cautious with regard to headcount reductions, particularly since many of them have suffered from labour shortages in recent times.

Anticipated liquidity trends

The short-term repo market in high-quality securities (high-quality liquid assets or HQLA) such as government bonds, agency securities (issued by quasi-governmental US issuers) and Pfandbriefe continues to play an important role in servicing the bond markets and financing portfolios.

The Bank's liquidity position remains strong, meaning that it has almost no need to refinance its own portfolios. As such, Commerzbank is active in the repo market as a cash provider and also opportunistically as a collateral provider.

The Eurosystem and its securities lending programme for holdings under the asset purchase programme (APP) and pandemic emergency purchase programme (PEPP) are still important methods for meeting collateral requirements in trading activities, particularly with respect to German government bonds. Under these programmes, maturing securities continue to be reinvested in order to ensure that there is ample liquidity in the markets while also preventing any negative impact on the appropriate monetary policy stance. Taking into account the outstanding TLTRO volume and the large ECB securities holdings under the APP and the PEPP, central bank collateral remains highly sought after. We expect repos in HQLA to trade close to the deposit facility for the foreseeable future, as they will continue to be very much in demand going forward. This will also be supported by the reinvestment of maturing securities from the ECB's programmes.

Therefore, despite the generally rising level of government debt, we expect German government bond yields to remain relatively low by historical standards even in the long-term segment, due in particular to continuing reinvestment by the ECB. Demand for secure investments among financial investors will also continue to be very strong, causing credit spreads to be stable. Overall, there is no evidence of any deterioration in the liquidity situation.

Commerzbank's borrowing on the capital market is influenced by its business performance and planning and by the evolution of risk-weighted assets. In connection with the additional strengthening of Commerzbank's liquidity situation through the planned issue of further Pfandbriefe, the funding plan for 2023 was increased to a volume of between €8bn and €10bn.

By regularly reviewing and adjusting the assumptions used for liquidity management and the long-term funding requirement, Commerzbank will continue to respond actively to changes in the market environment and business performance in order to secure a comfortable liquidity cushion and an appropriate funding structure.

Anticipated performance of the Commerzbank Group

Based on the positive income growth recorded in the first three months of the current year, we stand by the guidance we gave in the Annual Report 2022 regarding the Commerzbank Group's anticipated earnings performance in 2023.

In view of the interest rate trend, the Bank now expects net interest income to rise to around €7bn with an additional upside potential depending on the interest pass-through on deposits. Net commission income is expected to be roughly on a par with the previous year. Despite the high level of inflation, the Bank is still targeting a reduction in operating expenses, including compulsory contributions, to €6.3bn. The cost/income ratio remains the key management metric, however, with a target of 60% over the medium term. The Bank also confirms its outlook for a risk result of less than €-900m. This expectation takes into account at least partial utilisation of the TLA. The CET1 ratio is still expected to be around 14%. For the 2023 financial year, Commerzbank still expects to significantly exceed the consolidated profit attributable to Commerzbank shareholders and investors in additional equity components. The Board of Managing Directors also remains committed to its targeted payout ratio of 50% of consolidated profit after deduction of AT1 coupon payments.

The expectations are based on the assumption of a mild recession in 2023 and continue to be dependent on the future development of Swiss franc charges at mBank.

Risk situation

Risk-bearing capacity (RBC) is monitored and managed monthly at Group level. Risk-bearing capacity is deemed to be assured as long as the RBC ratio is higher than 100%. In the first three months of 2023, the RBC ratio was consistently above 100% and stood at 165% as at 31 March 2023. The increase in economically required capital for market risk is a reflection in particular of heightened market volatility. The RBC ratio is still well above the minimum requirement.

Risk-bearing capacity Group | €bn	31.3.2023	31.12.2022
Economic risk coverage potential	**22**	**22**
Economically required capital[1]	**14**	**13**
thereof for default risk[2]	8	8
thereof for market risk[3]	5	4
thereof for operational risk	2	2
thereof diversification effects	– 2	– 2
RBC ratio (%)[4]	**165**	**163**

[1] Including physical asset risk, risk of unlisted investments and the risk buffer for reserve risk, for the quantification of potential fluctuations in value of intangibles, and for climate and environmental risks.
[2] Including buffers for planned changes in methods.
[3] Including deposit model risk.
[4] RBC ratio = economic risk coverage potential/economically required capital (including risk buffer). Change in the ratio as at 31 December 2022 due to changes in market risk figures.

