



COMMERZBANK

Interim Report as at 30 June

2023



The bank at your side

Key figures

Income statement	1.1.-30.6.2023	1.1.-30.6.2022
Operating profit (€m)	1,764	1,289
Operating profit per share (€)	1.41	1.03
Consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components (€m)	1,145	768
Consolidated profit or loss attributable to Commerzbank shareholders (€m)	950	578
Earnings per share (€)	0.76	0.46
Operating return on equity based on CET1 ¹ (%)	14.5	10.8
Return on equity of consolidated profit or loss ^{1,2} (%)	8.1	5.4
Cost/income ratio in operating business (excl. compulsory contributions) (%)	55.6	54.9
Cost/income ratio in operating business (incl. compulsory contributions) (%)	61.5	64.3
Balance sheet	30.6.2023	31.12.2022
Total assets (€bn)	501.6	477.4
Risk-weighted assets (€bn)	174.0	168.7
Equity as shown in balance sheet (€bn)	31.9	30.9
Total capital as shown in balance sheet (€bn)	38.9	37.8
Regulatory key figures	30.6.2023	31.12.2022
Tier 1 capital ratio (%)	16.3	16.0
Common Equity Tier 1 ratio ³ (%)	14.4	14.1
Total capital ratio (%)	19.0	18.9
Leverage ratio (%)	4.9	4.9
Full-time personnel	30.6.2023	31.12.2022
Germany	25,004	25,734
Abroad	12,483	12,118
Total	37,487	37,852
Ratings ⁴	30.6.2023	31.12.2022
Moody's Investors Service, New York ⁵	A1/A2/P-1	A1/A2/P-1
S&P Global, New York ⁶	A-/A-/A-2	A-/BBB+/A-2

¹ Annualised.

² 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 after deduction of goodwill and other intangible assets without additional equity components and non-controlling interests.

³ 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.

⁴ Further information can be found online at www.commerzbank.com.

⁵ Counterparty rating and deposit rating/issuer credit rating/short-term liabilities.

⁶ Counterparty rating/deposit rating and issuer credit rating/short-term liabilities.

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Performance highlights

1 January to 30 June 2023

Key statements

After starting the year well, Commerzbank continued on its upward path during the rest of the first half. Thanks to continued strength in client business and the ongoing boost provided by the interest rate trend, the Bank further improved its income and its profitability. In the process, the Group also made up for renewed charges stemming from the Swiss franc loans at mBank. Through active cost management, the Bank was able to withstand the high level of inflationary pressure. The cost/income ratio improved to 61% in the first half of the year. The quality of the loan book remained high and the risk result was in line with expectations.

The ongoing transformation at Commerzbank is increasingly paying off. In addition to the positive effects of the interest rate trend, the Bank achieved an appreciable improvement in its deployment of capital in the Corporate Clients segment, partly by reducing business with a low level of Risk-weighted assets efficiency. Furthermore, the digitalisation of retail banking continues to gain momentum. Through its digital products and services, in recent months the Bank has considerably expanded its accessibility to customers and thus further strengthened the basis for its new business model in retail banking.

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

- Overall, Commerzbank significantly improved its operating profit to €1,764m in the period under review, an increase of €474m compared with the prior-year period.
- The Group risk result was €-276m, a significant improvement on the prior-year period. The top-level adjustment (TLA) for secondary effects remained in place and stood at €-456m. The non-performing exposure (NPE) ratio was 1.1%.
- Operating expenses rose by 2.9% year on year to €2,945m – mainly due to earlier increases of accruals for profit-related variable remuneration. Compulsory contributions, which are reported separately, were around 37% lower than in the prior-year period at €312m.
- The consolidated profit attributable to Commerzbank shareholders and investors in additional equity components was €1,145m, compared with €768m in the prior-year period.
- The Common Equity Tier 1 ratio was higher as at 30 June 2023 at 14.4%, while the leverage ratio was 4.9%.

The operating return on equity was 14.5%, compared with 10.8% in the prior-year period. The return on equity based on consolidated profit or loss (less intangible assets and AT1-related items) was 8.1%, compared with 5.4% in the previous year, with the change primarily attributable to the lower risk result. The cost/income ratio was 55.6% with compulsory contributions excluded and 61.5% including compulsory contributions. The corresponding figures for the previous year were 54.9% and 64.3% respectively.

Performance of the Commerzbank share

The international stock markets were influenced by ongoing uncertainties in the first six months of 2023. The Russian invasion of Ukraine continued to dominate geopolitics, and hence international trade relations as well. Furthermore, the realignment of energy supply and procurement added to economic uncertainty, especially for companies in energy-dependent sectors. The overall increase in prices, which was still at 8.1% at the end of 2022, was reduced to 6.4% in June 2023 by means of the monetary policy measures taken by the European Central Bank (ECB). However, as projections continue to point to high inflation rates, on 27 July 2023 the ECB raised its main refinancing rate to 4.25% and increased the interest rate for its deposit facility to 3.75% respectively.

The price performance of shares in the banking sector was overshadowed by two events in the industry in the reporting period, abruptly bringing to an end the sharp rise in Commerzbank shares and other banks' shares observed into the first quarter. In mid-March, enormous liquidity problems caused the Silicon Valley Bank in the US to collapse, triggering additional global uncertainty about the liquidity of credit institutions. As a result, more US banks closed their doors. The second major event was the emergency takeover of Credit Suisse by its national competitor UBS with the approval of the Swiss banking supervisory authority. Swift and decisive action taken by banking supervisory authorities and the relevant governments quickly stemmed uncertainty on the capital markets, with banks' share prices subsequently recovering to an extent.

Highlights of the Commerzbank share	1.1.–30.6.2023	1.1.–30.6.2022
Shares issued in million units (30.6.)	1,252.4	1,252.4
Shares bought back for cancellation (30.6.)	12.1	.
Shares outstanding (30.6.)	1,240.2	.
Xetra intraday prices in €		
High	12.01	9.51
Low	8.31	5.17
Closing price (30.6.)	10.15	6.69
Daily trading volume¹ in million units		
High	40.3	23.9
Low	2.6	2.4
Average	8.3	8.9
Earnings per share in €	0.76	0.46
Book value per share² in € (30.6.)	22.46	21.11
Net asset value per share³ in € (30.6.)	22.53	21.25
Market value/Net asset value (30.6.)	0.45	0.31

¹ Total for German stock exchanges.

² Excluding non-controlling interests.

³ Excluding non-controlling interests and the cash flow hedge reserve.

In the first six months, both the German blue chip DAX index and the EuroStoxx 50 recorded an increase of 16%. The European banking index, on the other hand, rose by only 6.8% from the beginning of the year. Defying poor sentiment in the banking sector as a whole, the Commerzbank share price recorded a better performance over the first six months of the year, rising by 14.9%. Higher income from the structurally improved interest rate environment brought about by the sharp rise in eurozone interest rates, which also point to higher interest income over coming years, will help with the ongoing transformation. By resuming dividend payments for the 2022 financial year, Commerzbank is underscoring for investors its restored ability to pay dividends.

In an ad hoc announcement on 15 February 2023, Commerzbank Aktiengesellschaft made it known that, subject to the necessary approval, it intended to carry out a buyback of its own shares in the 2023 financial year with a view to reducing Commerzbank's share capital. After receiving the necessary approval, in the period from 7 to 23 June 2023 a total of 12,134,305 of the Bank's own shares (ISIN DE000CBK1001) were bought back for about €122m at an average price of around €10.05 per share. That equates to 0.97% of the Bank's share capital. The share buyback programme complements the dividend payment of €0.20 per share for the 2022 financial year. The Bank distributed a total of €372m to its shareholders – which equates to 30% of consolidated profit after deduction of AT1 coupon payments. The repurchased shares are expected to be cancelled in the second half of 2023. The Bank seeks to achieve a payout ratio for the 2023 financial year of 50% of consolidated profit after deduction of AT1 coupon payments. Based on the results of the first half of the year and our expectations for the second half, we will apply to the European Central Bank and the Financial Agency for approval for a further share buyback as part of the planned 50% payout ratio for the full year 2023.

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

Commerzbank Annual General Meeting: new Supervisory Board members elected

At the virtual Annual General Meeting of Commerzbank on 31 May 2023, shareholders, as proposed, elected Harald Christ, Dr. Frank Czichowski, Sabine U. Dietrich, Dr. Jutta A. Dönges, Burkhard Keese, Daniela Mattheus, Caroline Seifert, Dr. Gertrude Tumpel-Gugerell, Dr. Jens Weidmann and Frank Westhoff to the Supervisory Board of the Bank by a large majority. The election of the employee representatives on the Supervisory Board had already taken place at the start of the year. At its first meeting following the Annual General Meeting, the Supervisory Board elected Dr. Jens Weidmann as its Chairman.

For full details of the Supervisory Board and the composition of the individual committees, please refer to the Commerzbank website at https://www.commerzbank.de/en/hauptnavigation/konzern/management_1/aufsichtsrat/index.html.

Commerzbank launches a new search for the position of the Chief Risk Officer

After the candidate appointed by the Supervisory Board has decided, in agreement with the Management Board and the Supervisory Board, that he will no longer be available for this position, the Supervisory Board of Commerzbank has started a new search to fill the position of the Chief Risk Officer.

Stress test by the European Banking Authority and the European Central Bank demonstrates Commerzbank's high level of resilience

Commerzbank once again demonstrated its resilience in this year's stress test conducted by the European Banking Authority and the European Central Bank, despite more demanding conditions, and significantly improved its result. In what is called the adverse stress test scenario, which simulates a severe economic crisis, the Common Equity Tier 1 ratio (CET1 ratio) stands at 9.5% as at the end of the observation period in 2025. Given still more challenging assumptions, for example in terms of a massive and prolonged economic slump in Germany and sharply rising interest rates, Commerzbank's CET1 ratio decreased by 464 basis points over the stress period. In the previous test in 2021, the capital ratio had fallen by 502 basis points to 8.2%.

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Economic conditions

Overall economic situation

The increases in policy rates implemented last year and the sharp rise in energy prices in the winter months of 2022–2023 are weighing on the real economy. The energy price shock in particular has caused a clear deceleration in Western economies. In the eurozone the economy has actually contracted slightly. Nonetheless, that did not deter the major central banks from further hiking policy rates in their efforts to combat high inflation. However, inflation rates in the USA and the eurozone have now probably passed their peak. Overall, price pressure in the energy and food sectors has eased noticeably.

Financial performance, assets, liabilities and financial position

For a description of the accounting and measurement methods applied as at 30 June 2023, see Note 4 to the interim financial statements.

Income statement of the Commerzbank Group

Despite significantly higher charges for provisions in the second quarter of the reporting period in connection with retail mortgage loans issued in foreign currency at mBank, and the non-recurrence of income from targeted longer-term refinancing operations with the ECB that was posted in the prior-year period, Commerzbank recorded consolidated profit attributable to Commerzbank shareholders and investors in additional equity components of €1,145m in the first half of 2023, compared with €768m in the prior-year period. The operating profit was €1,764m in the reporting period, compared with €1,289m 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 41.6% to €4,076m 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 in the reporting period did not match the solid figure from the previous year. At €1,756m, it was almost 6% lower than the extraordinarily strong result recorded for the first six months of 2022. In the Private and Small-Business Customers segment in Germany, transaction-related business in particular declined in the first half of 2023 because of the turnaround in interest rates and lower market volatility compared with the prior-year period, which was reflected in a drop in commission income. This could not be fully 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 on a par with the first six months of the previous year. The decline in income from foreign currency business was largely offset by higher income from bond issuance business.

Net income from financial assets and liabilities measured at fair value through profit or loss was €–90m 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.

The other net income figure of €–477m includes provisions of €–520m in connection with retail mortgage loans issued in foreign currency at mBank.

The risk result for the first six months of 2023 was €–276m, significantly lower than the prior-year figure of €–570m. The risk result in the Private and Small-Business Customers segment rose by €16m to €–177m. While in Germany loan loss provisions required for the first six months of 2023 increased significantly compared with the first half of the previous year, at mBank the risk result declined compared with the prior-year period – owing in particular to loan loss provision reversals for an individual exposure. The Corporate Clients segment reported a risk result of €–115m for the first half of 2023, after charges of €–338m in the prior-year period. Valuation allowances reflecting defaults on individual exposures were partially compensated for by utilisation of the TLA that had been recognised. The high charges in the prior-year period resulted from rating downgrades and from the recognition of a TLA in the context of the Russia-Ukraine war.

Operating expenses amounted to €2,945m in the period under review, 2.9% higher than in the prior-year period. Personnel expenses were up 4.9% on the prior-year level at €1,767m, with the effects of the reduction in the number of full-time employees only partially offsetting countervailing effects, including in particular earlier increases of accruals for profit-related variable remuneration and general salary adjustments. On the other hand, operating expenses, including depreciation of fixed assets and amortisation of other intangible assets, were at the same level as in the first six months of the previous year at €1,178m. While consulting, advertising and travel expenses in particular increased compared with the prior-year period, amortisation of software and expenses connected with the streamlining of the branch network decreased.

Compulsory contributions, which are reported separately, fell by €180m to €312m. The reduction of 36.5% 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 because of slower growth in European covered deposits, as well as the absence of the levy on mBank required in the previous year to be added to the Polish deposit protection scheme. In addition, Commerzbank increased the utilisation of irrevocable payment obligations for the European banking levy.

Restructuring expenses in connection with the implementation of the "Strategy 2024" programme were €8m in the period under review, compared with €39m in the prior-year period.

The pre-tax profit was €1,756m, compared with €1,250m in the prior-year period. Tax expenses of €617m were reported for the period under review. This resulted mainly from the taxation of the positive result in the period under review as well as provisions in connection with retail mortgage financing in foreign currency at mBank, which were not deductible for tax purposes. The profit after tax was €1,139m, compared with €825m in the prior-year period.

Net of non-controlling interests, a consolidated profit of €1,145m was attributable to Commerzbank shareholders and investors in additional equity components for the reporting period, compared with €768m in the previous year.

Operating profit per share was €1.41 and earnings per share €0.76. The comparable figures in the prior-year period were €1.03 and €0.46 respectively.

Balance sheet of the Commerzbank Group

Total assets of the Commerzbank Group as at 30 June 2023 were €501.6bn. This represented an increase of €24.2bn compared with the end of 2022.

Cash on hand and cash on demand rose by €9.7bn to €85.0bn. The growth compared with the 2022 year-end total was attributable to an increase in sight deposits held with central banks.

Financial assets at amortised cost rose slightly by €3.7bn to €299.9bn compared with the end of 2022. Compared to the end of the previous year, there was a growth in the lending business with institutional and SME clients in the Corporate Clients segment as well as at mBank.

Financial assets in the fair value OCI category were €37.2bn, up €2.4bn from the end of 2022. The increase of 6.8% resulted from a higher volume of debt securities in connection with liquidity management and from a rise in holdings at mBank.

At €41.2bn, financial assets mandatorily measured at fair value through profit or loss were €11.3bn higher than at the end of the previous year. The increase was primarily attributable to an expansion of collateralised securities repurchase agreements with banks and financial service providers. In this regard, loans and claims on banks and financial service providers rose by €15.1bn in total.

Financial assets held for trading were €30.8bn at the reporting date, 8.4% below the level at the end of 2022. While positive fair values of interest-rate-related and currency-related products fell by €7.1bn, securitised debt instruments increased by €2.2bn compared with the end of 2022.

On the liabilities side, financial liabilities at amortised cost were up €14.5bn to €404.9bn compared with the end of the previous year. The increase versus year-end 2022 was attributable to a marked rise of €10.7bn in deposits and other financial liabilities, especially from credit institutions and financial service providers. In connection with the new issue of Pfandbriefe, bonds and notes issued increased by €3.8bn compared with the end of the previous year.

Financial liabilities under the fair value option, at €38.5bn, were up €13.4bn compared with the end of 2022. The increase was primarily attributable to an expansion of collateralised securities repurchase agreements.

Financial liabilities held for trading were €18.7bn, down €6.0bn compared with the end of 2022. The decrease was due to the negative fair values of derivative financial instruments, especially interest-rate-related and currency-related derivative transactions, which fell by €6.6bn.

Provisions fell by a slight €0.1bn compared with the end of the previous year to €3.4bn. The decline was mostly due to the utilization of restructuring provisions under the “Strategy 2024” programme.

Equity

The equity capital attributable to Commerzbank shareholders reported in the balance sheet as at 30 June 2023 was €27.9bn, an increase of €0.9bn compared with year-end 2022. Further information on the change in equity can be found on page 40 f.

Risk-weighted assets were €174.0bn as at 30 June 2023 and thus €5.2bn 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 and repos. A new securitisation transaction in the first quarter of the current year had a countervailing effect to an extent. Higher risk-weighted assets from market risk resulted mainly from increased currency risks from tighter regulation in the context of correlated currencies and from position changes. Risk-weighted assets from operational risk were slightly below the level at the end of 2022.

As at the reporting date, Common Equity Tier 1 capital was €25.1bn, compared with €23.9bn as at 31 December 2022. The

increase was mainly due to the consolidated profit for the first half of 2023, taking into account accruals for payouts and potential AT-1-coupons. Furthermore, the improvement in other net income – and essentially the positive change in the revaluation reserve – as well as the decrease in regulatory deductions led to an increase in Common Equity Tier 1 capital. The Common Equity Tier 1 ratio was 14.4% as at the end of the reporting period, compared with 14.1% as at the end of 2022. The Tier 1 ratio was 16.3% as at 30 June 2023, 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 €0.3bn. The total capital ratio (with transitional provisions) was 19.0% as at the reporting date, compared with 18.9% at the end of 2022. Own funds increased by €1.2bn compared with 31 December 2022 to €33.1bn as at 30 June 2023.

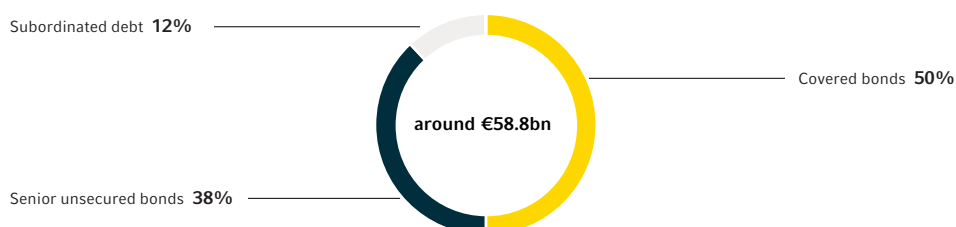
The leverage ratio, which is equal to Tier 1 capital divided by leverage ratio exposure, was 4.9%.

Funding and liquidity

Throughout the reporting period the money and capital markets continued to be influenced by the Russia-Ukraine war, persistently high inflation, rising interest rates and the ECB’s increasingly restrictive monetary policy. 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.

Capital market funding structure¹

As at 30 June 2023



¹ Based on reported figures.

The Commerzbank Group raised a total of €6.1bn in long-term funding on the capital market in the first half of 2023.

Commerzbank Aktiengesellschaft issued a total of four Pfandbrief benchmark transactions with a total volume of €3.8bn and terms of between 2.5 and 10 years. The average re-offer spread was six basis points above the swap mid-rate.

As regards unsecured instruments, 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 two bonds with a total volume of CHF 325m were also issued. In addition, Commerzbank issued two subordinated Tier 2 bonds: a bond with a volume of 300m Singapore dollars maturing in May 2033 with a call option from February to May 2028 and a fixed interest rate of 5.7% until the final call redemption date in May 2028; and a bond with a volume of €500m maturing in October 2033 with a call option from July to October 2028 and a fixed

interest rate of 6.75% until the final call redemption date in October 2028.