Default risk

In the first quarter of the 2023 financial year, it was deemed necessary to recognise a top-level adjustment (TLA) to the IFRS 9 ECL model result because the parameters used in the associated models do not fully reflect expected developments arising from the various crises and from economic uncertainty. As well as persistent supply chain issues, this relates in particular to uncertainties resulting from increased energy prices and with regard to the evolution of interest rates and inflation going forward.

The credit risk parameters in the rating classes 1.0 to 5.8 were as follows as at 31 March 2023:

	31.3.2023				31.12.2022			
Credit risk parameters	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**CVaR** €m	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**CVaR** €m
Private and Small-Business Customers	205	437	21	1,989	204	431	21	2,088
Corporate Clients	176	379	21	4,505	177	378	21	4,299
Others and Consolidation[1]	147	91	6	1,300	137	65	5	1,184
Group	**528**	**907**	**17**	**7,795**	**517**	**874**	**17**	**7,571**

[1] Mainly liquidity portfolios of Treasury.

When broken down on the basis of PD ratings, 87% of the Group's portfolio is in the internal rating classes 1 and 2, which comprise investment grade.

	31.3.2023					31.12.2022				
Rating breakdown EaD | %	**1.0-1.8**	**2.0-2.8**	**3.0-3.8**	**4.0-4.8**	**5.0-5.8**	**1.0-1.8**	**2.0-2.8**	**3.0-3.8**	**4.0-4.8**	**5.0-5.8**
Private and Small-Business Customers	30	55	11	2	1	30	56	11	2	1
Corporate Clients	20	61	14	4	2	19	61	14	4	2
Others and Consolidation	81	17	2	0	0	77	22	2	0	0
Group	**41**	**47**	**10**	**2**	**1**	**38**	**49**	**10**	**2**	**1**

The regional breakdown of the exposure corresponds to the Bank's strategic direction and reflects the main areas of its global business activities.

	31.3.2023			31.12.2022		
Group portfolio by region	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Germany	324	400	12	312	390	12
Western Europe	86	167	19	85	133	16
Central and Eastern Europe	51	247	49	53	261	49
North America	40	38	9	40	38	10
Asia	15	22	14	16	22	14
Other	12	33	28	11	30	27
Group	**528**	**907**	**17**	**517**	**874**	**17**

Risk result The risk result relating to the Group's lending business as at 31 March 2023 was €–68m (prior-year period: €–464m). The high charges in the prior-year period resulted from rating downgrades and from the recognition of a top-level adjustment in the context of the incipient Russia-Ukraine war at the time. The significantly reduced result in the first quarter of 2023 compared with the previous period was mainly driven by charges in the Private and Small-Business Customers segment. Just under one-third of the risk result in this segment derives from mBank. Further additions resulted from the review of the secondary effects TLA and from rating downgrades and defaults within the portfolio. Reduced charges within the Corporate Clients segment made up for a proportion of the charges in the Private Customers business. The risk result in the Corporate Clients segment was partly driven by repayments and the associated reversal of loan loss provisions in the NPE portfolio (including non-performing POCI positions). In addition, the review of the secondary effects TLA resulted in a proportionate reduction in charges.

The secondary effects TLA at Group level was almost unchanged at €–483m as at 31 March 2023. The methodology used in determining the need for adjustments to the ECL model result corresponds to the methodology used in determining the secondary effects TLA at the end of 2022.

	31.3.2023					31.3.2022				
Risk result | €m	**Stage 1**	**Stage 2**	**Stage 3**	**POCI[1]**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI[1]**	**Total**
Private and Small-Business Customers	– 2	– 58	– 72	4	– 128	– 6	– 2	– 65	0	– 72
Corporate Clients	– 5	54	– 25	31	54	– 20	– 320	54	1	– 286
Others and Consolidation	6	1	– 2	1	6	3	– 45	– 63	0	– 106
Group	**– 1**	**– 3**	**– 99**	**35**	**– 68**	**– 23**	**– 367**	**– 74**	**0**	**– 464**

[1] POCI – purchased or originated credit-impaired.

Default portfolio The Group's default portfolio shrank by €192m in the first three months of 2023 and stood at €5,466m as at 31 March 2023.

Market risk

VaR in the trading book fell from €13m to €12m in the first three months of 2023.

Stressed VaR rose from €25m as at the end of 2022 to €29m as at the end of the first quarter of 2023. This was due to changes in positions in the Business Segment Corporate Clients.

The impact of an interest rate shock on the economic value of the Group's banking book is simulated monthly in compliance with regulatory requirements. As a result of the scenario +200 basis points, a potential economic loss of €1,951m as at 31 March 2023 (31 December 2022: €2,062m potential economic loss) was determined, and in the scenario –200 basis points a potential economic profit of €839m (31 December 2022: €1,133m potential economic profit).

The interest rate sensitivity of the overall banking book (excluding pension funds) amounted to €0.8m as at 31 March 2023 (31 December 2022: €2.4m) per basis point of interest rate decline. The decrease was mainly the result of a reduced interest position in Treasury.

Liquidity risk

The stress scenarios within the Bank that underlie the liquidity risk model and are relevant for management purposes allow for the impact of both a bank-specific stress event and a broader market crisis. As at the end of March 2023, at the one-month and three-month points, the combined stress scenario leaves net liquidity of €23.4bn and €21.3bn respectively. The Bank had a liquidity reserve of €113.8bn in the form of highly liquid assets as at the end of March 2023.

The Bank also holds an intraday liquidity reserve portfolio. As at the end of the first quarter of 2023, the total value of this portfolio was €6.1bn.

In the first quarter of 2023, Commerzbank significantly exceeded the minimum ratio of 100% on every reporting date. As at the end of the first quarter of 2023, the average month-end value of the LCR over the last 12 months was 141.3%.

Operational risk

Since the fourth quarter of 2021 Commerzbank has measured regulatory capital using the standardised approach (SA), while economic capital for operational risks continues to be measured using a dedicated internal model. Risk-weighted assets for operational risks on this basis came to €21.1bn as at the end of the first quarter of 2023 (31 December 2022: €21.2bn). The economically required capital was €2.2bn (31 December 2022: €2.3bn). The internal model used for this is based on the advanced measurement approach (AMA) previously in use.

The total charge for OpRisk events as at the end of the first quarter of 2023 was approximately €173m (full-year 2022: €951m). The events mainly related to losses in the “Products and business practices” category.

Other risks

As regards all other risks, there were no significant changes in the first quarter of 2023 compared with the position reported in the Group risk report 2022, with the exception of the details set out below on current developments in respect of legal risks:

A subsidiary in Poland is subject to numerous individual legal cases relating to the alleged ineffectiveness of index clauses in loan agreements in Swiss francs (CHF). In the class action lawsuit pending against the subsidiary the court dismissed the claim in the first quarter of 2022; the plaintiffs lodged an appeal.

Independently of this, numerous borrowers have also filed individual lawsuits for the same reasons. In addition to the class action, 18,840 individual proceedings were pending as at 31 March 2023 (31 December 2022: 17,627). The subsidiary has contested these claims.

As at 31 March 2023, there were 2,605 final rulings in individual proceedings against the subsidiary, of which 106 were decided in favour of the subsidiary and 2,499 were decided against the subsidiary.

The questions submitted to the European Court of Justice (ECJ) by the Polish Supreme Court on the legality of the process for appointing new judges to the Polish Supreme Court are still unanswered and the further course of the proceedings and the outcome remain to be seen.

On 16 February 2023, the opinion of the Advocate General of the ECJ was delivered in case C520/21 in proceedings against another bank concerning whether, in the event of a loan agreement being annulled, the contracting parties may assert claims against the other party to the agreement going beyond the reimbursement of the payments made, in particular claims for compensation.

The Advocate General declared that it is “a matter for the national court to determine, by reference to national law, whether consumers have the right to assert such claims and, if so, to rule on their merits.” If the referring court is of the opinion that national law entitles the consumer to demand additional payments from the bank, Directive 93/13 does not preclude this. National courts may also have the power to dismiss such actions if they are vexatious.

With regard to the claims by the bank against the consumer, the Advocate General likewise pointed out that it is “fundamentally a matter for the national court to determine, by reference to domestic law, whether (…) a bank is entitled to assert against a consumer claims that go beyond reimbursement of the loan capital transferred and payment of default interest at the statutory rate.”