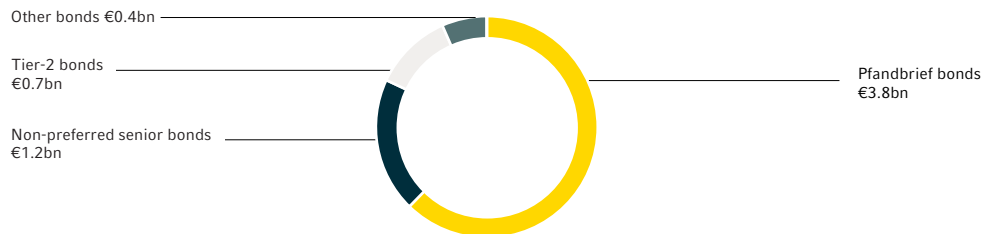
Secured and unsecured private placements with a combined volume of €500m were also issued.

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 June 2023, Commerzbank still held €3.5bn of TLTRO III funds.

Deposits in June 2023 compared with December 2022 on the basis of the monthly average show a stable or slightly positive trend. In June 2023, private and small-business customers had deposits of €188bn (December 2022: €186bn), with more than 90% of domestic deposits protected. In the Corporate Clients segment, deposits amounted to €95bn in June 2023 (December 2022: €94bn); more than 60% of them were protected.

Group capital market funding in the first six months 2023

Volume €6.1bn



As at the reporting date, the Bank had a liquidity reserve of €111.9bn 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 €6.2bn.

At 138.8% (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 six months of 2023 are based on the segment structure described on pages 75 and 262 ff. of the Annual Report 2022. More information can be found in the interim financial statements in Note 37.

Private and Small-Business Customers

€m	1.1.–30.6.2023	1.1.–30.6.2022 ¹	Change in %/%-points
Income before risk result	2,780	3,008	-7.6
Risk result	-177	-160	10.2
Operating expenses	1,729	1,649	4.9
Compulsory contributions	201	314	-35.8
Operating profit/loss	673	885	-24.0
Average capital employed	6,808	6,744	1.0
Operating return on equity (%)	19.8	26.2	-6.5
Cost/income ratio in operating business (%) – excl. compulsory contributions	62.2	54.8	7.4
Cost/income ratio in operating business (%) – incl. compulsory contributions	69.4	65.3	4.2

¹ Figures adjusted due to IFRS 8.29 (see Note 5 to the interim financial statements).

Operating income in the Private and Small-Business Customers segment in the first half of 2023 was weighed down in particular by significantly higher provisions in connection with retail mortgage financing in Swiss francs at mBank compared with the prior-year period. Together with a higher risk result and slightly increased total costs, both operating profit and the pre-tax profit decreased by €212m to €673m compared with the first half of 2022.

Income before risk result – before charges for provisions in connection with retail mortgage financing in foreign currency at mBank – rose by €211m to €3,300m in the period under review, driven largely by very strong net interest income, which was up by a significant €418m year on year to €2,212m. This growth in income was mainly attributable to mBank. In Poland, the significant rise in policy rates had a particularly positive effect. Accordingly, deposit business was the key factor in mBank's net interest income, which rose considerably by €318m. In Germany, net interest income increased by around €100m, despite the absence of seasonal one-off income due to special repayments of retail mortgage loans posted in the prior-year period, and driven in particular by the deposit business.

Net commission income decreased by €104m to €1,122m in the first six months of 2023 compared with the prior-year period. In Germany, transaction-related business in particular declined in the first half of 2023 because of the turnaround in interest rates and lower market volatility compared with the prior-year period, which was reflected in a drop in commission income. This could not be fully 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 €-554m, compared with €-12m in the first six months of the previous year. The significant drop in income was mainly attributable to significantly higher provisions in connection with retail mortgage loans issued in foreign currency at mBank compared with the prior-year period and to a negative fair value result.

The risk result in the Private and Small-Business Customers segment was €-177m, which was €-16m higher than in the prior-year period. In Germany, the risk result increased significantly compared with the first half of the previous year, while at mBank the risk result dropped compared with the prior-year period – in particular because of loan loss provision reversals for an individual exposure.

Operating expenses increased by a total of €80m in the period under review to €1,729m. In the case of personnel expenses, which were 3.9% higher than in the prior-year period, in Germany the effects of the staff reductions implemented at the beginning of the year almost fully made up for increased accruals for performance-related variable remuneration. At mBank, personnel expenses increased significantly compared to the first six months of the previous year. The segment's operating expenses rose by a total of 6.0%.

Compared with the prior-year period, expenses for compulsory contributions decreased by €112m to €201m, which resulted in particular from a lower European banking levy as well as the absence of the levy on mBank required in the previous year to be added to the Polish deposit protection scheme.

Corporate Clients

€m	1.1.–30.6.2023	1.1.–30.6.2022	Change in %/%-points
Income before risk result	2,202	1,808	21.8
Risk result	–115	–338	–66.0
Operating expenses	1,029	1,036	–0.7
Compulsory contributions	72	116	–38.1
Operating profit/loss	986	317	.
Average capital employed	10,458	9,991	4.7
Operating return on equity (%)	18.9	6.4	12.5
Cost/income ratio in operating business (%) – excl. compulsory contributions	46.7	57.3	–10.6
Cost/income ratio in operating business (%) – incl. compulsory contributions	50.0	63.7	–13.8

Business performance in the Corporate Clients segment was very positive in the reporting period, despite persistently difficult general conditions. In particular, the ongoing high level of inflation as well as the rise in interest rates continue to have an impact on companies' finances. In this environment, we assist our corporate clients with all the challenges they face due to economic uncertainty, as well as with the opportunities that arise.

The Corporate Clients segment recorded an operating profit as well as a pre-tax profit of €986m in the period under review, compared with €317m in the prior-year period. All of the segment's operating customer areas contributed to the increase of €669m.

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, contracted significantly.

Income before risk result was €2,202m in the first six months, €394m higher than in the prior-year period. At €1,319m, net interest income was up €406m on the prior-year level, while net commission income was on a par with the corresponding prior-year figure at €655m. The decrease in income from foreign currency business was largely offset by higher income from bond issuance business.

Other income items totalled €228m, compared with €237m in the previous year. While net income from financial assets and liabilities measured at fair value through profit or loss increased by 19.2% year on year to €260m, other net income included charges of €25m from the deconsolidation of Commerzbank Brasil S.A.

The segment recorded a risk result of €–115m for the first half of 2023, after charges of €–338m in the prior-year period. In the period under review valuation allowances reflecting defaults on individual exposures were partially compensated for by utilisation of the TLA that had been recognised. The high charges in the prior-year period resulted from rating downgrades and from the recognition of a TLA in the context of the Russia-Ukraine war.

Operating expenses were €1,029m, down €7m 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 1.6% due to higher accruals for profit-related variable remuneration. The decrease in reported compulsory contributions from €116m in the prior-year period to €72m 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 profit of €104m for the first half of 2023, compared with €87m in the prior-year period.

The increase was in particular based on higher positive net income at Group Treasury, especially due to the change in fair value compensation payments for special repayments of retail mortgage loans by customers in the Private and Small-Business Customers segment. Whereas the significant increase in interest rates in the previous year resulted in a compensation payment from Group Treasury to the segment, the segment made compensation payments to Group Treasury in the first half of 2023. In addition, lower loan loss provisions and a reduced charge for the European banking levy played their part in the increase in net income at Group Treasury. In the rest of the Others and Consolidation segment, the absence of the negative impact on earnings from the residual portfolio of the dissolved Asset & Capital Recovery segment recorded in the previous year – essentially in the risk result – also contributed to the increase in net income. This was offset by lower net remeasurement effects, the absence of income from targeted longer-term refinancing operations with the ECB booked in the previous year and a net charge from the recognition and reversal of provisions.

Others and Consolidation recorded a pre-tax profit of €97m for the first half of 2023. This figure includes restructuring expenses of €8m in connection with the implementation of the “Strategy 2024” programme.

Outlook and opportunities report

Future economic situation

The economic outlook for 2023 as a whole is largely unchanged. We continue to expect that the considerable tightening of fiscal policies will slow economic activity down considerably with the usual time lag. In the USA, the economy is likely to slide into a mild recession in the course of the second half of the year.

The ECB’s monetary policy turnaround will also slow down the economy in the eurozone. We expect economic output in the eurozone to decline slightly in the second half of the year. For 2023 we expect growth of 0.5%. However, we do not anticipate a deep recession, thanks to a labour market that remains stable, slightly declining costs for energy and the easing of problems in supply chains.

Inflation rates should continue to fall until the end of the year. In the case of energy and food prices, inflation has passed its peak. The underlying upward pressure on prices is also likely to ease further for the time being. Companies have now passed on a large part of the higher costs for intermediate products and higher energy prices to consumers.

At the end of July 2023, the US Federal Reserve and the ECB raised the key interest rates by a further 25 basis points. We expect this to complete the rate hike cycle. The end of interest rate hikes along with falling inflation rates indicate a decline in bond yields in the second half of the year. The euro is likely to appreciate somewhat against the US dollar by the end of the year.

Future situation in the banking sector

Our views regarding the expected development of the banking sector structurally and over the short and medium term are basically unchanged from the statements we published in the Annual Report 2022. In the short term in particular, the challenges facing the banking industry remain high.

The concerns of many market participants about the liquidity situation of individual institutions, which was reflected in the turbulence on the financial markets observed at the beginning of the year, in particular in the difficulties of individual US regional banks, can be classified as low for the European banking industry due to the regulatory framework.

However, the slight contraction in the economy expected in most European countries, including Germany, in the coming months will have an impact on the earnings of the banking sector. In addition, the increased uncertainties on financial markets will impact the banks’ risk provisioning needs. The outlook for the global economy has clouded over significantly, partly because the growth stimulus that arose in China in connection with the lifting of the coronavirus restrictions seems to be weakening. Business with corporate and small-business customers remains therefore challenging. Business with retail customers is also being burdened, as the sharp rise in inflation is having a negative impact on private consumption. Demand for residential mortgages, which has been very stable for a long time owing to the lack of affordable housing, is also weakening as mortgage rates continue to rise.

The sustainability of household debt still appears robust at present. There are also fears of loan defaults on commercial real estate financing if changes in working and shopping habits associated with the coronavirus are lasting and debit interest rates continue to rise or remain at a high level. In this respect, risks for the banking sector are likely to result primarily from a decline in the quality of the assets held. That is because long-term loans increase exposure to interest rate risks, payment delays and defaults.

The outlook with regard to banks' interest margins is considerably more favourable. However, the cycle of interest rate increases at the US Federal Reserve and the European Central Bank appears likely to come to an end in the next few months. As a result, further margin expansion by banks is likely to be limited.

Sustainability, on the other hand, is providing a generally positive impetus for banking business. One key area of focus is the provision of financial support for the transition to tomorrow's low-carbon economy.

As a direct neighbour of Ukraine, Poland has been particularly affected by the war, with the adverse economic effects also having a negative impact on its banking sector. In addition, its inflation rate remains very high compared with other EU countries. Another factor creating uncertainty is the ongoing conflict with the European Commission, which has tightened its rule-of-law mechanism with regard to Poland and Hungary. In addition to these economic and political risks, in Poland legal developments in particular and their potential impact on key market players with regard to their existing loans issued in Swiss francs and other foreign currencies must also continue to be closely monitored. The provisions for Swiss franc loan portfolios reported for the first half of 2023 factor in, among other things, the expected impact of the ruling from the European Court of Justice on 15 June 2023.

Financial outlook for the Commerzbank Group

Planned funding measures

Commerzbank's borrowing on the capital market is influenced by its business performance and planning and by the evolution of risk-weighted assets.

The funding plan for 2023 envisages a volume of between €8bn and €10bn. Commerzbank has access to the capital market through a broad range of products. In addition to unsecured funding instruments (preferred and non-preferred senior bonds, Tier 2 subordinated debt and Additional Tier 1 capital), when refinancing Commerzbank can also issue secured funding instruments, in particular mortgage Pfandbriefe and public-sector Pfandbriefe. As such, Pfandbriefe are a key element of Commerzbank's funding mix. These give Commerzbank stable access to long-term funding with cost advantages compared with

unsecured sources of funding. Issuance formats range from large-volume benchmark bonds to private placements.

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.

Planned investments

For the 2023 financial year, we have budgeted for €0.5bn in direct costs for IT investments. Around one-third of this investment will continue to be devoted to the restructuring of the business model and the digitalisation of retail banking business. We will invest the remaining funds in the further digitalisation of processes in corporate client business and in IT infrastructure/operations. Regulatory measures are included in the above areas.

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 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. An increased demand for refinancing in the repo market was observed in the context of the TLTRO maturity at the end of June 2023.

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. However, there were no net asset purchases under the APP from March to June 2023. Since July 2023 no reinvestments have taken place, and the portfolio is to be reduced by an average of €15bn per month. Under the PEPP, reinvestment of assets is to take place until at least the end of 2024. Both these programmes serve 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.

Therefore, even 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. 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.

Anticipated performance of the Commerzbank Group

In view of the positive development recorded in the first half of the current year, we have adjusted our statements made in the Annual Report 2022 on the expected development of the Commerzbank Group's earnings for the 2023 financial year for single result components.

Given the changes in interest rates and the earnings performance in interest-bearing business in the course of the year so far, the Bank expects an increase in net interest income to at least €7.8bn – with partially countervailing effects reflected in net income from financial assets and liabilities measured at fair value through profit or loss. The projected increase in net interest income already takes into account the decision of the ECB to terminate the interest on the minimum reserve. We have slightly reduced our expectations regarding net commission income; for the full year we now expect net commission income to be slightly below the full year 2022. Despite high inflation, the Bank continues to strive for a reduction in operating expenses including compulsory contributions, but anticipates higher variable remuneration due to solid profits, so that total costs are expected to be €6.4bn. However, the key control variable remains the cost/income ratio with a target of 60% in the year 2024. In view of the figures for the first six months, we have adjusted our expectations for the risk result; we anticipate a risk result of less than €-800m for the full year 2023. The final order of magnitude will depend on the utilisation of the TLA. Commerzbank is now aiming for a CET1 ratio of more than 14%. For the 2023 financial year, we still expect to significantly exceed the consolidated profit attributable to Commerzbank shareholders and investors in additional equity components. The Bank also remains committed to its targeted payout ratio of 50% of consolidated profit after deduction of AT1 coupon payments. Based on the results of the first half of the year and our expectations for the second half, we will apply to the European Central Bank and the Financial Agency for approval for a further share buyback as part of the planned 50% payout ratio for the full year 2023.

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

Interim Risk Report

The Interim Risk Report is a separate reporting section in the interim report. It forms part of the Interim Management Report.

Interim Risk Report

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Risk-oriented overall bank management

Commerzbank defines risk as the danger of possible losses or profits foregone due to internal or external factors. In risk management, we normally distinguish between quantifiable and non-quantifiable types of risk. Quantifiable risks are those to which a value can normally be attached in financial statements or in regulatory capital requirements, while non-quantifiable risks include for example compliance and reputational risk.

Risk management organisation

Commerzbank regards risk management as a task for the whole Bank. The Chief Risk Officer (CRO) is responsible for developing and implementing the Group's risk policy guidelines for quantifiable risks, laid down by the Board of Managing Directors, as well as for measuring these risks. The CRO regularly reports to the Board of Managing Directors and the Supervisory Board's Risk Committee on the overall risk situation within the Group.

The risk management organisation comprises Group Credit Risk Management, Group Risk Control, Group Cyber Risk & Information Security as well as Group Big Data & Advanced Analytics.

The CRO also has responsibility for Group Compliance. It is Group Compliance's responsibility to establish appropriate governance, procedures and systems to allow the Bank to avoid unintentional endangerment as a consequence of compliance risks. Group Compliance is led by the Chief Compliance Officer.

All divisions have a direct reporting line to the CRO.

Further details on the risk management organisation within Commerzbank can be found in the Group risk report 2022.

Risk-bearing capacity and stress testing

Risk-bearing capacity (RBC) analysis is a key part of overall bank management and Commerzbank's internal capital adequacy assessment process (ICAAP). The purpose is to ensure that sufficient capital is held at all times. In terms of economic approach, the risk-bearing capacity concept is based on a going concern approach in accordance with regulatory requirements.

Risk-bearing capacity 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 half of 2023, the RBC ratio was consistently above 100% and it stood at 178% as at 30 June 2023. The increase in the economic risk coverage potential reflects the development of earnings and the market-induced decline in hidden liabilities. The RBC ratio is still well above the minimum requirement.

Economic risk-bearing capacity is also assessed using macroeconomic stress scenarios. The scenarios are simulated in principle quarterly at Group level with a time horizon of 12 months.

Risk-bearing capacity Group €bn	30.6.2023	31.12.2022
Economic risk coverage potential	23	22
Economically required capital¹	13	13
thereof for default risk ²	8	8
thereof for market risk ³	4	4
thereof for operational risk	2	2
thereof diversification effects	-2	-2
RBC ratio (%)⁴	178	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 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.

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Default risk

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

Commerzbank Group

Commerzbank focuses its business on two customer segments, Private and Small-Business Customers and Corporate Clients.

The global economy continues to suffer from uncertainties related to the Russian war of aggression against Ukraine and the global tightening of monetary policy.

Positive effects resulting from the gradual resolution of supply chain issues and from the easing in energy markets are not sufficient to make up for the negative effects of a restrictive monetary policy, which, with a time lag, is increasingly acting as a drag on economic activity.

Credit risk parameters To manage and limit default risks in the Commerzbank Group, we use risk parameters, including the following: exposure at default (EaD), hereinafter also referred to simply as exposure, loss at default (LaD), expected loss (EL), risk density (EL/EaD), credit value at risk (CVaR = economically required capital for credit risk with a confidence level of 99.90% and a holding period of one year) and risk-weighted assets.

The credit risk parameters in the rating classes 1.0 to 5.8 were as follows as at 30 June 2023:

Credit risk parameters	30.6.2023				31.12.2022			
	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	458	22	2 031	204	431	21	2 088
Corporate Clients	178	372	21	4 543	177	378	21	4 299
Others and Consolidation	143	73	5	1 265	137	65	5	1 184
Group	526	903	17	7 840	517	874	17	7 571

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 represent investment grade.

Rating breakdown EaD %	30.6.2023					31.12.2022				
	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	19	61	14	4	2	19	61	14	4	2
Others and Consolidation	81	17	1	0	0	77	22	2	0	0
Group	40	47	9	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. More than half of the Bank's exposure relates to Germany, one quarter to other countries in Europe, 10% to North America and 3% to Asia. The rest is broadly diversified and is split among a

large number of countries where we serve German exporters in particular or where Commerzbank has a local presence. The expected loss of the Group portfolio is mainly divided between Germany and the other European countries.

Group portfolio by region	30.6.2023			31.12.2022		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	311	392	13	312	390	12
Western Europe	86	160	19	85	133	16
Central and Eastern Europe	52	259	50	53	261	49
North America	51	36	7	40	38	10
Asia	14	22	16	16	22	14
Other	12	35	28	11	30	27
Group	526	903	17	517	874	17

Risk result The risk result relating to the Group's lending business in the first half of 2023 amounted to €-276m (prior-year period: €-570m).

The following table shows the breakdown of the risk result by stage according to IFRS 9. In Note (27) of the interim financial statements (credit risks and credit losses) details regarding the

stages can be found; in Note (9) (risk result) the definition of the risk result can be found.

Any fluctuations in the market values of fair value loans are not recognised in the risk result. They are recognised in net income from financial assets and liabilities measured at fair value through profit or loss.

Risk result €m	1.1.-30.6.2023					1.1.-30.6.2022				
	Stage 1	Stage 2	Stage 3	POCI ¹	Total	Stage 1	Stage 2	Stage 3	POCI ¹	Total
Private and Small-Business Customers	-5	-38	-139	5	-177	-8	-16	-136	-1	-160
Corporate Clients	1	-29	-77	-10	-115	4	-167	-175	0	-338
Others and Consolidation	12	4	-2	1	15	3	56	-130	0	-72
Group	8	-62	-218	-4	-276	-1	-127	-442	-1	-570

¹ POCI – purchased or originated credit-impaired.