However, the Advocate General considers that, even if it were permissible under national law, Directive 93/13 precludes these claims, since it is clear from the general scheme of that directive that it does not aim to guarantee an overall contractual balance between the rights and obligations of the parties to an agreement. Instead, it seeks to prevent the arising of an imbalance between those rights and obligations to the detriment of consumers. Furthermore, the bank cannot derive economic advantage from a situation that it has brought about through its own unlawful conduct. The sanction of free loans is the normal consequence of the ex tunc annulment of a loan agreement through the excision of its unfair clauses.

The Advocate General’s opinion is not binding on the ECJ, the ordinary courts or the Polish Supreme Court. The ECJ may share the Advocate General’s position, but it may also decide otherwise and interpret Directive 93/13 differently. A decision is expected mid of 2023.

The subsidiary will await the ECJ’s ruling and the subsequent development of Polish case law. The ruling will be of considerable significance for the shaping of case law on issues of indexed foreign currency loans. It will also be reflected in the model parameters, such as the distribution of expected court judgements or scenarios, and will influence borrowers' behaviour in terms of their willingness to settle and litigation behaviour. It cannot be ruled out that such future events may have a significant negative impact in the future on the estimation of the legal risk connected with mortgage loans denominated in Swiss francs.

In the requests for preliminary rulings from Polish courts to the ECJ in proceedings of the subsidiary that raise key issues in the handling of indexed loans (C139/22 and C140/22), a date for the hearing or pronouncement of a decision has not yet been set.

Starting in the fourth quarter of 2022 the subsidiary launched a programme in which customers are offered the option of converting their loans into zloty loans with a fixed or variable interest rate and of waiving an individually negotiated portion of the outstanding loan value. The subsidiary has made a provision of €154m for the settlement programme as at the reporting date.

As at 31 March 2023, the portfolio of loans denominated in Swiss francs that have not been fully repaid had a carrying amount of 5bn Polish zloty; the portfolio that had already been repaid amounted to 8bn Polish zloty when it was disbursed.

Overall, the Group recognised a provision of €1.4bn for the risks arising from the matter, including potential settlement payments and the class action lawsuit, as at 31 March 2023 (31 December 2022: €1.4bn).

The methodology used to calculate the provision is based on parameters that are varied, discretionary and in some cases associated with considerable uncertainty. In particular, rulings of the Polish courts and the ECJ may mean that the amount of the provision has to be adjusted significantly in the future.

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 risk models produce results appropriate to the management of the Bank. The measurement approaches are regularly reviewed by Risk Controlling and Internal Audit as well as by German and European supervisory authorities. Despite being carefully developed and regularly checked, 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 in particular 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 is not feasible. They cannot definitively estimate the maximum loss should an extreme event occur.

Income statement

€m	31.3.2023	31.3.2022[1]	Change in %
Interest income accounted for using the effective interest method	3,340	1,638	.
Interest income accounted for not using the effective interest method	451	348	29.6
Interest income	3,791	1,986	90.9
Interest expenses	1,845	585	.
Net interest income	1,947	1,401	38.9
Dividend income	–0	–0	–7.9
Risk result	–68	–464	–85.3
Commission income	1,073	1,134	–5.4
Commission expenses	158	164	–3.8
Net commission income	915	970	–5.6
Net income from financial assets and liabilities measured at fair value through profit or loss	–72	353	.
Net income from hedge accounting	–3	13	.
Other sundry realised profit or loss from financial instruments	–7	27	.
Gain or loss on disposal of financial assets – Amortised cost	10	–1	.
Other net income from financial instruments	3	26	–89.0
Current net income from companies accounted for using the equity method	1	0	.
Other net income	–123	30	.
Operating expenses	1,464	1,438	1.8
Compulsory contributions	260	347	–25.1
Restructuring expenses	4	15	–72.1
Pre-tax profit or loss from continuing operations	**871**	**529**	**64.8**
Taxes on income	279	199	40.3
Consolidated profit or loss	**592**	**330**	**79.5**
Consolidated profit or loss attributable to non-controlling interests	12	32	–61.6
Consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components	580	298	94.8

[1] Prior-year figures adjusted due to restatements (see adjustments in accordance with IAS 8).

€	31.3.2023	31.3.2022	Change in %
Earnings per share	0.46	0.24	94.8

The earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit or loss attributable to Commerzbank shareholders. No conversion or option rights were outstanding either in the previous or current financial year. The figure for diluted earnings per share was therefore identical to the undiluted figure.

Condensed statement of comprehensive income

€m	1.1.-31.3.2023	1.1.-31.3.2022	Change in %
Consolidated profit or loss	592	330	79.5
Change from remeasurement of defined benefit plans not recognised in income statement	118	–18	.
Change from remeasurement of equity instruments (FVOCIoR)			
Reclassified to retained earnings	–	–	.
Change in value not recognised in income statement	–	–	.
Change in own credit spreads (OCS) of liabilities FVO not recognised in income statement	30	57	–47.3
Change in revaluation of land and buildings not recognised in income statement	–	–	.
Items not recyclable through profit or loss	**148**	**39**	**.**
Change in revaluation of debt securities (FVOCImR)			
Reclassified to income statement	5	–23	.
Change in value not recognised in income statement	119	–226	.
Change in cash flow hedge reserve			
Reclassified to income statement	0	1	–39.5
Change in value not recognised in income statement	30	–69	.
Change in currency translation reserve			
Reclassified to income statement	–	–0	.
Change in value not recognised in income statement	–60	–5	.
Valuation effect from net investment hedge			
Reclassified to income statement	–	–	
Change in value not recognised in income statement	–2	–0	
Change from non-current assets held for sale and disposal groups			
Reclassified to income statement	–	–	.
Change in value not recognised in income statement	–	–	.
Change in companies accounted for using the equity method	1	–0	.
Items recyclable through profit or loss	**92**	**– 323**	**.**
Other comprehensive income	239	–285	.
Total comprehensive income	**831**	**45**	**.**
Comprehensive income attributable to non-controlling interests	41	–21	.
Comprehensive income attributable to Commerzbank shareholders and investors in additional equity components	790	66	.

Balance sheet

Assets | €m	**31.3.2023**	**31.12.2022[1]**	**Change in %**
Cash on hand and cash on demand	87,611	75,233	16.5
Financial assets – Amortised cost	298,490	296,192	0.8
of which: pledged as collateral	3,023	3,282	–7.9
Financial assets – Fair value OCI	36,709	34,887	5.2
of which: pledged as collateral	7,665	5,335	43.7
Financial assets – Mandatorily fair value P&L	36,826	29,912	23.1
of which: pledged as collateral	–	–	.
Financial assets – Held for trading	30,049	33,573	–10.5
of which: pledged as collateral	2,326	1,325	75.5
Value adjustment on portfolio fair value hedges	–3,624	–3,935	–7.9
Positive fair values of derivative hedging instruments	1,561	1,729	–9.7
Holdings in companies accounted for using the equity method	167	182	–8.0
Intangible assets	1,305	1,289	1.3
Fixed assets	2,405	2,426	–0.9
Investment properties	57	57	0.1
Non-current assets held for sale and disposal groups	64	156	–59.2
Current tax assets	164	178	–7.7
Deferred tax assets	2,914	3,113	–6.4
Other assets	2,659	2,436	9.2
Total	**497,357**	**477,428**	**4.2**

[1] Prior-year figures adjusted due to restatements (see adjustments in accordance with IAS 8).

Liabilities and equity | €m	**31.3.2023**	**31.12.2022[1]**	**Change in %**
Financial liabilities – Amortised cost	402,203	390,385	3.0
Financial liabilities – Fair value option	34,855	25,018	39.3
Financial liabilities – Held for trading	20,832	24,759	–15.9
Value adjustment on portfolio fair value hedges	–4,347	–4,840	–10.2
Negative fair values of derivative hedging instruments	3,318	3,113	6.6
Provisions	3,571	3,479	2.6
Current tax liabilities	865	826	4.8
Deferred tax liabilities	6	6	–0.3
Liabilities of disposal groups	–	–	.
Other liabilities	4,288	3,749	14.4
Equity	31,766	30,934	2.7
Subscribed capital	1,252	1,252	–
Capital reserve	10,075	10,075	–
Retained earnings	17,223	16,495	4.4
Other reserves (with recycling)	–828	–891	–7.0
Equity attributable to Commerzbank shareholders	27,722	26,931	2.9
Additional equity components	3,114	3,114	–
Non-controlling interests	929	888	4.7
Total	**497,357**	**477,428**	**4.2**

[1] Prior-year figures adjusted due to restatements (see adjustments in accordance with IAS 8).