The high charges in the prior-year period resulted from rating downgrades and from the recognition of a top-level adjustment (TLA) in the context of the incipient Russia-Ukraine conflict at the time. The significant drop in the result in the first half of 2023 in comparison with the previous period was mainly driven by defaults of individual cases and increase of loss provisions of defaulted individual cases in the Corporate Clients segments. About one-third of the risk result was attributable to mBank. In the sense of the inclusion of forward-looking information as required by IFRS9, the risk result includes charges from the expected adjustment of the models (future of IRB).

The usage and release of the secondary effects TLA brought, i.e. reduced net charges, particularly in the Corporate Clients segment. The total secondary effects TLA at Group level as at 30 June 2023 was €-456m (€-482m as at 31 December 2022).

Economic uncertainty and the consequences of the Russian invasion of Ukraine are still weighing heavily on the macroeconomic outlook. The model-based parameters used to establish loan loss provisions do not yet fully reflect these effects. The secondary effects TLA booked in this regard was reviewed during the year at the quarterly reporting dates and continues to reflect adequately the

anticipated effects. The scenario on which the TLA is based includes the following assumptions:

- The global economy continues to suffer from uncertainties related to the Russian war of aggression against Ukraine and the global tightening of monetary policy.
- Positive effects resulting from the gradual resolution of supply chain issues and from the easing in energy markets are not sufficient to make up for the negative effects of a restrictive monetary policy, which, with a time lag, is increasingly acting as a drag on economic activity.
- The eurozone economy is suffering as a consequence of the high interest rate environment, which is having a sharply negative impact on capital expenditure and consumer spending. Neither the stable labour market nor lower energy prices are sufficient to outweigh this effect.
- German industry faces a slowdown in demand for exports and tighter financing terms. At the same time, the extensive support schemes that have been put in place by the state are lessening the ongoing negative impact of higher energy prices (energy

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price caps for electricity, gas and heating for households and companies, which will apply at least for the whole of 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.

The adequacy of the TLA is continually reviewed. (Details on the background to and adjustment of the TLA can also be found in

Note 27 of the interim financial statements (credit risks and credit losses).

Default portfolio

The Group default portfolio shrank by €70m in the first half of 2023 and stood at €5,587m.

The following breakdown of the default portfolio shows the claims in the default portfolio in the amortised cost and fair value OCI (other comprehensive income) categories.

Default portfolio Group €m	30.6.2023			31.12.2022		
	Loans	Securities	Total	Loans	Securities	Total
Default portfolio	5,551	36	5,587	5,601	57	5,658
LLP ¹	2,325	6	2,331	2,247	9	2,256
Coverage ratio excluding collateral (%) ²	42	17	42	40	16	40
Collateral	1,399	0	1,399	1,389	0	1,389
Coverage ratio including collateral (%) ²	67	17	67	65	16	64
NPE ratio (%) ³			1.1			1.1

¹ Loan loss provisions.

² Coverage ratio: LLP (and collateral) as a proportion of the default portfolio.

³ NPE ratio: default portfolio (non-performing exposures – NPE) as a proportion of total exposures (EaD including NPE) according to EBA Risk Dashboard.

Private and Small-Business Customers segment

The Private and Small-Business Customers (PSBC) segment includes activities with private and small-business customers, and with customers of the comdirect and Commerz Real brands. mBank is also shown in the Private and Small-Business Customers segment.

The focus of the portfolio is on traditional owner-occupied home financing and the financing of real estate capital investments (residential mortgage loans and investment properties with a total

EaD of €101bn). We provide our small-business customers with credit mainly in the form of individual loans with a volume of €28bn. In addition, we meet our customers' day-to-day demand for credit with consumer loans (overdrafts, instalment loans and credit cards, to a total of €14bn).

Compared with the end of 2022, the risk density of the portfolio rose slightly to 22 basis points.

Credit risk parameters	30.6.2023 ¹			31.12.2022		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Private Customers	129	166	13	64	91	14
Small-Business Customers	28	52	18	30	53	18
comdirect	–	–	–	2	6	28
Commerz Real	0	5	156	0	0	5
Private Banking	–	–	–	35	31	9
Wealth Management	–	–	–	27	29	11
mBank	47	236	50	46	221	49
PSBC	205	458	22	204	431	21

¹ The structuring of the sub-segments was adjusted in the first quarter of 2023; the figures as at 30 June 2023 are therefore not comparable to those as at 31 December 2022.

The risk result in the Private and Small-Business Customers segment was €–177m in the first half of 2023 (prior-year period: €–160m). The secondary effects TLA is still necessary in view of the crisis-related economic uncertainty and will remain in place for

2023. The total TLA for the segment as at 30 June 2023 was €–213m (€–189m as at 31 December 2022).

mBank's loan loss provisions are driven by expected economic difficulties, especially in the Private Customers and in the Small-Business Customers portfolio and amounted to €-76m as at 30 June 2023 (prior-year period: €-97m). At the same time, mBank benefits from reversals of loss provisions for a significant individual client in the corporate portfolio.

The default portfolio in the segment stood at €1,962m as at the reporting date (31 December 2022: €1,842m), which was slightly above the figure for the previous year.

Default portfolio PSBC €m	30.6.2023			31.12.2022		
	Loans	Securities	Total	Loans	Securities	Total
Default portfolio	1,962	0	1,962	1,842	0	1,842
LLP	901	0	901	841	0	841
Coverage ratio excluding collateral (%)	46	-	46	46	-	46
Collateral	686	0	686	707	0	707
Coverage ratio including collateral (%)	81	-	81	84	-	84

Corporate Clients segment

The Corporate Clients segment (CC) comprises the Group's activities with mid-size corporate clients, the public sector, institutional customers and multinational corporates. The segment is also responsible for the Group's relationships with banks and financial institutions in Germany and abroad, as well as with central banks. The regional focus of our activities is on Germany and

Western Europe. The Group's customer-oriented capital markets activities are also bundled in this segment.

The EaD of the Corporate Clients segment increased from €177bn to €178bn compared with 31 December of the previous year. Risk density remained stable at 21 basis points.

For details of developments in the Financial Institutions portfolio, please see page 24.

Credit risk parameters	30.6.2023			31.12.2022		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Mittelstand	80	179	22	77	175	23
International Corporates	63	123	20	64	126	20
Financial Institutions	24	53	22	22	61	28
Other	12	16	13	14	16	12
CC	178	372	21	177	378	21

The risk result for the Corporate Clients segment in the first half of 2023 was €-115m (prior-year period: €-338m). The high charges for the segment 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 conflict at the time.

The value adjustments in the segment in the first half of the year, which are mainly driven by defaults of individual cases and increase of loss provisions of defaulted individual cases, were partially offset by the use of the TLA formed. In the sense of the inclusion of forward-looking information as required by IFRS9, the risk result includes charges from the expected adjustment of the model (future of IRB).

The total TLA for the segment as at 30 June 2023 was €-241m (€-284m as at 31 December 2022).

The need for the TLA resulted from the assumptions for sectors/sub-portfolios, which were checked and in part adjusted on the basis of the macroeconomic scenario, for which indirect effects are to be expected. A good example in this connection is the automotive industry, where demand is expected to contract as a result of inflation. High energy and raw material prices as well as recession and declining demand for exports are weighing on the metal industry. Retailers and the consumer goods sector are being impacted by the reduction in purchasing power and consumers' reluctance to spend. Resulting rating migrations and defaults are expected for 2023, which are currently not yet reflected in the model-based calculation of loan loss provisions and are therefore covered by the TLA.

The default portfolio in the segment stood at €2,738m as at the reporting date (31 December 2022: €2,811m), which was slightly below the figure for the previous year.

Default portfolio CC €m	30.6.2023			31.12.2022		
	Loans	Securities	Total	Loans	Securities	Total
Default portfolio	2,738	0	2,738	2,811	0	2,811
LLP	1,191	0	1,191	1,174	0	1,174
Coverage ratio excluding collateral (%)	43	–	43	42	–	42
Collateral	712	0	712	681	0	681
Coverage ratio including collateral (%)	70	–	70	66	–	66

The risk result in the Others and Consolidation segment was €15m in the first half of 2023 (prior-year period: €–72m). The secondary effects TLA for the segment amounted to €–3m.

Further portfolio analyses

The analyses below are independent of the existing segment allocation. The positions shown are already contained in full in the Group and segment presentations above.

Corporates portfolio by sector

Overall the German industrial sectors have coped well with the direct effects of Russia's invasion of Ukraine.

At present, the indirect consequences of the war in Ukraine, in particular higher prices, continue to have a negative impact. Energy and raw material prices have risen significantly, while inflation has reached a level that few would have expected and is also proving to be persistent. As a result, an appreciable increase in interest rates has been and continues to be recorded.

A number of sectors have continued to enjoy full order books, though new orders appear to be declining across the different industries. The reduction in purchasing power resulting from the

high level of interest rates as well as shifts in consumer behaviour are leading to falling gross income along with rising costs (staff, rent, energy). As a consequence, shrinking profitability can be observed in a number of industries, but particularly in consumer-oriented sectors. The economy is expected to decelerate further in the second half of 2023, particularly in Germany, which to a certain degree will have a negative effect on capital expenditure.

Sizeable amounts of financing are still required for investment in environmental protection and CO₂-neutral production. Reducing dependencies and ensuring a stable supply chain will also create a cost burden. However, we regard our clients as being broadly well positioned in these respects.

A key factor for the medium-term performance of the German economy will be the stabilisation of energy prices in Germany and Europe and the establishment of a competitive market environment in Germany in particular. Furthermore, it must be ensured that the country's gas requirements are met. A shortage of gas supplies could have a considerable impact and bring major upheaval. In addition, a shortage of skilled labour represents an ongoing problem for a number of sectors.

A breakdown of the corporates exposure by sector is shown below:

Corporates portfolio by sector	30.6.2023 ¹			31.12.2022		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Consumption	22	59	26	14	39	27
Technology/Media/Telecommunication	17	30	17	14	29	20
Chemicals/Plastics	15	27	17	8	19	23
Construction/Metal	14	35	24	4	8	18
Automotive	14	31	22	10	24	25
Mechanical engineering	12	25	21	8	15	20
Energy supply/Waste management	12	32	27	12	28	24
Transport/Tourism/Services	11	37	32	9	27	30
Other	22	55	25	30	78	26
Wholesale	–	–	–	12	28	24
Basic materials/Metals	–	–	–	8	15	18
Services/Media	–	–	–	8	17	21
Pharma/Healthcare	–	–	–	4	8	20
Total	140	329	24	142	335	24

¹ The definition of sectors was adjusted in the first quarter of 2023; the figures as at 30 June 2023 are therefore not comparable to those as at 31 December 2022.

Financial institutions portfolio

Our network of correspondent banks continued to focus on trade finance activities on behalf of our corporate customers and on capital market activities. In derivatives, we enter into trades with selected counterparties under the European Market Infrastructure Regulation (EMIR) standards.

We continue to keep a close watch on the impact of regulatory requirements on banks. In this context, we continue to pursue our strategy of holding as few exposures as possible which might absorb losses in the event of a bail-in of an affected institution.

We are keeping a close eye on developments in various countries affected by specific issues such as recessions, embargoes and

economic uncertainty caused by political events (at present in particular Russia's invasion of Ukraine) and are responding with flexible portfolio management that is tailored to the individual situation of each country. That applies in particular to continuing high inflation, combined with interest rate increases and the effects thereof on loan portfolios, the evolution of energy prices and recurrent supply chain bottlenecks. All this impacts our correspondent banks, both in industrialised countries and in developing countries.

Overall, our risk appetite is geared to keeping the portfolio as responsive as possible.

FI portfolio by region	30.6.2023 ¹			31.12.2022		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	4	4	10	61	6	1
Western Europe	16	8	5	17	7	4
Central and Eastern Europe	2	12	76	13	41	30
North America	3	1	2	12	0	0
Asia	5	12	25	8	14	17
Other	6	19	31	7	22	30
Total	36	57	16	119	90	8

¹ The definition of financial institutions was adjusted in the first quarter of 2023 and central banks (€87bn as at 31 December 2022) were reclassified; the figures as at 30 June 2023 are therefore not comparable to those as at 31 December 2022.

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19 Default risk

26 Market risk

28 Liquidity risk

30 Operational risk

31 Other risks

Non-bank financial institutions portfolio

The non-bank financial institutions (NBFIs) portfolio is mainly made up of insurance companies, asset managers, regulated funds and central counterparties. Business activities are focused on Germany, Western Europe, the United States and Asia.

Commerzbank conducts new business with NBFIs partly in consideration of regulatory requirements (clearing via central counterparties) and partly in the interests of our institutional customers, with a focus on attractive opportunities with customers

with good credit ratings and valuable collateral. We manage our portfolios with the aim of ensuring their high quality and responsiveness. We are keeping a close eye on risks arising from global events such as recessions, embargoes and economic uncertainty caused by political events and are responding with flexible portfolio management that is tailored to the individual situation. That also applies to current issues such as changes in the level of interest rates as well as the effects of continued high inflation.

NBFIs portfolio by region	30.6.2023			31.12.2022		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	19	20	10	19	20	11
Western Europe	16	21	13	15	20	13
Central and Eastern Europe	2	13	62	2	12	70
North America	8	9	11	8	8	10
Asia	1	3	24	2	3	18
Other	1	3	38	1	2	22
Total	48	69	14	46	65	14

Originator positions

Commerzbank has in recent years securitised receivables from loans to the Bank's customers with a current volume of €12.4bn for capital management purposes (31 December 2022: €12.2bn). As at the reporting date 30 June 2023, risk exposures with a value of

€11.2bn were retained (31 December 2022: €11.3bn). By far the largest share of all positions was accounted for by €11.1bn (31 December 2022: €11.2bn) on senior tranches, which are almost entirely rated good to very good.

Commerzbank volume ¹					
Securitisation pool €bn	Maturity	Senior	Mezzanine	First loss piece	Total volume
Corporates	2025 – 2036	11.1	< 0.1	0.1	12.4
Total 30.6.2023		11.1	< 0.1	0.1	12.4
Total 31.12.2022 ²		11.2	< 0.1	0.1	12.2

¹ Tranches/retentions (nominal) in the banking book.

² Risk figures of mBank were adjusted.

Conduit exposure and other asset-backed exposures

The Bank provides financing to securitise receivables, in particular trade and leasing receivables, from customers in the Corporate Clients segment. In this context, Commerzbank acts mainly as an arranger of asset-backed securities transactions via the Commerzbank-sponsored multi-seller conduit Silver Tower. The volume and risk values for the securitisation of receivables in the Corporate Clients segment rose by €0.6bn in the first half of 2023 to €4.5bn.

Liquidity risk subsumes the risk that Commerzbank will be unable to meet its payment obligations on a day-to-day basis.

Liquidity risks from securitisations are modelled in the internal liquidity risk model on a risk-adjusted basis. In the case of transactions subject to variable utilisation, it is assumed that the purchase facilities provided to the special-purpose companies must be refinanced almost in full by Commerzbank for the duration of their term and until the maturity of the last financed receivable. Securitisations only qualify as liquid assets if they are eligible for rediscount at the central bank. These positions are only included in the liquidity risk calculation after risk-adjusted discounts are applied.

The other asset-backed exposures mainly comprise government-guaranteed asset-backed securities (ABS) held by Commerzbank Finance & Covered Bond S.A. and Commerzbank AG in Germany. In the first half of 2023 the volume increased to €3.8bn (December 2022: €3.4bn), as did the risk values¹ at €3.8bn (December 2022: €3.4bn).

There are also investments in the Structured Credit area. The volume of new investments entered into since 2014 stood at €7.4bn (December 2022: €7.1bn). We have invested in bonds of senior tranches of securitisation transactions in the consumer (auto) ABS, UK RMBS and CLO asset classes, which have a robust structure and a moderate risk profile. As at 30 June 2023, this portfolio solely contained AAA-rated CLO positions (also the case at the end of 2022). Remaining structured credit positions with a volume of €0.2bn were already in the portfolio prior to 2014 (December 2022: €0.2bn), while risk values stood at €0.1bn (December 2021: €0.1bn).

Market risk

Market risk is the risk of potential financial losses due to changes in market prices (interest rates, commodities, credit spreads, exchange rates and equity prices) or in parameters that affect prices such as volatilities and correlations. Losses may impact profit or loss directly, e.g. in the case of trading book positions. However, for banking book positions they are reflected usually in the revaluation reserve or in hidden liabilities/reserves.

Risk management

A standardised value at risk model (historical simulation) incorporating all positions that are relevant for market risk is used for the internal management of market risk. For smaller entities of Commerzbank Group we use standardised approaches under partial use rules. VaR quantifies the potential loss from financial instruments due to changed market conditions over a predefined time horizon and with a specific probability. Further details on the methodology used are given in the Group risk report 2022.

In internal management, all positions relevant to market risk are covered, and trading and banking book positions are jointly managed. In addition, for regulatory purposes the trading book is managed separately (in accordance with regulatory requirements, including currency and commodity risks in the banking book) and interest rate risks in the banking book are managed on a stand-alone basis. In order to provide a consistent presentation in this report, all figures relating to VaR are based on a confidence level of 99%, a holding period of one day, equally weighted market data and a 254-day history.

¹ Risk value is the balance sheet value of cash instruments. For long CDS positions, it comprises the nominal value of the reference instrument less the net present value of the credit derivative.

Trading book

Below, we show how the regulatory market risk ratios of the trading book portfolio developed. Most of Commerzbank's trading book positions derive from the Corporate Clients segment and Group Treasury division. The VaR figures cover all risks in the internal VaR model. Commerzbank subsidiaries use standardised approaches for their regulatory capital calculation under partial use rules. They are not included in the regulatory VaR figures presented.

The VaR declined by €2m to €11m in the first half of 2023. The reason for this are position changes in the Corporate Clients segment as well as in Group Treasury.

VaR of portfolios in the trading book €m	1.1.-30.6.2023	31.12.2022
Minimum	8	6
Mean	11	9
Maximum	15	14
VaR at end of reporting period	11	13

The market risk profile is diversified across all asset classes

VaR contribution by risk type in the trading book €m	30.6.2023	31.12.2022
Credit spreads	3	2
Interest rates	3	6
Equities	0	0
FX	3	4
Commodities	3	2
Total	11	13

Further risk ratios are calculated for regulatory capital adequacy. This includes the calculation of stressed VaR. Stressed VaR is calculated using the internal model on the basis of the VaR method described above. The main difference lies in the market data used to value the assets. Stressed VaR measures the risk in the present position in the trading book by reference to market movements from a specified crisis period in the past. The crisis observation period used for this is checked regularly through model validation and approval processes and adjusted where necessary. The crisis observation period remained the same during the year.

The market risk profile in stressed VaR is also diversified across all asset classes. The dominant asset class is commodities. Stressed VaR increased in the first half of 2023 from €25m to €37m. The increase results in particular from trading in emissions certificates.

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Stressed VaR contribution by risk type in the trading book €m	30.6.2023	31.12.2022
Credit spreads	8	4
Interest rates	7	8
Equities	1	0
FX	6	6
Commodities	15	6
Total	37	25

In addition, the incremental risk charge and the equity event VaR figures quantify the risk of deterioration in creditworthiness and event risks in trading book positions. The incremental risk charge rose by €44m to €83m in the first half of 2023. This mainly results from position changes in the Corporate Clients segment as well as in Group Treasury.

The reliability of the internal model (historical simulation) is monitored in various ways, including backtesting on a daily basis. The VaR calculated is set against actually occurring changes in the portfolio value (profits and losses). In the process, a distinction is made between the variants backtesting of the hypothetical change in portfolio value (clean P&L) and backtesting of the actual change in portfolio value (dirty P&L). In the former, exactly the same positions in the income statement are used as were used for calculating the VaR. This means that the profits and losses result only from changes in market prices (hypothetical changes in the portfolio value). In dirty P&L backtesting, by contrast, profits and losses from newly concluded and expired transactions from the day under consideration are also included (actual profits and losses induced by portfolio value changes). Profits and losses from valuation adjustments and model reserves are factored into dirty and clean P&L according to the regulatory requirements.

If the actual loss exceeds the VaR, it is described as a negative backtesting outlier. Analysing the results of backtesting provides an informative basis for checking parameters and for potential improvement to the market risk model. As at 30 June 2023 no negative clean P&L outliers and no dirty P&L outliers were measured on Group level for a one-year time horizon.

Backtesting is also used by the supervisory authorities for evaluating internal risk models. Negative outliers are classified by means of a traffic-light system laid down by the supervisory authorities. All negative backtesting outliers at Group level (from both clean P&L and dirty P&L) must be reported to the supervisory authorities, citing their extent and cause.

As the VaR concept gives a prediction of potential losses assuming normal market conditions, it is supplemented by stress tests. These stress tests measure the risk to which Commerzbank is exposed, based on unlikely but still plausible events. These events may be simulated using extreme movements on various financial markets. The key scenarios relate to major changes in credit spreads, interest rates and yield curves, exchange rates, share prices and commodities prices. Events simulated in stress tests include all stock prices falling by 15%, a parallel shift in the yield curve or changes to the curve's gradient.

Extensive Group-wide stress tests and scenario analyses are carried out as part of risk monitoring.

The internal model's individual components are validated independently at regular intervals to assess their appropriateness for risk measurement. The identification and elimination of model weaknesses are of particular importance in this.

Banking book

The key drivers of market risk in the banking book are the Group Treasury portfolios, with their credit spread, interest rate and basis risks.

In market risk management, credit spread sensitivities in the banking and trading books are considered together. Credit spread sensitivities (downshift of 1 basis point) for all securities and derivative positions (excluding loans) were stable at €30m as at the end of the first half of 2023 (31 December 2022: €30m).

Most credit spread sensitivities related to securities positions measured at amortised cost. Changes in market price have no impact on the revaluation reserve or the income statement for these positions.

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. In accordance with the EU Banking Directive, the German Federal Financial Supervisory Authority and the European Central Bank have prescribed two scenarios of uniform, sudden and unexpected changes in interest rates (+/-200 basis points) to be used by all banks, which have to report on the results of this stress test every quarter. In the scenario -200 basis points, the yield curve is floored at 0 (negative sections of the yield curve are left unchanged).

As a result of the scenario +200 basis points, a potential economic loss of €2,040m as at 30 June 2023 (31 December 2022: €2,062m potential economic loss) was determined, and in the scenario –200 basis points a potential economic profit of €938m (31 December 2022: €1,133m potential economic profit).

The interest rate sensitivity of the overall banking book (excluding pension funds) fell to €1.2m as at 30 June 2023 (31 December 2022: €2.4m) per basis point of falling interest rates due to position changes and interest rate movements in Group Treasury.

Pension fund risk is also part of market risk in the banking book. Our pension fund portfolio comprises a well-diversified investment section and the insurance-related liabilities. The duration of the liabilities is extremely long (cash outflows modelled over almost 90 years), and the main portion of the overall portfolio's present value risk is in maturities of 15 years and over. The main risk drivers are long-term euro interest rates, credit spreads and expected euro inflation due to anticipated pension dynamics. Equity, volatility and foreign exchange risk also need to be taken into consideration. Diversification effects between specific risks reduce the overall risk. The extremely long maturities of these liabilities represent the greatest challenge, particularly for hedging credit spread risk. This is because there is insufficient liquidity in the market for corresponding hedging products.

Market liquidity risk

Market liquidity risk is the risk of the Bank not being able to liquidate or hedge risky positions in a timely manner, to the desired extent and on acceptable terms as a result of insufficient liquidity in the market.

Market liquidity risk is taken into account in Commerzbank's risk-bearing capacity concept by scaling the value at risk to one year, i.e. the implicitly recognised liquidation period. Additional valuation adjustments for market liquidity risk are also reflected in the calculation of the risk coverage capital.

Liquidity risk

We define liquidity risk in the narrower sense as the risk that Commerzbank will be unable to meet its payment obligations on a day-to-day basis. In a broader sense, liquidity risk describes the risk that future payments cannot be funded for the full amount, in the required currency or at standard market conditions, as and when they are due.

Risk management

Commerzbank uses a wide range of tools to manage and monitor liquidity risks on the basis of its own liquidity risk model. The stress scenario within the Bank that underlies the model and is relevant for management purposes allows for the impact of both a bank-specific stress event and a broader market crisis. Binding regulatory requirements are an integral component of the management mechanism.

Group Treasury is responsible for the Group's liquidity management operations. Group Treasury is represented in all major locations of the Group in Germany and abroad and has reporting lines into all subsidiaries. Commerzbank manages its global liquidity centrally using cash pooling. This approach ensures that liquidity resources are used efficiently and that this occurs across all time zones, as Group Treasury units are located in Frankfurt, London, New York and Singapore.

Liquidity risk is monitored on the basis of the Bank's own liquidity risk model by the independent risk function.

The Bank has established early warning indicators for the purpose of managing liquidity risk. These ensure that appropriate steps can be taken in good time to secure long-term financial solidity.

Risk concentrations can lead to increased outflows of liquidity, particularly in a stress situation, and thus to increased liquidity risk. They can, for example, occur with regard to maturities, large individual creditors or currencies. By means of ongoing monitoring and reporting, emerging risk concentrations in funding can be recognised in a timely manner and mitigated through suitable measures.

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This also applies to payment obligations in foreign currencies. The Bank also mitigates concentrations through the continuous use of the broadly diversified sources of funding available to it, particularly in the form of diverse customer deposits and capital market instruments. Commerzbank also ensures that it limits and monitors foreign exchange risks.

In the event of a market-driven and/or idiosyncratic liquidity crisis, the liquidity contingency plan provides for certain measures which, depending on the nature of the crisis, can be initiated either through Treasury's extended authority to act, through the liquidity contingency process under the liquidity contingency plan or through the recovery process of the recovery plan. The liquidity contingency plan is an independent part of emergency planning and upstream of the recovery plan. Both the liquidity contingency plan and the recovery plan at Commerzbank are updated at least once a year; the individual measures of the recovery plan are checked regularly during the year for plausibility. The liquidity contingency plan also defines a clear allocation of responsibilities for the processes to be followed in emergency situations and gives details of any action that may need to be taken.

The internal rules and the models used are reviewed at least annually and regularly audited by Internal Audit, the auditor and the supervisory authority (ECB).

Quantification and stress testing

Commerzbank uses a wide range of tools to manage and monitor liquidity risks on the basis of its own liquidity risk model. In addition to internal economic considerations, liquidity risk modelling also factors in the binding regulatory requirements under the Capital Requirements Regulation (CRR) and the requirements of the Minimum Requirements for Risk Management (MaRisk). Commerzbank incorporates this within its liquidity risk framework, thereby quantifying the liquidity risk appetite established by the Board of Managing Directors.

The stress scenarios within the Bank that underlie the model and are relevant for management purposes allow for the impact of both a bank-specific stress event and a broader market crisis. The Commerzbank-specific idiosyncratic scenario simulates a stress situation arising from a rating downgrade of two notches, whereas the market-wide scenario is derived from experience of the subprime crisis and simulates an external market-wide shock. The main liquidity risk drivers of both scenarios are a markedly increased outflow of short-term customer deposits, above-average drawdown of credit lines, prolongations of lending business regarded as commercially necessary, the need to provide additional collateral for secured transactions and the application of higher risk discounts to the liquidation values of assets.

As a complement to the individual scenarios, the Bank also simulates the impact on the liquidity gap profile (net liquidity position) of a scenario that combines idiosyncratic and market-specific effects. The liquidity gap profile is shown for the whole of the modelling horizon across the full spectrum of maturities and follows a multi-level concept. This allows for a nuanced presentation – deterministic and modelled cash flows in existing business on the one hand and the inclusion of prolongations on the other.

The table below shows the liquidity gap profile values after application of the respective stress scenarios for periods of one and three months as at the end of the half year. Significantly more liquidity flows out in a combined scenario compared with the individual scenarios. As at the end of the first half of 2023, in the one-month and three-month periods, the combined stress scenario leaves net liquidity of €19.8bn and €15.9bn, respectively.

Net liquidity in the stress scenario €m		30.6.2023	31.12.2022
Idiosyncratic scenario	1 month	28.0	30.0
	3 months	25.9	31.4
Market-wide scenario	1 month	28.5	30.0
	3 months	24.6	29.6
Combined scenario	1 month	19.8	21.2
	3 months	15.9	20.9

Liquidity reserves

Significant factors in the liquidity risk appetite include the reserve period, the size of the liquidity reserve portfolio held to compensate for unexpected short-term liquidity outflows, and the limits in the various maturity bands. As the liquidity reserve portfolio consists of highly liquid assets, it functions as a buffer in stress situations. The liquidity reserve portfolio 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.

As at the end of the first half of 2023, the Bank had highly liquid assets of €111.9bn. This liquidity reserve 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 amount of the stress liquidity reserve portfolio is checked and, if necessary, adjusted as part of the daily liquidity risk calculation.

The Bank also holds an intraday liquidity reserve portfolio. As at the 2023 reporting date, the total value of this portfolio was €6.2bn (30 December 2022: €6.1bn).

The liquidity reserves in the form of highly liquid assets consisted of the following three components:

Liquidity reserves from highly liquid assets €bn	30.6.2023	31.12.2022
Highly liquid assets	111.9	104.7
of which level 1	104.8	97.5
of which level 2A	6.8	6.8
of which level 2B	0.3	0.4

Liquidity ratios

Throughout the first half of 2023, Commerzbank's internal liquidity ratios, including the regulatory liquidity coverage ratio (LCR), were above the limits set at least annually by the Board of Managing Directors.

The LCR is calculated as the ratio of liquid assets to net liquidity outflows under stressed conditions. It is used to measure whether a bank has a large enough liquidity buffer to independently withstand any potential imbalance between inflows and outflows of liquidity under stressed conditions over a period of 30 calendar days.

In the first half of 2023, Commerzbank significantly exceeded the minimum ratio of 100% stipulated for that year on every reporting date. As at the end of the first half of 2023, the average month-end value of the LCR over the last 12 months was 138.8% (as at the end of 2022: 141.1%).

The Bank has established corresponding limits and early warning indicators to ensure the LCR minimum requirements are met.

Operational risk

Based on the Capital Requirements Regulation (CRR), Commerzbank defines operational risk (OpRisk) as the risk of loss resulting from the inadequacy or failure of internal processes, people and systems or from external events. This definition includes, among other things, legal risk, human resources risk, IT risk, outsourcing risk or tax risk, as well as product risk, conduct risk and risks from the area of environmental, social, governance (ESG). In this definition the focus is not on strategic or reputational risk. In view of their increased economic significance, compliance risk and cyber risk are managed as separate risk types. However, losses from

compliance risks and cyber risks are incorporated into the model for determining the economic capital required for operational risks.

Commerzbank takes an active approach to managing operational risk, aiming to systematically identify OpRisk profiles and risk concentrations and to define, prioritise and implement risk mitigation measures.

Operational risks are characterised by asymmetric distribution of losses. This means that most of the losses are relatively small, while isolated losses with a very low probability of occurrence have the potential to be large and devastating. This makes it necessary not only to limit high loss potential but also to proactively manage losses that can be expected to occur frequently.

To do this, Commerzbank has set up a multi-stage system that brings together the defined limits on economic capital (risk capacity) and those set for operative risk management during the year (risk appetite/tolerance), complemented by rules on the transparent and conscious acceptance and approval of individual risks (risk acceptance).

OpRisk management includes an annual evaluation of the Bank's ICS (Internal control System) key controls and a risk scenario assessment. OpRisk loss events are also subject to ongoing analysis and ICS backtesting on an event-driven basis. Lessons learned activities are carried out after all material loss events.

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 (OpRisk ErC model). Risk-weighted assets for operational risks on this basis came to €20.8bn at the end of the second quarter of 2023 (31 December 2022: €21.2bn). The economically required capital was €1.8bn (31 December 2022: €2.3bn).

The total charge for OpRisk events as at the end of the second quarter of 2023 was approximately €540m (full-year 2022: €951m). The events mainly related to losses in the "Products and business practices" category. The provisions of mBank for legal risks in connection with Swiss franc loan agreements are to be mentioned in the first place.

OpRisk events ¹ €m	30.6.2023	31.12.2022
Internal fraud	1	0
External fraud	3	1
Damage and system failure	1	4
Products and business practices	527	936
Process related	3	13
HR related	4	-3
Group	540	951

¹ Losses incurred and provisions, less OpRisk-based income and repayments.

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Other risks

To meet the requirements of the Basel framework, MaRisk requires an integrated approach to risk that also includes unquantifiable risk categories. At Commerzbank, these are subjected to a qualitative management and control process. Details of legal, compliance, and cyber risk are shown below. As regards all other risks, there were no significant changes in the first half of 2023 compared with the position reported in the Group risk report 2022.

Legal risk Commerzbank and its subsidiaries are involved in a variety of court and arbitration cases, claims and official investigations (legal proceedings) in connection with a broad range of issues. They include, for example, allegations of defective advice, disputes in connection with credit finance or payment transactions, entitlements to occupational pensions, allegedly false accounting and incorrect financial statements, enforcement of claims due to tax issues, allegedly incorrect prospectuses in connection with underwriting transactions, alleged violations of competition laws, and cases brought by shareholders and other investors as well as investigations by supervisory authorities. Applicable sanctions regimes may result in Commerzbank or its subsidiaries being prevented from fulfilling obligations towards customers or business partners; as a result, Commerzbank and its subsidiaries may be subject to legal action. In addition, changes to rulings by supreme courts, which may render them more restrictive, as well as to legal conditions, e.g. in the private customer business, may result in more claims being brought against Commerzbank or its subsidiaries. In these court cases, claimants are mostly asking for the payment of compensation, claims on account of unjust enrichment or the reversal of agreements already entered into. If the courts were to find in favour of one or more of the claimants in these cases, Commerzbank could be liable to pay compensation, which could in some cases be substantial, or could incur the expense of reversing agreements or of other cost-intensive measures.

Supervisory authorities and governmental institutions in various countries in which Commerzbank and its subsidiaries are or have been active have for some years been investigating irregularities in connection with the fixing of foreign exchange rates and with foreign exchange business in general. In the course of these investigations, supervisory authorities and governmental institutions have also sought checks on Commerzbank or have approached the Bank with requests for information. Commerzbank has cooperated fully with these bodies and also looked into the relevant matters on the basis of its own comprehensive investigations. The cases are no longer active with the exception of one case in which the investigating authority transferred the matter to the national competition tribunal. Financial consequences cannot be ruled out.

The public prosecutor's office in Frankfurt is investigating equity transactions conducted by Commerzbank and the former Dresdner

Bank around the dividend record date (cum-ex transactions). Commerzbank had already initiated a forensic analysis of cum-ex transactions at the end of 2015, which was concluded at the start of 2018 in respect of Commerzbank's equity transactions and in September 2019 in respect of the equity transactions of the former Dresdner Bank. All back taxes demanded by the tax authorities have been paid.

The public prosecutor's office in Cologne has been conducting investigations at Commerzbank since September 2019 in connection with a separate case concerning cum-ex transactions. It is investigating on suspicion that the Bank (including Dresdner Bank) was involved in cum-ex transactions in various roles, including by supplying shares to third parties who were allegedly acting as short sellers. According to the current understanding, these proceedings do not involve Commerzbank's own tax credit claims with regard to capital gains tax and the solidarity surcharge on dividends.

The Bank is cooperating fully with authorities conducting investigations into cum-ex transactions. It is currently not possible to predict whether this will result in a burden, whether it will occur, or the amount of any resulting burden.

Based on the circular on cum/cum transactions published by the Federal Ministry of Finance (BMF) in 2017, the tax auditors commented on the treatment of these transactions in the form of audit notes. The tax office reduced the credit for capital gains taxes accordingly. In response, Commerzbank AG made value adjustments to tax credits shown in the balance sheet and set up additional provisions for possible repayment claims in order to reflect the changed risk situation fully and appropriately. The BMF published a revised version of its circular on cum/cum transactions on 9 July 2021. In view of the potential impact of the BMF circular, the provision was adjusted in the second quarter of 2021. Based on current knowledge, the tax risks arising from this issue have thereby been adequately covered. The possibility of further charges over and above the provisions recognised by the Bank cannot be completely ruled out.

With respect to securities lending transactions, Commerzbank is exposed to compensation claims (including in court) from third parties for crediting entitlements that have been denied. In the context of these securities lending transactions, the contracting parties were obliged to reimburse Commerzbank for dividends and withholding tax. However, the tax offices of various contracting parties partially refused or subsequently disallowed subsequent crediting against corporate income tax.

In May 2017, a Polish court admitted a class action lawsuit against mBank alleging the ineffectiveness of index clauses in loan agreements denominated in Swiss francs. A total of 1,731 plaintiffs have joined the class action. The plaintiffs have lodged an appeal against the ruling of the court of first instance rejecting their claims.

Independently of this, numerous borrowers have also filed individual lawsuits for the same reasons. In addition to the class

action, 20,002 other individual proceedings were pending as at 30 June 2023 (31 December 2022: 17,627). mBank has contested these claims.

As at 30 June 2023, there were 3,173 final rulings in individual proceedings against mBank, of which 108 were decided in favour of mBank and 3,065 were decided against mBank.

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.

In the requests for preliminary rulings sent to the ECJ by Polish courts in proceedings concerning mBank, which raise key issues about how to deal with indexed loans, such as the declaration of such loan agreements as null and void, the statute of limitations for repayment claims and the compensation for use owed to the banks (C-139/22 and C-140/22), a date for the hearing or pronouncement of a decision has not yet been set.

In another bank's reference for a preliminary ruling (C-520/21), the ECJ ruled on 15 June 2023 that it is not contrary to EU law for a consumer to be able, in principle, to claim compensation under national law going beyond reimbursement of the monthly instalments paid. Since EU law precludes banks from claiming from consumers in excess of the capital paid, banks have no further claim to compensation for use of the capital.

Specifically, the ECJ ruled that Directive 93/13/EEC on unfair terms in consumer contracts (the "Unfair Contract Terms Directive") does not expressly govern the consequences resulting from the invalidity of a loan agreement concluded between a bank and a consumer after an unfair indexation clause has been annulled. This is left to national law. The legal consequences must be compatible with EU law and the objectives pursued by the Unfair Contract Terms Directive. The consumer's factual and legal position must be restored to the one in which he or she would have been in if the invalid loan agreement had not been concluded and the deterrence of banks from using an unfair term must not be jeopardised. The consumer's ability to make claims against the bank that go beyond the reimbursement of the monthly instalments paid does not jeopardise these objectives. Banks are discouraged from using unfair terms. However, this is for the national courts to judge. In doing so, they must observe the principle of proportionality.

The Unfair Contract Terms Directive precludes the bank from demanding compensation from the consumer beyond the reimbursement of the principal paid and the payment of default interest at the statutory rate. Such compensation would remove the deterrent effect for banks and endanger consumer protection. Banks must not derive any economic advantages from their unlawful conduct or be compensated for the disadvantages caused by such conduct.

mBank established a settlement programme beginning in the fourth quarter of 2022 that is aimed at all customers with active

loans, including those who already have lawsuits against the bank. Customers will be offered the option of having their loans converted into zloty loans with a fixed or variable interest rate as well as the cancellation of an individually negotiated part of the outstanding loan value. As at the reporting date, mBank had accounted for risks in connection with future settlement payments in the amount of €78.7m.

mBank has looked into the implications of the ruling and has examined and partly adjusted the parameters of the model, such as the expected number of borrowers who will still sue, the nature of the expected court judgements, the amount of the Bank's loss in the event of a judgement and the acceptance rate for settlements. The methodology used to calculate the provision is based on parameters that are varied, discretionary and in some cases associated with considerable uncertainty. Fluctuations in the parameters as well as their interdependencies and rulings of the Polish courts and the ECJ may mean that the amount of the provision has to be adjusted significantly in the future.