Statement of changes in equity

€m	Subscribed capital	Capital reserve	Retained earnings[1]	Other reserves: Revaluation reserve	Other reserves: Cash flow hedge reserve	Other reserves: Currency translation reserve	Equity attributable to Commerzbank shareholders[1]	Additional equity components[2]	Non-controlling interests	Equity[1]
Equity as at 31.12.2022	**1,252**	**10,075**	**16,466**	**–447**	**–117**	**–327**	**26,903**	**3,114**	**888**	**30,905**
Change due to retrospective adjustments	–	–	28	–	–	–	28	–	–	28
Equity as at 1.1.2023	**1,252**	**10,075**	**16,495**	**–447**	**–117**	**–327**	**26,931**	**3,114**	**888**	**30,934**
Total comprehensive income	–	–	727	106	21	–64	790	–	41	831
Consolidated profit or loss			580				580		12	592
Change in own credit spread (OCS) of liabilities FVO			30				30		–	30
Change from remeasurement of defined benefit plans			118				118		–0	118
Change in revaluation of land and buildings not recognised in income statement							–		–	–
Change in measurement of equity instruments (FVOCIoR)				–			–		–	–
Change in revaluation of debt securities (FVOCImR)				106			106		17	124
Change in cash flow hedge reserve					21		21		9	30
Change in currency translation reserve						–63	–63		3	–60
Valuation effect from net investment hedge						–2	–2		–	–2
Change from non-current assets held for sale and disposal groups							–		–	–
Change in companies accounted for using the equity method						1	1		–	1
Dividend paid on shares							–		–0	–0
Payments to instruments of Additional Tier 1 capital							–		–	–
Changes in ownership interests							–		–	–
Other changes			1				1		0	1
Equity as at 31.3.2023	**1,252**	**10,075**	**17,223**	**–341**	**–96**	**–391**	**27,722**	**3,114**	**929**	**31,766**

[1] Prior-year figures adjusted due to restatements (see adjustments in accordance with IAS 8).
[2] Includes the Additional Tier 1 bonds (AT1 bond), which are unsecured subordinated bonds classified as equity under IFRS. There were no repurchases.

€m	Subscribed capital	Capital reserve	Retained earnings[1]	Other reserves			Equity attributable to Commerzbank shareholders[1]	Additional equity components[2]	Non-controling interests	Equity[1]
				Revaluation reserve	Cash flow hedge reserve	Currency translation reserve				
Equity as at 31.12.2021 (before correction according to IAS8)	**1,252**	**10,075**	**14,979**	**–86**	**–88**	**–396**	**25,738**	**3,114**	**975**	**29,827**
Change due to restatements	–	–	28	–	–	–	28	–	–	28
Equity as at 1.1.2022	**1,252**	**10,075**	**15,008**	**–86**	**–88**	**–396**	**25,766**	**3,114**	**975**	**29,855**
Total comprehensive income	–	–	336	–230	–46	6	66	–	–21	45
Consolidated profit or loss			298		–		298		32	330
Change in own credit spread (OCS) of liabilities FVO			57				57		–	57
Change from remeasurement of defined benefit plans			–18				–18		0	–18
Change in revaluation of land and buildings not recognised in income statement							–		–	–
Change in measurement of equity instruments (FVOCIoR)							–		–	–
Change in revaluation of debt securities (FVOCImR)				–230			–230		–19	–249
Change in cash flow hedge reserve					–46		–46		–22	–69
Change in currency translation reserve						7	7		–12	–5
Valuation effect from net investment hedge						–0	–0		–	–0
Change from non-current assets held for sale and disposal groups							–		–	–
Change in companies accounted for using the equity method						–0	–0		–	–0
Dividend paid on shares							–		–	–
Payments to instruments of Additional Tier 1 capital							–		–	–
Changes in ownership interests							–		–	–
Other changes			13				13		–0	13
Equity as at 31.3.2022	**1,252**	**10,075**	**15,357**	**–315**	**–134**	**–389**	**25,846**	**3,114**	**953**	**29,913**

[1] Prior-year figures adjusted due to restatements (see adjustments in accordance with IAS 8).
[2] Includes the Additional Tier 1 bonds (AT1 bond), which are unsecured subordinated bonds classified as equity under IFRS. There were no repurchases.

Additional information

Accounting principles

The subject of this Group financial information as at 31 March 2023 is Commerzbank Aktiengesellschaft and its subsidiaries. The components income statement, statement of comprehensive income, balance sheet and statement of changes in equity were prepared in accordance with the applicable IFRS accounting, measurement and consolidation principles as published by the IASB and applicable in the EU. The interim financial information does not constitute a complete set of interim financial statements in accordance with IFRS for interim financial reporting. In interim reporting periods, income tax expenses are calculated on the basis of Commerzbank's currently expected effective tax rate for the year as a whole. The Board of Managing Directors released the interim financial information for publication on 11 May 2023.

New and amended standards

There were no new or amended standards of material significance for the Commerzbank Group in the first quarter of 2023. For further information on new and amended standards please refer to page 163 ff. of our Annual Report 2022.

Changes in accounting and measurement methods and estimates

In this interim financial information we apply the same accounting and measurement methods as our Group financial statements as at 31 December 2022 (see Annual Report 2022 page 165 ff.).

Adjustments in accordance with IAS 8

In the income statement as at 31 March 2022, €2m from operating expenses were reclassified as commission expenses, as these expenses relate to commissions to insurance companies for which corresponding commission income is generated from credit cards issued. This had no impact on consolidated profit, the statement of comprehensive income or the earnings per share as at 31 March 2022. This adjustment has already been done in the Annual Report as of 31 December 2022.

Furthermore, there was a change in method for valuation allowances (provisions) for certain off-balance-sheet transactions that do not represent financial guarantees within the meaning of IFRS 9. The general valuation allowance based on lifetime expected credit loss is replaced by the inclusion of these instruments in the IFRS 9 stage model. As a result of this adjustment, provisions fell by €38m as at 1 January 2022 and deferred income tax assets decreased by €10m. Retained earnings, on the other hand, increased by €28m. This had no impact on consolidated profit, the statement of comprehensive income or the earnings per share.

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Selected regulatory disclosures

The following chart shows the composition of the Commerzbank Group's own funds and risk-weighted assets together with its own funds ratios in accordance with the Capital Requirements Regulation (CRR), including the transitional provisions applied.

	31.3.2023	31.12.2022	Change in %
Common Equity Tier[1] (€bn)	24.4	23.9	2.2
Tier 1 capital[1] (€bn)	27.6	27.1	1.9
Equity[1] (€bn)	32.5	31.9	1.8
Risk-weighted assets (€bn)	171.5	168.7	1.7
of which credit risk[2]	142.9	140.5	1.7
of which market risk[3]	7.6	7.1	7.5
of which operational risk	21.1	21.2	–0.6
Common Equity Tier 1 ratio (%)	14.2	14.1	0.5
Equity Tier 1 ratio (%)	16.1	16.0	0.3
Total capital ratio (%)	18.9	18.9	0.1

[1] This information includes the consolidated profit attributable to Commerzbank shareholders for regulatory purposes.
[2] Includes settlement and delivery risks.
[3] Includes credit valuation adjustment risk.

The leverage ratio shows the ratio of Tier 1 capital to leverage exposure, consisting of the non-risk-weighted assets plus off-balance-sheet positions, in accordance with CRR., including the transitional provisions applied.

	31.3.2023	31.12.2022	Change in %
Leverage Ratio Exposure (€bn)	572	548	4.4
Leverage Ratio (%)	4.8	4.9	–2.4

The NPE ratio is the ratio of non-performing exposures to total exposures according to the EBA Risk Dashboard.

	31.3.2023	31.12.2022	Change in %
NPE-ratio (%)	1.1	1.1	–

As a bank, Commerzbank Aktiengesellschaft is required to prepare a quarterly disclosure report in accordance with CRR. For capital management and further information on equity, see the most recent disclosure report in accordance with CRR.