As at 30 June 2023, the portfolio of loans denominated in Swiss francs that have not been fully repaid had a carrying amount of 3.5bn Polish zloty; the portfolio that had already been repaid amounted to 8.5bn Polish zloty when it was disbursed. Overall, the Group recognised a provision of €1.7bn for the risks arising from the matter, including potential settlement payments and the class action lawsuit (31 December 2022: €1.4bn). In the case of loans that have not yet been fully repaid, the legal risks are taken into account in the gross carrying amounts of the receivables directly when estimating the cash flows, and not shown as a provision.

In April 2021, the German Federal Court of Justice ruled on the mechanism for changes to banks' general terms and conditions (AGB Banken) in a case against another bank and declared the relevant clauses of the general terms and conditions to be void. This mechanism stipulated that the customer's consent to certain changes in the contract was given after a certain period of time if the customer had not objected. The Bank has examined the impact of this case law on its business units and products, as the charges introduced or increased for consumers as a result of the mechanism for changes to banks' general terms and conditions may be void.

Some of these cases could also have an impact on the reputation of Commerzbank and its subsidiaries. The Group recognises provisions for such proceedings if liabilities are likely to result from them and the amounts to which the Group is likely to be liable can be determined with sufficient accuracy. Since there are considerable uncertainties as to how such proceedings will develop, the possibility cannot be ruled out that some of the provisions recognised for them may prove to be inadequate once the courts' final rulings are known. As a result, substantial additional expense may be incurred. This is also true in the case of legal proceedings for which the Group did not consider it necessary to recognise provisions. The eventual outcome of some legal proceedings might have an impact on Commerzbank's results and cash flow in a given

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reporting period; in the worst case, it cannot be fully ruled out that the liabilities which might result from them may also have a significant impact on Commerzbank's earnings performance, assets and financial position.

Further information on legal proceedings may be found in Note 35 regarding provisions and Note 36 regarding contingent liabilities and lending commitments in the interim financial statements.

Compliance risk In recent years, Commerzbank has worked energetically and successfully through all the findings from the settlements with various US authorities in 2012, 2013 and 2015 regarding violations of US sanctions and money laundering prevention regulations. The Deferred Prosecution Agreement with the District Attorney of New York and the Deferred Prosecution Agreement were terminated with the US Department of Justice in March 2018 and May 2018 respectively, after consultation with the respective district attorney's offices. The Bank has also received various interim reports and on 15 October 2018 received the final report from the monitor appointed by the New York State Department of Financial Services (DFS), to which it has responded with corresponding implementation programmes. The monitor submitted its final report dated 15 October 2018, thus concluding its on-site investigations. In accordance with the terms of the engagement letter between the Bank and the monitor, the monitorship ended on 24 June 2019. The termination of the 2012 Written Agreement and of the 2013 and 2015 Cease & Desist Orders, published by the Board of Governors of the Federal Reserve System (Fed) on 23 June 2023, represents the official completion of actions by the Fed in the light of the sustained improvement in the Bank's compliance programme.

In the first quarter of 2023 the Bank submitted its concluding report to the DFS on the successful implementation of various measures.

On 23 June 2023 the EU published its 11th package of sanctions, aimed at countering the circumvention of sanctions against Russia. This package is focused once more on restrictions on goods. The restrictive measures entail ever more detailed requirements, including detailed exemption provisions, which have to be observed when implementing the sanctions provisions.

Cyber risk Cyber risk comprises risks with direct relevance to security and risks that lead to relevance to security (with respect to cyber space). The part of cyber space of relevance to Commerzbank is all connected IT environments within the Bank and those outside the Bank that lead to customers, business partners and service providers. Cyber risk is therefore concerned with the digital representation of the Bank's assets (data, information) within cyber space.

The strategic guidelines from the overarching Group risk strategy and the cyber and information security strategy apply without limitation to cyber risk.

Commerzbank manages cyber and information security risks via the Group division "Group Risk Management – Cyber Risk & Information Security" (GRM-CRIS), which reports to the Group Chief Information Security Officer (CISO). In addition to established security functions such as the ISO 27001 certified Information Security Management System (ISMS) as well as risk reporting on key risk indicators, GRM-CRIS focuses on managing cyber risk appropriately and on strengthening Commerzbank's cyber-resilience (including its information security incident management capabilities). It also addresses the interaction between cyber and information security risks and other types of material risk relating to areas such as operational risk.

The main factor in the current cyber risk situation – in which risk remains at a high level – is the geopolitical tension surrounding the Ukraine war. The Russia-Ukraine war continues to harbour a risk of attacks by state actors on critical infrastructure and resulting collateral effects on the Bank.

Ransomware has become one of the established attack vectors in organised cyber crime, and is a threat in particular to SMEs. With regard to distributed-denial-of-service (DDoS) attacks, we are observing an increasing shift from the network to the application level.

Steps have already been initiated to ensure improved protection from these threats by means of the agreed packages of capital investment and associated measures. Developments in the cyber context are observed on an ongoing basis at Commerzbank by an interdisciplinary task force (top management and specialists from GRM-CRIS and Group Technology Foundations – GSTF).

By closely interlinking the 1st and 2nd line of defence (LoD) activities in the field of cyber threat analysis, including corresponding protective measures and incident management processes, the Bank shall continue to be adequately protected against such attacks.

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.

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Income statement

€m	Notes	1.1.-30.6.2023	1.1.-30.6.2022 ¹	Change in %
Interest income accounted for using the effective interest method	(7)	7,088	3,425	.
Interest income accounted for not using the effective interest method	(7)	1,134	770	47.2
Interest income	(7)	8,222	4,195	96.0
Interest expenses	(7)	4,146	1,316	.
Net interest income	(7)	4,076	2,879	41.6
Dividend income	(8)	3	7	-53.5
Risk result	(9)	-276	-570	-51.6
Commission income	(10)	2,085	2,193	-4.9
Commission expenses	(10)	329	329	0.1
Net commission income	(10)	1,756	1,864	-5.8
Net income from financial assets and liabilities measured at fair value through profit or loss	(11)	-90	422	.
Net income from hedge accounting	(12)	7	-41	.
Other sundry realised profit or loss from financial instruments		-16	-11	51.1
Gain or loss on disposal of financial assets – Amortised cost		34	13	.
Other net income from financial instruments	(13)	18	2	.
Current net income from companies accounted for using the equity method		3	4	-21.9
Other net income	(14)	-477	75	.
Operating expenses	(15)	2,945	2,861	2.9
Compulsory contributions	(16)	312	491	-36.5
Restructuring expenses	(17)	8	39	-80.5
Pre-tax profit or loss		1,756	1,250	40.5
Taxes on income	(18)	617	425	45.2
Consolidated profit or loss		1,139	825	38.0
Consolidated profit or loss attributable to non-controlling interests		-6	57	.
Consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components		1,145	768	49.1

¹ Prior-year figures adjusted due to restatements (see Note 5).

€		1.1.-30.6.2023 ¹	1.1.-30.6.2022	Change in %
Earnings per share	(19)	0.76	0.46	64.6

¹ Weighted average of ordinary shares after share buyback program in June 2023 (see also statement of changes in equity).

The earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit or loss attributable to Commerzbank shareholders (see Note 19). 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.-30.6.2023	1.1.-30.6.2022	Change in %
Consolidated profit or loss	1,139	825	38.0
Change from remeasurement of defined benefit plans not recognised in income statement	57	176	-67.6
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	67	202	-66.8
Change in revaluation of land and buildings not recognised in income statement	-	-	.
Items not recyclable through profit or loss	124	378	- 67.2
Change in revaluation of debt securities (FVOCIImR)			
Reclassified to income statement	9	20	-56.2
Change in value not recognised in income statement	145	-463	.
Change in cash flow hedge reserve			
Reclassified to income statement	1	1	-35.9
Change in value not recognised in income statement	52	-130	.
Change in currency translation reserve			
Reclassified to income statement	21	-0	.
Change in value not recognised in income statement	90	189	-52.3
Valuation effect from net investment hedge			
Reclassified to income statement	-	-	.
Change in value not recognised in income statement	-3	-4	.
Change in companies accounted for using the equity method	0	-2	.
Items recyclable through profit or loss	314	- 389	.
Other comprehensive income	438	-11	.
Total comprehensive income	1,577	814	93.7
Comprehensive income attributable to non-controlling interests	85	- 33	.
Comprehensive income attributable to Commerzbank shareholders and investors in additional equity components	1,492	848	76.0

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Balance sheet

Assets €m	Notes	30.6.2023	31.12.2022 ¹	Change in %
Cash on hand and cash on demand		84,959	75,233	12.9
Financial assets – Amortised cost	(20)	299,915	296,192	1.3
of which: pledged as collateral		2,597	3,282	-20.9
Financial assets – Fair value OCI	(22)	37,245	34,887	6.8
of which: pledged as collateral		7,622	5,335	42.9
Financial assets – Mandatorily fair value P&L	(24)	41,235	29,912	37.9
of which: pledged as collateral		-	-	.
Financial assets – Held for trading	(25)	30,750	33,573	-8.4
of which: pledged as collateral		2,560	1,325	93.2
Value adjustment on portfolio fair value hedges		-3,666	-3,935	-6.8
Positive fair values of derivative hedging instruments		1,706	1,729	-1.3
Holdings in companies accounted for using the equity method		163	182	-10.2
Intangible assets	(31)	1,352	1,289	4.9
Fixed assets	(32)	2,314	2,426	-4.6
Investment properties		59	57	2.8
Non-current assets held for sale		139	156	-10.8
Current tax assets		167	178	-6.0
Deferred tax assets		2,725	3,113	-12.5
Other assets	(33)	2,539	2,436	4.2
Total		501,603	477,428	5.1

¹ Prior-year figures adjusted due to restatements (see Note 5).

Liabilities and equity €m	Notes	30.6.2023	31.12.2022 ¹	Change in %
Financial liabilities – Amortised cost	(21)	404,919	390,385	3.7
Financial liabilities – Fair value option	(23)	38,460	25,018	53.7
Financial liabilities – Held for trading	(24)	18,737	24,759	-24.3
Value adjustment on portfolio fair value hedges		-4,339	-4,840	-10.4
Negative fair values of derivative hedging instruments		3,494	3,113	12.2
Provisions	(35)	3,358	3,479	-3.5
Current tax liabilities		640	826	-22.5
Deferred tax liabilities		5	6	-16.8
Other liabilities	(34)	4,383	3,749	16.9
Equity		31,944	30,934	3.3
Subscribed capital		1,240	1,252	-1.0
Capital reserve		10,075	10,075	-
Retained earnings		17,209	16,495	4.3
Other reserves (with recycling)		-668	-891	-25.0
Equity attributable to Commerzbank shareholders		27,856	26,931	3.4
Additional equity components		3,114	3,114	-
Non-controlling interests		974	888	9.6
Total		501,603	477,428	5.1

¹ Prior-year figures adjusted due to restatements (see Note 5).

Statement of changes in equity

€m	Sub- scribed capital	Capital reserve	Retained earnings	Other reserves Revalu- ation reserve	Cash flow hedge reserve	Currency trans- lation reserve	Equity attribut- able to Commerz- bank share- holders	Additio- nal equity compo- nents ¹	Non- con- trolling inter- ests	Equity
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	-	-	1,269	131	36	56	1,492	-	85	1,577
Consolidated profit or loss			1,145				1,145		-6	1,139
Change in own credit spread (OCS) of liabilities FVO			67				67		-	67
Change from remeasurement of defined benefit plans			57				57		-0	57
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 (FVOCI mR)				131			131		23	154
Change in cash flow hedge reserve					36		36		16	52
Change in currency translation reserve						58	58		53	111
Valuation effect from net investment hedge						-3	-3		-	-3
Change in companies accounted for using the equity method						0	0		-	0
Share buyback	-12		-110				-122		-	-122
Dividend paid on shares			-250				-250		-0	-251
Distributions to Additional Tier 1 instruments			-194				-194		-	-194
Changes in ownership interests			-0				-0		0	-
Other changes			-0				-0		1	1
Equity as at 30.6.2023	1,240	10,075	17,209	-316	-81	-271	27,856	3,114	974	31,944

¹ Includes the Additional Tier 1 bonds (AT1 bonds), which are unsecured subordinated bonds classified as equity under IFRS. There were no repurchases.

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€m	Subscribed capital	Capital reserve	Retained earnings ¹	Other reserves			Equity attributable to Commerzbank shareholders ¹	Additional equity components ²	Non-controlling interests	Equity ¹
				Revaluation reserve	Cash flow hedge reserve	Currency translation reserve				
Equity as at 31.12.2021 (before restatements)	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	-	-	1,146	-415	-87	204	848	-	-33	814
Consolidated profit or loss			768				768		57	825
Change in own credit spread (OCS) of liabilities FVO			202				202		-	202
Change from remeasurement of defined benefit plans			175				175		0	176
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 (FVOCIImR)				-415			-415		-29	-443
Change in cash flow hedge reserve					-87		-87		-41	-129
Change in currency translation reserve						209	209		-21	189
Valuation effect from net investment hedge						-4	-4		-	-4
Change in companies accounted for using the equity method						-2	-2		-	-2
Dividend paid on shares							-		-3	-3
Distributions to Additional Tier 1 instruments			-190				-190		-	-190
Changes in ownership interests			-1				-1		1	-
Other changes			14				14		0	14
Equity as at 30.6.2022	1,252	10,075	15,975	-500	-175	-192	26,436	3,114	940	30,490

¹ Prior-year figures adjusted due to restatements (see Note 5).

² Includes the Additional Tier 1 bonds (AT1 bonds), which are unsecured subordinated bonds classified as equity under IFRS. There were no repurchases.

AT-1-Bonds

In the current financial year as well as in the previous year, no AT-1 bond was issued.

Other changes

As at 30 June 2023, the subscribed capital of Commerzbank Aktiengesellschaft pursuant to the Bank's Articles of Association was €1,252m and was divided into 1,252,357,634 no-par-value shares (accounting value per share of €1.00). Of these no-par-value shares, 12,134,305 shares representing 0.97% of the share capital were repurchased in June 2023 pursuant to a share buyback programme. The average purchase price per share paid on the stock

market was €10.05. The purpose of the share buyback was to reduce the share capital of Commerzbank Aktiengesellschaft. The repurchased shares of Commerzbank Aktiengesellschaft are therefore to be cancelled in the second half of 2023.

The annual general meeting of Commerzbank Aktiengesellschaft decided on 31 May 2023 to pay a dividend of €0.20 per share for the 2022 financial year.

The main changes in the currency translation reserve in the current financial year were due to the US dollar, Polish zloty, British pound and Russian rouble.

The other changes include changes from taxes not recognised in the income statement.

Cash flow statement (condensed version)

€m	2023	2022	Change in %
Cash and cash equivalents as at 1.1.	75,233	49,507	52.0
Net cash from operating activities	10,327	55,437	-81.4
Net cash from investing activities	-443	-278	59.6
Net cash from financing activities	-3	-573	-99.5
Total net cash	9,881	54,586	-81.9
Effects from exchange rate changes	-155	622	.
Cash and cash equivalents as at 30.6.	84,959	104,716	-18.9

With regard to the Commerzbank Group, the cash flow statement is not very informative. The cash flow statement neither replaces the liquidity/financial planning for us, nor is it used as a management tool.

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General information

(1) Accounting policies

The Commerzbank Group has its headquarters in Frankfurt/Main, Germany. The parent company is Commerzbank Aktiengesellschaft, which is registered in the Commercial Register at the District Court of Frankfurt/Main under registration no. HRB 32000. Our interim financial statements as at 30 June 2023 were prepared in accordance with Art. 315e of the German Commercial Code (Handelsgesetzbuch, or "HGB") and Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (the IAS Regulation). In addition, other regulations for adopting certain international accounting standards on the basis of the International Financial Reporting Standards (IFRS) approved and published by the International Accounting Standards Board (IASB) and their interpretation by the IFRS Interpretations Committee have also been applied. This Interim Report takes particular account of the requirements of IAS 34 relating to interim financial reporting.

All standards and interpretations that are mandatory within the EU in the 2023 financial year have been applied. We have not applied standards and interpretations that are not required until the 2024 financial year or later.

The interim management report, including the separate interim risk report pursuant to Art. 315 of the German Commercial Code, is published on pages 7 to 34 of this Interim Report.

Uniform accounting and measurement methods are used throughout the Commerzbank Group in preparing the financial

statements. For fully consolidated companies and holdings in companies accounted for using the equity method we have generally used financial statements prepared as at 30 June 2023.

The Group financial statements are prepared in euros, the reporting currency of the Group. Unless otherwise indicated, all amounts are shown in millions of euros. All items under €500,000.00 are presented as €0.00, and zero items are denoted by a dash. Due to rounding, in some cases the individual figures presented may not add up precisely to the totals provided.

Please refer to the Annual Report 2022 for general explanations and descriptions of the individual items in the income statement and balance sheet.

(2) New and revised standards and interpretations

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

(3) Report on events after the reporting period

There were no material events since the end of the reporting period.

Accounting and measurement policies

(4) Changes in accounting and measurement policies

In this interim report, we apply the same accounting and measurement policies and consolidation policies as in our consolidated financial statements as at 31 December 2022 (see Annual Report 2022, page 165 ff.).

(5) Adjustments in accordance with IAS 8

In the income statement as at 30 June 2022, €4m 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 or loss, the statement of comprehensive income or the earnings per share as at 30 June 2022. This adjustment has already been reported in the annual report as at 31 December 2022 and the interim financial information as at 31 March 2023.

Furthermore, in connection with a change in method for valuation allowances (provisions) in prior years, there was an additional adjustment in accordance with IAS 8.41 of certain off-balance sheet items 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 and deferred tax assets decreased by €10m as at 1 January 2022. Retained earnings, on the other hand, increased by €28m. This had no impact on consolidated profit or loss, the statement of comprehensive income or the earnings per share. This adjustment was already reported in the interim financial information as at 31 March 2023.

(6) Consolidated companies.

In the first half-year of 2023, no material companies were newly included in the scope of consolidated companies. In addition, no material companies were sold or liquidated or are no longer consolidated for other reasons.

Notes to the income statement

(7) Net interest income

€m	1.1.-30.6.2023	1.1.-30.6.2022	Change in %
Interest income accounted for using the effective interest method	7,088	3,425	.
Interest income – Amortised cost	6,623	3,250	.
Interest income from lending and money market transactions	6,110	2,855	.
Interest income from the securities portfolio	513	395	29.8
Interest income – Fair value OCI	450	152	.
Interest income from lending and money market transactions	2	3	-42.7
Interest income from the securities portfolio	448	149	.
Prepayment penalty fees	15	23	-33.3
Interest income accounted for not using the effective interest method	1,134	770	47.2
Interest income – Mandatorily fair value P&L	1,101	153	.
Interest income from lending and money market transactions	1,050	122	.
Interest income from the securities portfolio	50	31	64.3
Positive interest from financial instruments held as liabilities	33	617	-94.6
Interest expenses	4,146	1,316	.
Interest expenses – Amortised cost	2,951	856	.
Deposits	2,482	516	.
Debt securities issued	469	339	38.1
Interest expenses – Fair value option	1,109	91	.
Deposits	1,019	59	.
Debt securities issued	90	32	.
Negative interest from financial instruments held as assets	15	315	-95.2
Interest expenses on lease liabilities	11	9	22.6
Other interest expenses	60	45	31.3
Total	4,076	2,879	41.6

(8) Dividend income

€m	1.1.-30.6.2023	1.1.-30.6.2022	Change in %
Dividends from equity instruments – Fair value OCI	–	–	.
Dividends from equity instruments – Mandatorily fair value P&L	4	7	–45.1
Current net income from non-consolidated subsidiaries	–0	0	.
Total	3	7	–53.5

(9) Risk result

€m	1.1.-30.6.2023	1.1.-30.6.2022	Change in %
Financial assets – Amortised cost	–337	–550	–38.8
Financial assets – Fair value OCI	5	–18	.
Financial guarantees	2	0	.
Lending commitments and indemnity agreements	53	–3	.
Total	–276	–570	–51.6

The risk result contains changes to provisions recognised in the income statement for on- and off-balance-sheet financial instruments for which the IFRS 9 impairment model is to be applied. This also includes risk allocations and reversals beside others, new business, stage changes, derecognition because of redemptions, write-ups and amounts recovered on advances written-down and direct write-downs.

For information on the organisation of risk management and on the relevant key figures, for additional analyses and explanatory material on the expected credit loss and for information on the top-level adjustment, please refer to the interim management report on page 7 ff. and to Note 27.

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(10) Net commission income

€m	1.1.-30.6.2023	1.1.-30.6.2022 ¹	Change in %
Commission income	2,085	2,193	- 4.9
Securities transactions	576	658	- 12.5
Asset management	182	195	- 7.0
Payment transactions and foreign business	814	841	- 3.2
Guarantees	130	123	5.6
Syndicated business	122	95	28.0
Intermediary business	80	84	- 5.1
Fiduciary transactions	30	33	- 7.5
Other income	152	164	- 7.2
Commission expenses	329	329	0.1
Securities transactions	72	80	- 9.9
Asset management	23	19	20.2
Payment transactions and foreign business	103	99	4.2
Guarantees	11	12	- 10.9
Syndicated business	3	0	.
Intermediary business	48	70	- 30.9
Fiduciary transactions	24	26	- 7.9
Other expenses	44	22	99.9
Net commission income	1,756	1,864	- 5.8
Securities transactions	503	578	- 12.9
Asset management	159	176	- 10.0
Payment transactions and foreign business	711	742	- 4.2
Guarantees	119	111	7.5
Syndicated business	119	95	24.6
Intermediary business	32	14	.
Fiduciary transactions	6	6	- 6.0
Other income	108	142	- 23.9
Total	1,756	1,864	- 5.8

¹ Prior-year figures adjusted due to restatements (see Note 5).

The breakdown of commission income into segments by type of services based on IFRS 15 is as follows:

1.1.-30.6.2023 €m	Private and Small-Business Customers	Corporate Clients	Others and Consolidation ¹	Group
Securities transactions	571	16	-11	576
Asset management	179	3	0	182
Payment transactions and foreign business	389	433	-8	814
Guarantees	15	129	-14	130
Syndicated business	0	122	0	122
Intermediary business	77	8	-5	80
Fiduciary transactions	27	3	0	30
Other income	132	26	-6	152
Total	1,389	740	-44	2,085

¹ The items in Others and Consolidation mainly relate to effects from the consolidation of expenses and income.

1.1.-30.6.2022 €m ²	Private and Small-Business Customers	Corporate Clients	Others and Consolidation ¹	Group
Securities transactions	653	15	-11	658
Asset management	193	2	-	195
Payment transactions and foreign business	378	470	-7	841
Guarantees	14	127	-17	123
Syndicated business	0	95	0	95
Intermediary business	81	25	-21	84
Fiduciary transactions	29	4	-	33
Other income	145	28	-9	164
Total	1,493	765	-65	2,193

¹ The items in Others and Consolidation mainly relate to effects from the consolidation of expenses and income.

² Prior-year figures adjusted due to IFRS 8.29 (see Note 37).

(11) Net income from financial assets and liabilities measured at fair value through profit or loss

€m	1.1.-30.6.2023	1.1.-30.6.2022	Change in %
Profit or loss from financial instruments – Held for trading	-130	215	.
Profit or loss from financial instruments – Fair value option	-7	326	.
Profit or loss from financial instruments – Mandatorily fair value P&L	47	-119	.
Total	-90	422	.

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(12) Net income from hedge accounting

€m	1.1.-30.6.2023	1.1.-30.6.2022	Change in %
Fair value hedges			
Changes in fair value attributable to hedging instruments	32	1,920	-98.3
Micro fair value hedges	133	1,891	-93.0
Portfolio fair value hedges	-101	29	.
Changes in fair value attributable to hedged items	-25	-1,962	-98.7
Micro fair value hedges	-115	-2,003	-94.2
Portfolio fair value hedges	90	41	.
Cash flow hedges			
Gain or loss from effectively hedged cash flow hedges (ineffective part only)	1	1	7.6
Net investment hedges			
Gain or loss from effectively hedged net investment hedges (ineffective part only)	-	-	.
Total	7	-41	.

(13) Other net income from financial instruments

€m	1.1.-30.6.2023	1.1.-30.6.2022	Change in %
Other sundry realised profit or loss from financial instruments	-16	-11	51.1
Realised profit or loss from financial assets – Fair Value OCI	-9	-20	-56.2
Realised profit or loss from financial liabilities – Amortised Cost	-1	10	.
Gain or loss on non-substantial modifications – Amortised Cost	-8	-1	.
Gain or loss on non-substantial modifications – Fair Value OCI	-	-	.
Changes in uncertainties in estimates – Amortised Cost	1	-0	.
Changes in uncertainties in estimates – Fair Value OCI	-	-	.
Gain or loss on disposal of financial instruments (AC portfolios)	34	13	.
Gains on disposal of financial instruments (AC portfolios)	49	18	.
Losses on disposal of financial instruments (AC portfolios)	15	5	.
Total	18	2	.

(14) Other net income

€m	1.1.-30.6.2023	1.1.-30.6.2022	Change in %
Other material items of income	341	435	-21.7
Reversals of provisions	47	72	-34.2
Operating lease income	128	72	77.4
Hire-purchase income and sublease income	8	8	3.9
Income from investment properties	1	0	44.2
Income from non-current assets held for sale	-	-	.
Income from disposal of fixed assets	10	20	-51.6
Income from FX rate differences	98	142	-30.8
Remaining other income	49	121	-59.6
Other material items of expense	798	342	.
Allocations to provisions	137	48	.
Operating lease expenses	42	50	-17.3
Hire-purchase expenses and sublease expenses	2	1	64.5
Expenses from investment properties	11	1	.
Expenses from non-current assets held for sale	-	-	.
Expenses from disposal of fixed assets	0	1	-36.7
Expenses from FX rate differences	92	131	-29.4
Remaining other expenses	513	110	.
Other taxes (netted)	-5	-21	-78.0
Realised profit or loss and net remeasurement gain or loss from associated companies and jointly controlled entities (netted)	-15	4	.
Other net income	-477	75	.

Other net income mainly includes the expenses associated with loan agreements in Swiss francs (CHF) with index clauses. This amounts to €520m in the current financial year (previous year period: €81m).

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(15) Operating expenses

Personnel expenses €m	1.1.-30.6.2023	1.1.-30.6.2022	Change in %
Wages and salaries	1,660	1,553	6.9
Expenses for pensions and similar employee benefits	108	131	-17.8
Total	1,767	1,684	4.9

Administrative expenses €m	1.1.-30.6.2023	1.1.-30.6.2022 ¹	Change in %
Occupancy expenses	127	127	-0.3
IT expenses	260	275	-5.5
Workplace and information expenses	92	99	-7.6
Advisory, audit and other expenses required to comply with company law	102	94	8.5
Travel, representation and advertising expenses	92	71	30.6
Personnel-related administrative expenses	38	41	-7.5
Other administrative expenses	79	60	31.8
Total	790	767	3.0

¹ Prior-year figures adjusted due to restatements (see Note 5).

Depreciation and amortisation €m	1.1.-30.6.2023	1.1.-30.6.2022	Change in %
Office furniture and equipment	44	46	-5.1
Land and buildings	4	4	-7.8
Intangible assets	198	208	-4.7
Right of use assets	142	152	-6.3
Total	388	410	-5.3

(16) Compulsory contributions

Compulsory contributions €m	1.1.-30.6.2023	1.1.-30.6.2022	Change in %
Deposit Protection Fund	45	143	-68.5
Polish bank tax	80	70	13.6
European bank levy	187	278	-32.8
Total	312	491	-36.5

(17) Restructuring expenses

€m	1.1.-30.6.2023	1.1.-30.6.2022	Change in %
Expenses for restructuring measures in progress	8	39	-80.5
Total	8	39	-80.5

(18) Taxes on income

Group tax expense was €617m as at 30 June 2023 (prior-year period: €425m). With pre-tax profit of €1,756m (prior-year period: €1,250m) the Group's effective tax rate was 35.2% (prior-year period: 34.0%) (Group income tax rate: 31.5%, previous year: 31.5%). The Group tax expense for the current financial year 2023

results mainly from the taxation of the positive result in the period under review as well as provisions in connection with retail mortgage financing in foreign currency at mBank, which were not deductible for tax purposes.

(19) Earnings per share

€	1.1.-30.6.2023	1.1.-30.6.2022	Change in %
Operating profit (€m)	1,764	1,289	36.8
Consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components (€m)	1,145	768	49.1
Dividend on additional equity components (€m)	194	190	2.2
Consolidated profit or loss attributable to Commerzbank shareholders (€m)	950	578	64.5
Average number of ordinary shares issued ¹	1,251,266,052	1,252,357,634	-0.1
Operating profit per share (€)	1.41	1.03	36.9
Earnings per share (€)	0.76	0.46	64.6

¹ Weighted average of ordinary shares after share buyback program in June 2023 (see also statement of changes in equity).

Earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit or loss attributable to Commerzbank shareholders and are calculated by dividing the consolidated profit or loss by the weighted average number of shares outstanding during the financial year. As in the previous year, no conversion or

option rights were outstanding in the reporting year. The figure for diluted earnings per share was therefore identical to the undiluted figure. The breakdown of operating profit is set out in the segment report (see Note 37).

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Financial assets and liabilities

(20) Financial assets – Amortised cost

€m	30.6.2023	31.12.2022	Change in %
Loans and advances	270,892	267,432	1.3
Debt securities	29,023	28,760	0.9
Total	299,915	296,192	1.3

(21) Financial liabilities – Amortised cost

€m	30.6.2023	31.12.2022	Change in %
Deposits	363,122	352,403	3.0
Debt securities issued	41,797	37,982	10.0
Money market instruments	342	268	27.7
Pfandbriefe	21,664	18,853	14.9
Other debt securities issued	19,791	18,861	4.9
Total	404,919	390,385	3.7

New issues with a total volume of €4.8bn were issued in the first six months of 2023 (prior-year period: €3.1bn). In the same period, the volume of bonds maturing amounted to €1.7bn (prior-year period: €2.7bn). In the current financial year there were no redemptions. An issue with a nominal volume of €0.1bn that was ineligible due to regulatory provisions was repurchased in the prior year period.

Commerzbank has been participating in the ECB's third programme of targeted longer-term refinancing operations (TLTRO III) since 2020. Of the total €35.9bn, €26.6bn were repaid in the fourth quarter of 2022 and €5.2bn were repaid in the second quarter of 2023.

The interest rate depends on the development of the credit volume in a benchmark portfolio, which, if a threshold has been reached, results in a discount on the rate. Commerzbank reached the threshold in 2021 and utilised the interest rate discounts.

Interest income was essentially recognised in net interest income on a pro rata basis with a corresponding reduction of the refinancing liability. Due to several increases in policy rates in the second half of 2022 and the first half of 2023, there was no longer any need under IAS 20 to recognise an interest rate subsidy for the time to maturity. In total, interest expenses of €132m (prior year: income of €190m) were incurred in the first half of 2023.

(22) Financial assets – Fair value OCI

€m	30.6.2023	31.12.2022	Change in %
Loans and advances (with recycling)	266	273	-2.5
Debt securities (with recycling)	36,979	34,614	6.8
Equity instruments (without recycling)	-	-	.
Total	37,245	34,887	6.8

(23) Financial liabilities – Fair value option

€m	30.6.2023	31.12.2022	Change in %
Deposits	33,846	20,943	61.6
Debt securities issued (Other debt securities issued)	4,613	4,075	13.2
Total	38,460	25,018	53.7

For liabilities to which the fair value option was applied, the change in fair value in the first six months of 2023 due to credit risk reasons was €-49m (previous year: €-255m). The cumulative change was €-109m (previous year: €-136m).

No reclassifications without effect on income were recognised in retained earnings in the current and in the previous period.

The debt securities issued item include issues of Commerzbank green bonds. Commerzbank successfully issued another green bond in June 2022 with an issue volume of €500m. This is the

Bank's third green bond and follows the inaugural issue in October 2018 and the second issue in September 2020. The callable non-preferred senior bond has a fixed interest period until September 2026 and a fixed coupon of 3.00% per year.

New issues with a total volume of €1.0bn were issued in the first six months of 2023 (prior-year period: €0.5bn). During the same period there were no volume of repayments as well as maturing issues within the same period or in the prior-year period.

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(24) Financial assets – Mandatorily fair value P&L

€m	30.6.2023	31.12.2022	Change in %
Loans and advances	37,390	26,570	40.7
Debt securities	2,933	2,471	18.7
Equity instruments	912	871	4.6
Total	41,235	29,912	37.9

(25) Financial assets – Held for trading

€m	30.6.2023	31.12.2022	Change in %
Loans and advances	1,628	1,355	20.1
Debt securities	5,009	2,810	78.2
Equity instruments	926	1,009	-8.2
Positive fair values of derivative financial instruments	19,276	26,320	-26.8
Interest-rate-related derivative transactions	8,806	11,692	-24.7
Currency-related derivative transactions	8,243	12,472	-33.9
Equity derivatives	898	881	1.9
Credit derivatives	97	186	-47.8
Other derivative transactions	1,232	1,089	13.1
Other trading positions	3,911	2,080	88.1
Total	30,750	33,573	-8.4

(26) Financial liabilities – Held for trading

€m	30.6.2023	31.12.2022	Change in %
Certificates and other issued bonds	988	473	.
Delivery commitments arising from short sales of securities	1,578	970	62.7
Negative fair values of derivative financial instruments	16,172	23,316	-30.6
Interest-rate-related derivative transactions	7,157	10,195	-29.8
Currency-related derivative transactions	8,011	11,555	-30.7
Equity derivatives	112	206	-45.8
Credit derivatives	288	213	34.9
Other derivative transactions	604	1,147	-47.3
Total	18,737	24,759	-24.3

Credit risks and credit losses

(27) Credit risks and credit losses

Principles and measurements

IFRS 9 stipulates that impairments for credit risks from loans and securities that are not measured at fair value through profit or loss must be recognised using a three-stage model based on expected credit losses.

In the Commerzbank Group, the following financial instruments are included in the scope of this impairment model:

- financial assets in the form of loans and advances as well as debt securities measured at amortised cost;
- financial assets in the form of loans and advances as well as debt securities measured at fair value through other comprehensive income (FVOCI);
- lease receivables;
- irrevocable lending commitments which under IFRS 9 are not measured at fair value through profit or loss;
- financial guarantees within the scope of IFRS 9 that are not measured at fair value through profit or loss.

The Group determines the impairment using a three-stage model based on the following requirements:

In stage 1, as a rule all financial instruments are recognised if their risk of a loan loss (hereinafter default risk) has not increased significantly since their initial recognition. In addition, stage 1 includes all transactions with limited default risk on the reporting date (option under IFRS 9). These are securities as well as financial instruments with states, local or regional authorities of the OECD whose internal credit rating on the reporting date is in the investment grade range (corresponding to Commerzbank rating 2.8 or better). For financial instruments in stage 1, an impairment must be recognised in the amount of the expected credit losses from possible events of default over the term of the transaction, subject to a maximum of 12 months (12-month ECL).

Stage 2 includes those financial instruments with default risk that has increased significantly since their initial recognition and which, as at the financial reporting date, cannot be classified as transactions with limited default risk. In addition to a client-specific change in the probability of default (PD), Commerzbank defines further qualitative criteria whose presence is assumed to denote a significant increase in default risk. Instruments are then allocated to stage 2 independently of the individual change in PD. Impairments in stage 2 are recognised in the amount of the financial instrument's lifetime expected credit loss (LECL). For financial

instruments that are committed for an unlimited period (open transactions), a top-down approach is used to determine the LECL as a percentage of the current loss at default (LaD) on the basis of realised historical losses.

Financial instruments that are classified as impaired as at the reporting date are allocated to stage 3. As the criterion for this, Commerzbank uses its definition of a default pursuant to Article 178 CRR as well as the supplementary EBA guidance on the application of the definition of default pursuant to Article 178 of Regulation (EU) No. 575/2013. This approach is consistent because the ECL calculation also uses statistical risk parameters derived from the Basel IRB approach, which are modified to meet the requirements of IFRS 9.

The following events can be indicative of a customer default:

- over 90 days past due;
- unlikely to pay;
- financial rescue/distressed restructuring with concessions;
- the Bank has demanded immediate repayment of its claims;
- the customer is in insolvency.

The LECL is likewise used as the value of the required impairment for stage-3 financial instruments in default. When determining the LECL, the Group distinguishes in principle between significant and insignificant cases. The amount of the LECL for insignificant transactions (volumes up to €5m) is determined based on statistical risk parameters. The LECL for significant transactions (volumes greater than €5m) is the expected value of the losses derived from individual expert assessments of future cash flows based on several potential scenarios and their probability of occurrence. The scenarios and probabilities are based on assessments by recovery and resolution specialists. For each scenario – without regard to whether it is a continuation or sale scenario – the timing and amount of the expected future cash flows are estimated. Both the customer-specific and the macroeconomic situation are taken into account (for example currency restrictions, currency value fluctuations, commodity price developments), as well as the sector environment, with a view to the future. The estimate is also based on external information. Sources include indices (e.g. World Corruption Index), forecasts (e.g. by the IMF), information from global associations of financial service providers (e.g. the Institute of International Finance) and publications from rating agencies and auditing firms.

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If a default criterion no longer applies, the financial instrument recovers and, after the applicable probation period has been adhered to, is no longer allocated to stage 3. After recovery, a new assessment is made based on the updated rating information to see if the default risk has increased significantly since initial recognition in the balance sheet and the instrument is allocated to stage 1 or stage 2 accordingly.

Financial instruments which when initially recognised are already considered impaired as per the aforementioned definition (“purchased or originated credit-impaired”, or “POCI”, financial instruments) are handled outside the three-stage impairment model and are therefore not allocated to any of the three stages. The initial recognition is based on fair value without recording an impairment, but using an effective interest rate that is adjusted for creditworthiness. The impairment recognised in the income statement in subsequent periods equals the cumulative change in the LECL since the initial recognition in the balance sheet. The LECL remains the basis for the measurement, even if the value of the financial instrument has increased.

Claims are written off in the balance sheet as soon as it is reasonable to assume that a financial asset is not realisable in full or in part and that the claims are therefore uncollectible. Uncollectibility may arise in the settlement process for various objective reasons, such as the demise of the borrower without realisable assets in the estate or completion of insolvency proceedings without further prospect of payments. Moreover, loans are generally regarded as (partially) uncollectible at the latest 720 days after their due date and are (partially) written down to the expected recoverable amount within the framework of existing loan loss provisions. Such a (partial) write-down has no direct impact on ongoing debt collection measures.

Assessment of a significant increase in default risk

Commerzbank’s rating systems combine into the customer-specific probability of default (PD) all available quantitative and qualitative information relevant for forecasting the default risk. This metric is based primarily on a statistical selection and weighting of all available indicators. In addition, the PD adjusted in accordance with IFRS 9 requirements takes into account not only historical information and the current economic environment, but also, in particular, forward-looking information such as the forecast for the development of macroeconomic conditions.