Segment reporting

1.1.-31.3.2023 | €m	Private and Small Business Customers	Corporate Clients	Others and Consolidation	Group
Net interest income	1,092	626	229	1,947
Dividend income	0	0	– 1	– 0
Risk result	– 128	54	6	– 68
Net commission income	592	335	– 11	915
Net income from financial assets and liabilities measured at fair value through profit or loss	– 34	132	– 170	– 72
Net income from hedge accounting	– 0	– 0	– 2	– 3
Other net income from financial instruments	– 12	– 2	16	3
Current net income from companies accounted for using the equity method	– 0	1	–	1
Other net income	– 134	– 14	26	– 123
Income before risk result	**1,503**	**1,078**	**86**	**2,668**
Income after risk result	**1,375**	**1,132**	**92**	**2,599**
Operating expenses	846	514	104	1,464
Compulsory contributions	140	78	42	260
Operating profit or loss	**390**	**539**	**– 54**	**875**
Restructuring expenses	–	–	4	4
Pre-tax profit or loss	**390**	**539**	**– 58**	**871**
Assets	**172,229**	**135,005**	**190,123**	**497,357**
Liabilities	**208,604**	**161,845**	**126,908**	**497,357**
Carrying amount of companies accounted for using the equity method	**31**	**137**	**–**	**167**
Average capital employed (based on CET1)[1]	**6,804**	**10,393**	**6,851**	**24,048**
Operating return on equity (%)[2]	**22.9**	**20.8**		**14.6**
Cost/income ratio in operating business (excl. compulsory contributions) (%)	**56.3**	**47.7**		**54.9**
Cost/income ratio in operating business (incl. compulsory contributions) (%)	**65.6**	**55.0**		**64.6**

[1] Average CET1 capital. Reconciliation carried out in Others and Consolidation.
[2] Annualised.

1.1.-31.3.2022 | €m[1]	Private and Small Business Customers	Corporate Clients	Others and Consolidation	Group
Net interest income	808	459	134	1,401
Dividend income	0	0	– 1	– 0
Risk result	– 72	– 286	– 106	– 464
Net commission income	640	340	– 11	970
Net income from financial assets and liabilities measured at fair value through profit or loss	55	115	183	353
Net income from hedge accounting	– 0	– 9	22	13
Other net income from financial instruments	– 5	– 2	33	26
Current net income from companies accounted for using the equity method	– 1	1	– 0	0
Other net income	– 30	21	39	30
Income before risk result	**1,467**	**926**	**399**	**2,793**
Income after risk result	**1,395**	**640**	**294**	**2,329**
Operating expenses	821	532	86	1,438
Compulsory contributions	171	115	61	347
Operating profit or loss	**404**	**– 7**	**147**	**544**
Restructuring expenses	–	–	15	15
Pre-tax profit or loss	**404**	**– 7**	**132**	**529**
Assets	**168,321**	**137,696**	**213,305**	**519,322**
Liabilities	**203,033**	**161,361**	**154,928**	**519,322**
Carrying amount of companies accounted for using the equity method	**29**	**147**	**1**	**176**
Average capital employed (based on CET1)[2]	**6,661**	**10,034**	**7,060**	**23,755**
Operating return on equity (%)[3]	**24.2**	**– 0.3**		**9.2**
Cost/income ratio in operating business (excl. compulsory contributions) (%)	**55.9**	**57.5**		**51.5**
Cost/income ratio in operating business (incl. compulsory contributions) (%)	**67.6**	**69.9**		**63.9**

[1] Prior-year figures adjusted due to restatements see adjustments in accordance with IAS 8 and note 4 in the Annual Report 2022).
[2] Average CET1 capital. Reconciliation carried out in Others and Consolidation.
[3] Annualised.

Significant Group companies

Germany
Commerz Real AG, Wiesbaden

Abroad
Commerzbank (Eurasija) AO, Moscow
Commerzbank Finance & Covered Bond S.A., Luxembourg
Commerz Markets LLC, New York
mBank S.A., Warsaw

Operative foreign branches
Amsterdam, Beijing, Brno (office), London, Luxembourg, Madrid, Milan, New York, Paris, Prague, Shanghai, Singapore, Tokyo, Vienna, Zurich

Representative Offices and Financial Institutions Desks
Abidjan, Addis Abeba, Almaty, Ashgabat, Bangkok, Beijing (FI Desk), Beirut, Brussels (Liaison Office to the European Union), Buenos Aires, Cairo, Caracas, Dhaka, Dubai, Ho Chi Minh City, Istanbul, Johannesburg, Kiev, Lagos, Luanda, Melbourne, Moscow (FI Desk), Mumbai, New York (FI Desk), Panama City, São Paulo, Seoul, Shanghai (FI Desk), Singapore (FI Desk), Taipei, Tashkent, Tokyo (FI Desk), Zagreb

The German version of this Interim Report is the authoritative version.

Disclaimer

Reservation regarding forward-looking statements
This interim financial information 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.

COMMERZBANK

2023 Financial calendar	
31 May 2023	Annual General Meeting
4 August 2023	Interim Report as at 30 June 2023
8 November 2023	Interim financial information as at 30 September 2023

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