Commerzbank essentially uses the probability of default (PD) as a frame of reference for assessing whether the default risk of a financial instrument has increased significantly since the date of its

initial recognition. By anchoring the review of the relative transfer criterion in the robust processes and procedures of the Bank’s Group-wide credit risk management framework (in particular, early identification of credit risk, controlling of overdrafts and the re-rating process), the Bank ensures that a significant increase in the default risk is identified in a reliable and timely manner based on objective criteria.

Commerzbank applies some key additional qualitative criteria for the allocation to stage 2. These are:

- overdrafts > 20 days;
- clients in intensive care whose Commerzbank credit rating is 4.6 or worse on the reporting date;
- clients in intensive care whose Commerzbank credit rating on the reporting date is 4.0 or worse and whose external credit rating is 5.0 or worse;
- customers who are granted a forbearance measure according to Article 47b CRR that does not lead to a default (stage 3);

For further information on Commerzbank’s processes and procedures as well as governance in credit risk management, please refer to the explanatory information in the interim management report contained in this interim report (page 17 ff.).

The review to determine whether the default risk as at the financial reporting date has risen significantly since the initial recognition of the respective financial instrument is performed as at the end of the reporting period. This review compares the observed probability of default over the residual maturity of the financial instrument (lifetime PD) against the lifetime PD over the same period as expected on the date of initial recognition. In accordance with IFRS requirements, in some subportfolios, the original and current PD are compared based on the probability of default over a period of 12 months after the end of the reporting period (12-month PD). In these cases, the Bank uses equivalence analyses to demonstrate that no material variances have occurred compared with an assessment using the lifetime PD.

A quantile and then thresholds in the form of rating levels are set using a statistical procedure in order to determine whether an increase in the PD compared with the initial recognition date is “significant”. These thresholds, which are differentiated by rating models, represent a critical degree of variance from the expectation of the average PD development. If the current PD exceeds this threshold, a critical deviation is present and leads to an assignment to stage 2. In order to ensure an economically sound allocation of the stage, transaction-specific factors are taken into account, including the extent of the PD at the initial recognition date, the term (to date) and the remaining term of the transaction.

Commerzbank generally refrains from checking whether there is a significant increase in the default risk as at the reporting date compared to the time of acquisition of the relevant financial instrument for those transactions for which there is a low default risk as at the reporting date (IFRS 9 option). These are securities as well as financial instruments with states, local or regional authorities of the OECD whose internal credit rating on the reporting date is in the investment grade range (corresponding to Commerzbank rating 2.8 or better).

Financial instruments are retransferred from stage 2 to stage 1 if at the end of the reporting period the default risk is no longer significantly elevated compared with the initial recognition date.

Calculation of expected credit loss (ECL)

Commerzbank calculates the ECL as the probability-weighted, unbiased and discounted expected value of future loan losses over the total residual maturity of the respective financial instrument.

The 12-month ECL used for the recognition of impairments in stage 1 is the portion of the LECL that results from default events which are expected to occur within 12 months following the end of the reporting period.

The ECL for stage 1 and stage 2 as well as for insignificant financial instruments in stage 3 is determined on an individual transaction basis taking into account statistical risk parameters. These parameters have been derived from the Basel IRB approach and modified to meet the requirements of IFRS 9.

The significant main parameters used in this determination include:

- customer-specific probability of default (PD);
- loss given default (LGD); and the
- exposure at default (EaD).

All risk parameters used from the Bank's internal models have been adjusted to meet the specific requirements of IFRS 9, and the forecast horizon has been extended accordingly to cover the entire term of the financial instruments. For example, the forecast for the development of the exposure over the entire term of the financial instrument therefore also includes, in particular, contractual and statutory termination rights.

In the case of loan products that consist of a utilised loan amount and an open credit line and for which in customary commercial practice the credit risk is not limited to the contractual notice period (at Commerzbank this relates primarily to revolving products without a contractually agreed repayment structure, such as overdrafts and credit card facilities), the LECL must be determined using a behavioural maturity, which typically exceeds the maximum contractual period. In order to ensure that the LECL for these

products is determined in an empirically sound manner in compliance with IFRS 9 requirements, Commerzbank calculates the LECL directly for these products based on realised historical losses.

In the sense of the inclusion of forward-looking information required by IFRS 9, the risk result for stages 1 and 2 as of 30 June 2023 includes a one-off charge of a total of 45 million Euro from the expected adaptation of the LGD models to the new regulatory standard (Future of IRB).

As a rule, the Group estimates the risk parameters specific to IFRS 9 based not only on historical default information but also, in particular, on the current economic environment (point-in-time perspective) and forward-looking information. This assessment primarily involves reviewing the effects which the Bank's macroeconomic forecasts will have regarding the amount of the ECL, and including these effects in the determination of the ECL.

This is based on an expert estimate derived from the macroeconomic scenario, which takes account of factors such as GDP growth and the unemployment rate. The baseline scenario specifies ranges for this.

The baseline scenario was checked for consistency with mBank's baseline scenario with regard to the key assumptions.

The baseline scenario reflects the economic uncertainties and the consequences of the Russian war of aggression against Ukraine. It includes the following material assumptions:

- The global economy continues to suffer from uncertainties related to the Russian war of aggression against Ukraine and the global tightening of monetary policy.
- Positive effects resulting from the gradual resolution of supply chain issues and from the easing in energy markets are not sufficient to make up for the negative effects of a restrictive monetary policy, which, with a time lag, is increasingly acting as a drag on economic activity.
- The eurozone economy is suffering as a consequence of the high interest rate environment, which is having a sharply negative impact on capital expenditure and consumer spending. Neither the stable labour market nor lower energy prices are sufficient to outweigh this effect.
- German industry faces a slowdown in demand for exports and tighter financing terms. At the same time, the extensive support schemes that have been put in place by the state are lessening the ongoing negative impact of higher energy prices (energy price caps for electricity, gas and heating for households and companies, which will apply at least for the whole of 2023).

The baseline scenario takes the following growth assumptions and unemployment rate into consideration:

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Baseline scenario	2023	2024
GDP growth		
Germany	-1,0% up to 0,0%	-0,5% up to 0,5%
Eurozone	-0,5% up to 0,5%	-0,5% up to 0,5%
Rate of unemployment		
Germany	5,9% up to 6,3%	6,1% up to 6,5%
Eurozone	6,8% up to 7,2%	6,6% up to 7,0%

We therefore expect slightly worse economic developments than those forecast by the ECB and the Bundesbank in June 2023.

On the reporting date, the expected credit loss for stages 1 and 2 (including the secondary effects TLA contained therein (€456m)), calculated on the basis of the baseline scenario described above, was €1.5bn.

Relevant experts were adequately consulted, within the framework of the existing policies, to ensure that account was taken of the current situation and the uncertainties arising from the macroeconomic situation and the Russian war of aggression against Ukraine.

Potential effects from non-linear correlations between different macroeconomic scenarios and the LECL are corrected using a separately determined adjustment factor. This factor was reviewed on an event-driven basis in the second quarter of 2023 and remains at a constant level compared to the previous quarter. The baseline scenario as well as a pessimistic and an optimistic scenario were used to determine the factor. The weightings for the individual scenarios are also always determined by relevant experts and are regulated in a policy.

The pessimistic scenario includes as key assumptions that in the second half of 2023 the negative effects of the restrictive monetary policy will become increasingly visible and will hamper economic activity much more than expected. In view of the high interest rates and the persistent geopolitical uncertainties, companies will become increasingly cautious and will postpone or reduce investments. Due to low temperatures during the winter of 2023/24, the European energy markets will be subject to renewed pressure. Rising energy prices will represent a significant additional burden, especially for energy-intensive industries, the transport sector and private households. A gas shortage will, however, be avoidable.

In this pessimistic scenario, the estimated expected credit loss (stages 1 and 2) would decrease by €0.6bn.

The optimistic scenario is based on the key assumption that the economic recovery will no longer be characterised by uncertainties caused by the Russian war of aggression against Ukraine and will be accompanied by corresponding reductions in energy prices as well as inflation and interest rate developments.

In this optimistic scenario, the estimated expected credit loss (stages 1 and 2) would decrease by €0.4bn.

The table below provides an overview of the most important underlying macroeconomic parameters in the optimistic and pessimistic scenarios, which were subsequently translated into expert-based notch assumptions:

2023	Optimistic scenario	Baseline scenario	Pessimistic scenario
GDP-growth			
Germany	0.7%	-1,0% up to 0,0%	-1.2%
Eurozone	1.2%	-0,5% up to 0,5%	-0.7%
Rate of unemployment			
Germany	5.7%	5,9% up to 6,3%	6.3%
Eurozone	6.7%	6,8% up to 7,2%	7.5%

IFRS 9 requires the inclusion of forward-looking information when determining the expected credit loss. However, the IFRS 9 ECL model result implemented at Commerzbank does not take into account forward-looking scenarios or events resulting from unforeseeable, singular events, such as natural disasters, material political decisions or military conflicts. Risks are provided for by a top-level adjustment (TLA). The examination with the involvement of senior management as to whether such TLAs are necessary, as well as their possible implementation, are regulated in a policy.

In the first half of 2023, such an adjustment of the IFRS 9 ECL model result was deemed necessary, as the parameters used in the associated models did not fully cover the secondary effects resulting from the persistent supply chain issues as well as the uncertainties resulting from increased energy prices and the evolution of interest rates and inflation going forward.

The methodology used for determining the need for adjustments to the ECL model result corresponds to the methodology used for determining the secondary effects TLA in 2022.

The effects of the adjustments on the stage allocation were taken into account in the calculation of the TLA. This booking was portfolio-based. It is shown in the presentation of the change in loan loss provisions in the line "Changes in parameters and models". No across-the-board stage transfers of individual transactions were made.

For more information on ECL and TLA, see the Risk Report in the Group management report (page 17 ff.). In determining total Group loan loss provisions, it is necessary to make assumptions that are subject to high estimation uncertainty, particularly in a dynamic environment.

Overall, the valuation allowances for risks arising from financial assets and the provisions for off-balance-sheet items changed as follows:

€m	As at 1.1.2023	Net allocations/ reversals	Utilisation	Change in the group of consolidated companies	Exchange rate changes/ re- classification	As at 30.6.2023
Valuation allowances for risks from financial assets	3,092	331	183	–	43	3,283
Financial assets – Amortised cost	3,068	337	183	–	44	3,266
Loans and advances	3,019	347	183	–	44	3,227
Debt securities	49	–10	–	–	0	39
Financial assets – Fair value OCI	23	–5	–	–	–1	17
Loans and advances	0	–0	–	–	–0	0
Debt securities	23	–5	–	–	–1	16
Provisions for financial guarantees	11	–2	–	–	0	9
Provisions for lending commitments	360	–33	–	–	0	327
Provisions for indemnity agreements	203	–20	–	–	–1	182
Total	3,666	276	183	–	42	3,801

€m ¹	As at 1.1.2022	Net allocations/ reversals	Utilisation	Change in the group of consolidated companies	Exchange rate changes/ re- classification	As at 31.12.2022
Valuation allowances for risks from financial assets	2,886	828	634	–3	14	3,092
Financial assets – Amortised cost	2,872	817	634	–3	16	3,068
Loans and advances	2,829	811	634	–3	16	3,019
Debt securities	44	6	–	–	–0	49
Financial assets – Fair value OCI	13	12	–	–	–2	23
Loans and advances	1	–1	–	–	0	0
Debt securities	13	12	–	–	–2	23
Provisions for financial guarantees	13	–3	–	–0	2	11
Provisions for lending commitments	334	24	–	–0	2	360
Provisions for indemnity agreements	173	26	–	–0	4	203
Total	3,405	876	634	–3	21	3,666

¹ Prior-year figures adjusted due to restatements (see Note 5).

The breakdown into stages in the current financial year is as follows:

€m	Stage 1	Stage 2	Stage 3	POCI	Total
Valuation allowances for risks from financial assets	326	861	2,037	59	3,283
Loans and advances	296	840	2,031	59	3,227
Debt securities	29	20	6	–	56
Provisions for financial guarantees	2	2	4	1	9
Provisions for lending commitments	96	165	47	20	327
Provisions for indemnity agreements	8	12	105	56	182
Total	432	1,040	2,193	136	3,801

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The breakdown into stages as at 31 December 2022 is as follows:

€m ¹	Stage 1	Stage 2	Stage 3	POCI	Total
Valuation allowances for risks from financial assets	330	762	1,937	63	3,092
Loans and advances	293	735	1,928	63	3,019
Debt securities	37	27	9	–	72
Provisions for financial guarantees	2	3	4	1	11
Provisions for lending commitments	101	183	41	35	360
Provisions for indemnity agreements	2	27	124	51	203
Total	436	974	2,106	150	3,666

¹ Prior-year figures adjusted due to restatements (see Note 5).

Other notes on financial instruments

(28) IFRS 13 fair value hierarchies and disclosure requirements

Fair value hierarchy

Commerzbank classifies financial instruments in a three-level-fair value measurement hierarchy as follows:

- Level 1: Financial instruments whose fair values are determined as the quoted prices for identical financial instruments in active markets.
- Level 2: Financial instruments where no quoted prices are available for identical instruments in an active market and the fair value is established using valuation techniques which rely on observable market parameters.
- Level 3: Financial instruments where valuation techniques are used that incorporate at least one material input for which there is insufficient observable market data and where at least this input has a more than insignificant impact on the fair value.

With respect to the methods of model-based measurements (level 2 and level 3) relevant for banks, IFRS 13 recognises the market approach and the income approach. The market approach relies on measurement methods that rely on information about identical or comparable assets and liabilities.

The income approach reflects current expectations about future cash flows, expenses and income. The income approach may also include option price models. These valuations are subject to a higher degree of judgements by management. Market data or third-party inputs are relied on to the greatest possible extent, and company-specific inputs to a limited degree.

All fair values are subject to the Commerzbank Group's internal controls and procedures, which set out the standards for independently verifying or validating fair values. These controls and procedures are carried out and coordinated by the Independent Price Verification (IPV) Group within the risk function. The models, inputs and resulting fair values are reviewed regularly by senior management and the risk function.

Disclosure obligations

Below, a distinction is made between:

- financial instruments measured at fair value (fair value OCI, fair value option, mandatorily fair value P&L and held for trading);
- financial instruments measured at amortised cost.

The respective disclosure requirements regarding these financial instruments are set out in IFRS 7 and IFRS 13.

a) Financial instruments measured at fair value

According to IFRS 13, the fair value of an asset is the amount for which it could be sold between knowledgeable, willing parties in an arm's length transaction. The fair value therefore represents an exit price. The fair value of a liability is defined as the price at which the debt could be transferred to a third party as part of an orderly transaction.

The measurement of liabilities must also take account of the Bank's own credit spread. If third parties provide security for our liabilities (e.g. guarantees), this security is not taken into account in the valuation of the liability, as the Bank's repayment obligation remains the same.

When measuring derivative transactions, the Group uses the possibility of establishing net risk positions for financial assets and liabilities. The measurement takes into account not only counterparty credit risk but also the Bank's own default risk. The Group determines credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) by simulating the future fair values of its portfolios of derivatives with the respective counterparty based on observable market data (e.g. CDS spreads). In the case of funding valuation adjustments (FVAs), the funding costs or income of uncollateralised derivatives, as well as collateralised derivatives where there is only partial collateral or the collateral cannot be used for funding purposes, are recognised at fair value. Like CVAs and DVAs, FVAs are also determined from the expected value of the future positive or negative portfolio fair values using observable

market data (e.g. CDS spreads). The funding curve used to calculate the FVAs is approximated by the Commerzbank funding curve.

The following tables show the financial instruments reported in the balance sheet at fair value by IFRS 9 fair value category and by class.

Financial assets €bn	30.6.2023				31.12.2022 ¹			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets – Fair value OCI								
Loans and advances	–	0.3	–	0.3	–	0.3	–	0.3
Debt securities	28.0	8.7	0.3	37.0	16.7	17.6	0.3	34.6
Equity instruments	–	–	–	–	–	–	–	–
Financial assets – Mandatorily fair value P&L								
Loans and advances	–	36.3	1.1	37.4	–	25.8	0.8	26.6
Debt securities	0.8	1.6	0.5	2.9	0.5	1.1	0.8	2.5
Equity instruments	0.0	–	0.9	0.9	0.0	–	0.9	0.9
Financial assets – Held for trading								
Loans and advances	0.7	0.8	0.1	1.6	0.6	0.6	0.1	1.4
Debt securities	3.5	1.5	–	5.0	1.4	1.4	–	2.8
Equity instruments	0.9	0.0	0.0	0.9	1.0	0.0	0.0	1.0
Derivatives	0.0	18.2	1.1	19.3	0.0	25.3	1.0	26.3
Others	3.9	–	–	3.9	2.1	–	–	2.1
Positive fair values of derivative financial instruments								
Hedge accounting	–	1.7	–	1.7	–	1.7	–	1.7
Non-current assets held for sale and disposal groups								
Loans and advances	–	–	–	–	–	–	–	–
Debt securities	–	–	–	–	–	–	–	–
Equity instruments	0.1	–	–	0.1	0.1	–	–	0.1
Derivatives	–	–	–	–	–	–	–	–
Total	37.9	69.0	4.0	111.0	22.5	73.8	3.9	100.2

¹ Adjusted figures.

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Financial liabilities €bn	30.6.2023				31.12.2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities - Fair value option								
Deposits	–	33.8	–	33.8	–	20.9	–	20.9
Debt securities issued	2.5	2.1	–	4.6	1.6	2.5	–	4.1
Financial liabilities - Held for trading								
Derivatives	0.0	15.8	0.3	16.2	0.0	23.1	0.1	23.3
Certificates and other issued bonds	1.0	–	–	1.0	0.5	–	–	0.5
Delivery commitments arising from short sales of securities	1.2	0.4	–	1.6	0.5	0.4	–	1.0
Negative fair values of derivative hedging instruments								
Hedge accounting	–	3.5	–	3.5	–	3.1	–	3.1
Liabilities of disposal groups								
Deposits	–	–	–	–	–	–	–	–
Debt securities issued	–	–	–	–	–	–	–	–
Derivatives	–	–	–	–	–	–	–	–
Certificates and other issued bonds	–	–	–	–	–	–	–	–
Delivery commitments arising from short sales of securities	–	–	–	–	–	–	–	–
Total	4.7	55.6	0.3	60.7	2.6	50.1	0.1	52.9

Commerzbank reclassifies items as at the end of the reporting period.

In the first six months of 2023, €0.1bn of debt securities in the category FVOCI were reclassified from level 1 to level 2, as no quoted market prices were available. By contrast €0.7bn of debt securities were reclassified in the category FVOCI from level 2 to level 1, as quoted market prices were again available. There were no other significant reclassifications between level 1 and level 2.

In the 2022 financial year €9.2bn debt securities in the FVOCI category, €0.1bn debt securities in the mFVPL category, €0.2bn debt securities in the HFT category and €0.1bn of delivery

commitments arising from short sales of securities in the HFT category were reclassified from level 1 to level 2, as no quoted market prices were available. By contrast, €8.7bn of debt securities in the FVOCI category, €0.2bn of debt securities in the HFT category, €0.2bn of debt securities in the mFVPL category, €0.1bn of loans and advances in the HFT category and €0.1bn of delivery commitments arising from short sales of securities in the HFT category were reclassified from level 2 to level 1 as quoted market prices were again available. There were no other significant reclassifications between level 1 and level 2.

The changes in financial instruments in the level 3 category were as follows:

Financial assets €m	Financial assets – Fair value OCI	Financial assets – Mandatorily fair value P&L	Financial assets – Held for trading	Non-current assets held for sale and disposal groups	Total
Fair Value as at 1.1.2023¹	321	2,472	1,070	–	3,862
Changes in the group of consolidated companies	–	–	–	–	–
Gains or losses recognised in income statement during the period	1	30	–81	–	–50
of which: unrealised gains or losses	1	30	–81	–	–50
Gains or losses recognised in revaluation reserve	–	–	–	–	–
Purchases	–	349	121	–	470
Sales	–	–55	–10	–	–65
Issues	–	–	–	–	–
Redemptions	–	–	–4	–	–4
Reclassifications to level 3	–	–	83	–	83
Reclassifications from level 3	–	–249	–	–	–249
IFRS 9 reclassifications	–	–	–	–	–
Reclassifications from/to non-current assets held for sale and disposal groups	–	–	–	–	–
Fair value as at 30.6.2023	322	2,547	1,179	–	4,048

¹ Adjusted figures.

Financial assets ¹ €m	Financial assets – Fair value OCI	Financial assets – Mandatorily fair value P&L	Financial assets – Held for trading	Non-current assets held for sale and disposal groups	Total
Fair Value as at 1.1.2022	774	2,948	1,271	66	5,059
Changes in the group of consolidated companies	–	–	–	–	–
Gains or losses recognised in income statement during the period	–60	–351	30	–	–381
of which: unrealised gains or losses	–60	–351	39	–	–372
Gains or losses recognised in revaluation reserve	–105	–	–	–	–105
Purchases	–	14	415	–	429
Sales	–	–176	–628	–11	–815
Issues	–	–	–	–	–
Redemptions	–	–	–13	–	–13
Reclassifications to level 3	–	40	365	–	405
Reclassifications from level 3	–288	–4	–370	–55	–717
IFRS 9 reclassifications	–	–	–	–	–
Reclassifications from/to non-current assets held for sale and disposal groups	–	–	–	–	–
Fair value as at 31.12.2022	321	2,472	1,070	–	3,862

¹ Adjusted figures.

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In the first six months of 2023, €0.1bn of derivatives in the category HFT were reclassified from level 2 to level 3, as no observable market parameters were available. By contrast €0.2bn of debt securities in the category mFVPL were reclassified from level 3 to level 2, as observable market parameters were again available. There were no other significant reclassifications.

In the 2022 financial year €0.3bn of derivatives in the category HFT were reclassified from level 2 to level 3, as no observable market parameters were available. Furthermore, €0.3bn of debt

securities in the category FVOCI, €0.3bn debt securities in the category HFT, €0.1bn of derivatives in the HFT asset category and €0.1bn derivatives in the “hold to collect and sell” asset category were reclassified from level 3 to level 2, as observable market parameters were again available. There were no other significant reclassifications.

The changes in financial liabilities in the level 3 category during the financial year were as follows:

Financial liabilities €m	Financial liabilities – Fair value option	Financial liabilities – Held for trading	Liabilities of disposal groups	Total
Fair Value as at 1.1.2023	–	147	–	147
Changes in the group of consolidated companies	–	–	–	–
Gains or losses recognised in income statement during the period	–	17	–	17
of which: unrealised gains or losses	–	23	–	23
Purchases	–	183	–	183
Sales	–	–30	–	–30
Issues	–	–	–	–
Redemptions	–	–	–	–
Reclassifications to level 3	–	–	–	–
Reclassifications from level 3	–	–1	–	–1
Reclassification from/to liabilities of disposal groups	–	–	–	–
Fair value as at 30.6.2023	–	316	–	316

Financial liabilities €m	Financial liabilities – Fair value option	Financial liabilities – Held for trading	Liabilities of disposal groups	Total
Fair Value as at 1.1.2022	–	454	75	529
Changes in the group of consolidated companies	–	–	–	–
Gains or losses recognised in income statement during the period	–	–254	–	–254
of which: unrealised gains or losses	–	–163	–	–163
Purchases	–	147	–	147
Sales	–	–287	–2	–290
Issues	–	–	–	–
Redemptions	–	–	–	–
Reclassifications to level 3	–	201	–	201
Reclassifications from level 3	–	–114	–73	–187
Reclassification from/to liabilities of disposal groups	–	–	–	–
Fair value as at 31.12.2022	–	147	–	147

In the first six months of 2023, there were no other significant reclassifications of liabilities from or to level 3.

In the 2022 financial year €0.1bn of derivatives in the "hold to collect and sell" liability category were reclassified from level 3 to level 2, as observable market parameters were again available. By contrast €0.2bn of derivatives in the HFT liabilities category were reclassified from level 2 to level 3, as no observable market parameters were available. There were no other significant reclassifications of liabilities from or to level 3.

Sensitivity analysis

Where the value of financial instruments is based on unobservable input parameters (level 3), the precise level of these parameters at the reporting date may be derived from a range of reasonable possible alternatives at the discretion of management. In preparing the Group financial statements, appropriate levels for these unobservable input parameters are chosen which are consistent with existing market evidence and in line with the Group's valuation control approach.

The purpose of this disclosure is to illustrate the potential impact of the relative uncertainty in the fair values of financial instruments with valuations based on unobservable input parameters (level 3). Interdependencies frequently exist between the parameters used to determine level 3 fair values. For example, an anticipated improvement in the overall economic situation may cause share prices to rise, while securities perceived as being lower risk, such as German Government Bonds, may lose value. Such interdependencies are accounted for by means of correlation parameters insofar as they have a significant effect on the fair values in question. If a valuation model uses several parameters, the choice of one parameter may restrict the range of possible values the other parameters may take. So, by definition, this category will contain more illiquid instruments, instruments with longer-term maturities and instruments where sufficient independent observable market data are difficult to obtain. The purpose of this information is to illustrate the main unobservable input parameters for level 3 financial instruments and subsequently present various inputs on which the key input parameters were based.

The main unobservable input parameters for level 3 and the key related factors may be summarised as follows:

- **Internal rate of return (IRR):**

The IRR is defined as the discount rate that sets the net present value of all future cash flows from an instrument equal to zero.

For bonds, for example, the IRR depends on the current bond price, the nominal value and the duration.

- **Credit spread:**

The credit spread is the yield spread (premium or discount) between securities that are identical in all respects except for their respective credit quality. The credit spread represents the excess yield above the benchmark reference instrument that compensates for the difference in creditworthiness between the

instrument and the benchmark. Credit spreads are quoted in terms of the number of basis points above (or below) the quoted benchmark. The wider (higher) the credit spread in relation to the benchmark, the lower the instrument's creditworthiness, and vice versa for narrower (lower) credit spreads.

- **Interest rate-forex (IR-FX) correlation:**

The IR-FX correlation is relevant for the pricing of exotic interest rate swaps involving the exchange of funding instruments in one currency and an exotic structured leg that is usually based on the development of two government bond yields in different currencies. Consensus market data for longer durations are not observable for certain exotic interest products. For example, CMT yields for US government bonds with a duration of more than ten years are not observable.

- **Recovery rates, survival and default probabilities:**

Supply and demand as well as the arbitrage relationship with asset swaps tend to be the dominant factors driving pricing of credit default swaps (CDS). Models for pricing credit default swaps tend to be used more for exotic structures and off-market default swap valuation for which fixed interest payments above or below the market rate are agreed. These models calculate the implied default probability of the reference asset as a means of discounting the cash flows expected in a credit default swap. The model inputs are credit spreads and recovery rates that are used to interpolate ("bootstrap") a time series of survival probabilities of the reference asset. A typical recovery rate assumption in the default swap market for senior unsecured contracts is 40 %. Assumptions about recovery rates are a factor determining the shape of the survival probability curve. Different recovery rate assumptions translate into different survival probability rates. For a given credit spread, a high recovery rate assumption implies a higher probability of default (relative to a low recovery rate assumption) and hence a lower survival probability. There is a relationship over time between default rates and recovery rates of corporate bond issuers. The correlation between the two is an inverse one: an increase in the default rate (defined as the percentage of issuers defaulting) is generally associated with a decline in the average recovery rate. In practice, market participants use market spreads to determine implied default probabilities. Estimates of default probabilities also depend on the joint loss distributions of the parties involved in a credit derivative transaction. The copula function is used to measure the correlation structure between two or more variables. The copula function creates a joint distribution while keeping the characteristics of the two independent marginal distributions.

- **Repo curve:**

The repo curve parameter is an input parameter that is relevant for the pricing of repurchase agreements (repos). Generally, these are short dated maturities ranging from O/N up to 12 months. Beyond 12-month maturities the repo curve parameter may become unobservable, particularly for emerging

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market underlyings, due to the lack of available independent observable market data. In some cases, proxy repo curves may be used to estimate the repo curve input parameter. When classifying into the fair value hierarchy, the observability of the parameters used is assessed. Furthermore, mutual fund related repos may also contain unobservable repo curve exposures.

- **Price:**
Certain interest rate and loan instruments are accounted for on the basis of their price. It follows that the price itself is the unobservable parameter of which the sensitivity is estimated as a deviation in the net present value of the positions.
- **Investment fund volatility:**
In general, the market for options on investment funds is less liquid than the market for stock options. As a result, the volatility of the underlying investment funds is determined based on the composition of the fund products. There is an indirect method of determining the corresponding volatility surfaces. This method is assigned to level 3 because the market data it uses are not liquid enough to be classified as level 2.
- **Inflation volatility:**
Inflation volatility represents the degree of fluctuation in financial instruments that transfer inflation risk between parties. This is based on a historical time series of cash flows, linked to the inflation trend.

- **Correlation between shares and interest rates:**
Correlation is a parameter that measures the movements between two instruments. It is measured by a correlation coefficient. In this specific case, the parameter refers to the correlation between shares and interest rates.
- **Mean reversion:**
Mean reversion represents the long-term trend of prices and returns towards a mean price or average. This long-term average may be either a historical average of a price or yield or some other relevant average.
- **Surrender rate:**
The surrender rate refers to the percentage of policyholders who terminate their life insurance policies before their regular expiry dates and receive a portion of the premiums paid.
- **Lapse rate:**
The lapse rate refers to the percentage of policyholders who let their cover lapse through non-payment of premiums. In general, the lapse rate is higher for policies with higher premiums, longer durations and lower accumulation of net present value.

The following ranges for the material unobservable parameters were used in the valuation of our level 3 financial instruments:

€m	Valuation techniques	30.6.2023		Significant unobservable input parameters	30.6.2023	
		Assets	Liabilities		Range	
Loans and advances		1,221	-		-	-
Repos	DCF model	812	-	Repo-curve (bps)	363	573
Other loans	DCF model	410	-	Credit spread (bps)	59	1,144
Debt securities		841	-		-	-
Interest-rate-related transactions	Spread based model	841	-	Credit spread (bps)	162	293
of which: ABS	DCF model	400	-	Price (%)	90%	110%
Equity instruments		889	-		-	-
Equity-related transactions	DCF model	889	-	Price (%)	90%	110%
Derivatives		1,096	316			
Equity-related transactions	DCF model	750	307	IRR (%)	10%	20%
	Option pricing model	-	-	Lapse rates (%)	0.9%	1.1%
		-	-	Surrender rate (%)	0.0%	4.5%
Credit derivatives (incl. PFI and IRS)	DCF model	113	-17	Credit spread (bps)	23	27,603
		-	-	Recovery rate (%)	0%	25%
Interest-rate-related transactions	Option pricing model	234	27	Mean Reversion Parameter (%)	-1.60%	-1.43%
		-	-	Inflation Volatility (%)	-57.31%	63.12%
Other transactions		-	-			
Total		4,048	316			

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€m	31.12.2022 ¹			31.12.2022		
	Valuation techniques	Assets	Liabilities	Significant unobservable input parameters	Range	
Loans and advances		926	–		–	–
Repos	DCF model	486	–	Repo-curve (bps)	200	470
Other loans	DCF model	440	–	Credit spread (bps)	80	3,668
Debt securities		1,106	–		–	–
Interest-rate-related transactions	Spread based model	1,106	–	Credit spread (bps)	175	325
of which: ABS	Spread based model	644	–	Price (%)	90%	110%
Equity instruments		867	–		–	0
Equity-related transactions	DCF model	867	–	Price (%)	90%	110%
Derivatives		963	147			
Equity-related transactions	DCF model	671	118	IRR (%)	10%	20%
	Option pricing model	–	–	Lapse rates (%)	0.9%	1.1%
		–	–	Surrender rate (%)	0.0%	4.5%
Credit derivatives (incl. PFI and IRS)	DCF model	52	–14	Credit spread (bps)	26	4,700
		–	–	Recovery rate (%)	0%	25%
Interest-rate-related transactions	Option pricing model	240	44	Mean Reversion Parameter (%)	–1.97%	–1.34%
Other transactions		–	–	Inflation Volatility (%)	–54.02%	52.54%
Total		3,862	147			

¹ Adjusted figures.

The table below shows the impact on the income statement of reasonable parameter estimates at the extremes of these ranges for instruments in level 3 of the fair value hierarchy. The sensitivity

analysis for financial instruments in level 3 of the fair value hierarchy is broken down by type of financial instrument:

€m	30.6.2023		Changed parameters
	Positive effects on income statement	Negative effects on income statement	
Loans and advances	12	-12	
Repos	8	-8	Repo curve
Other loans	3	-3	Credit spread
Debt securities	25	-25	
Interest-rate-related transactions	25	-25	Price
of which: ABS	15	-15	Price
Equity instruments	9	-9	
Equity-related transactions	9	-9	Price
Derivatives	25	-23	
Equity-related transactions	24	-23	IRR, price, lapse rates, surrender rates
Credit derivatives (incl. PFI and IRS)	0	-0	Credit spread, recovery rate, price
Interest-rate-related transactions	1	-1	Mean Reversion Parameter, Inflation Volatility
Other transactions	-	-	
€m	31.12.2022 ¹		Changed parameters
	Positive effects on income statement	Negative effects on income statement	
Loans and advances	9	-9	
Repos	5	-5	Repo curve
Other loans	4	-4	Credit spread
Debt securities	29	-29	
Interest-rate-related transactions	29	-29	Price
of which: ABS	19	-19	Price
Equity instruments	9	-9	
Equity-related transactions	9	-9	Price
Derivatives	14	-14	
Equity-related transactions	13	-13	IRR, price, lapse rates, surrender rates
Credit derivatives (incl. PFI and IRS)	0	-0	Credit spread, recovery rate, price
Interest-rate-related transactions	1	-1	Mean Reversion Parameter, Inflation Volatility
Other transactions	-	-	

¹ Adjusted figures.

The selected parameters lie at the extremes of their range of reasonable possible alternatives. In practice, however, it is unlikely that all unobservable parameters would simultaneously lie at the extremes of their range of reasonable possible alternatives. Consequently, the estimates provided are likely to exceed the actual uncertainty in the fair values of these instruments. The purpose of these figures is not to estimate or predict future changes in fair value. The unobservable parameters were either shifted by between 1 and 10% as deemed appropriate by our independent valuation experts for each type of instrument or a measure of standard deviation was applied.

Day one profit or loss

The Commerzbank Group has entered into transactions where the fair value was calculated using a valuation model, where not all input parameters were observable in the market. The initial carrying value of such transactions is the fair value. The difference between the transaction price and the fair value under the model is termed the “day one profit or loss”. The day one profit or loss is not recognised immediately in the income statement but over the term of the transaction. As soon as there is a quoted market price on an active market for such transactions or all input parameters

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become observable, the accrued day one profit or loss is immediately recognised in the income statement in the gain or loss from financial assets and liabilities measured at fair value through profit or loss. A cumulated difference between the transaction price

and fair value determined by the model is calculated for the level 3 items in all categories. Material impacts result only from financial instruments of the HFT category.

The amounts changed as follows:

€m	Day-one profit or loss		Total
	Financial assets – Held for trading	Financial liabilities – Held for trading	
Balance as at 1.1.2022	–	8	8
Allocations not recognised in income statement	–	0	0
Reversals recognised in income statement	–	–5	–5
Balance as at 31.12.2022	–	3	3
Allocations not recognised in income statement	–	14	14
Reversals recognised in income statement	–	–1	–1
Balance as at 30.6.2023	–	16	16

b) Financial instruments measured at amortised cost

IFRS 7 additionally requires disclosure of the fair values for financial instruments not measured in the balance sheet at fair value. The measurement methodology to determine fair value in these cases is explained below.

The nominal value of financial instruments that fall due on a daily basis is taken as their fair value.

Market prices are not available for loans. In the case of loans, the Bank therefore applies a discounted cash flow model (DCF-model).

The cash flows are discounted using a risk-free interest rate plus premiums for risk costs, refinancing costs, operating expenses and equity costs. The risk-free interest rate is determined based on swap rates (swap curves) that match the corresponding maturities and currencies. These can usually be derived from external data.

In addition, the Bank applies a premium in the form of a calibration constant that includes a profit margin. The profit margin is reflected in the model valuation of loans such that fair value as at the initial recognition date corresponds to the disbursement amount.

Data on the credit risk costs of major banks and corporate customers are available in the form of credit spreads.

In the case of securities accounted for in the amortised cost category of IFRS 9, fair value is determined based on available

market prices (level 1), assuming an active market exists. If there is no active market, recognised valuation methods are to be used to determine the fair values. In general, an asset swap pricing model is used for the valuation. The parameters applied comprise yield curves and the asset swap spreads of comparable benchmark instruments.

For deposits, a DCF model is generally used for determining fair value, since market data are usually not available. In addition to the yield curve, own credit spread and a premium for operating expenses are also taken into account. Credit spreads of the respective counterparties are not used in the measurement of liabilities.

The fair value of debt securities issued is determined on the basis of available market prices. If no prices are available, the discounted cash flow model (DCF) is used to determine the fair values. A number of different factors, including current market interest rates, own credit spread and equity costs, are taken into account in determining fair value.

With respect to each of the explanations provided above, if available market prices are applied, they are to be classified as level 1. Otherwise, classification is made at level 2 or level 3, depending on the input parameters used (observable or not observable).

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30.6.2023 €bn	Fair value	Carrying amount	Difference	Level 1	Level 2	Level 3
Assets	368.7	381.2	-12.5	7.6	120.9	240.3
Cash on hand and cash on demand	85.0	85.0	-	-	85.0	-
Financial assets – Amortised cost	283.8	299.9	-16.2	7.6	35.9	240.3
Loans and advances	256.5	270.9	-14.4	-	18.8	237.7
Debt securities	27.2	29.0	-1.8	7.6	17.1	2.5
Value adjustment on portfolio fair value hedges	-	-3.7	3.7	-	-	-
Liabilities	404.5	400.6	3.9	31.6	369.7	3.2
Financial liabilities – Amortised cost	404.5	404.9	-0.5	31.6	369.7	3.2
Deposits	362.7	363.1	-0.4	-	360.8	1.9
Debt securities issued	41.7	41.8	-0.1	31.6	8.9	1.2
Value adjustment on portfolio fair value hedges	-	-4.3	4.3	-	-	-

31.12.2022 €bn	Fair value	Carrying amount	Difference	Level 1	Level 2	Level 3
Assets	353.5	367.5	-14.0	9.3	105.3	238.9
Cash on hand and cash on demand	75.2	75.2	-	-	75.2	-
Financial assets – Amortised cost	278.3	296.2	-17.9	9.3	30.1	238.9
Loans and advances	251.8	267.4	-15.7	-	16.9	234.9
Debt securities	26.5	28.8	-2.3	9.3	13.2	4.1
Value adjustment on portfolio fair value hedges	-	-3.9	3.9	-	-	-
Liabilities	389.9	385.5	4.4	24.9	363.0	2.0
Financial liabilities – Amortised cost	389.9	390.4	-0.5	24.9	363.0	2.0
Deposits	352.1	352.4	-0.3	-	351.4	0.7
Debt securities issued	37.8	38.0	-0.1	24.9	11.5	1.4
Value adjustment on portfolio fair value hedges	-	-4.8	4.8	-	-	-

(29) Information on netting of financial instruments

Below we present the reconciliation of gross amounts before netting to net amounts after netting, as well as the amounts for existing netting rights that do not meet the accounting criteria for netting – separately for all financial assets and liabilities carried on the balance sheet that

- are already netted in accordance with IAS 32.42 (financial instruments I), and are
- subject to an enforceable, bilateral master netting agreement or a similar agreement but are not netted in the balance sheet (financial instruments II).

Assets €m	30.6.2023		31.12.2022	
	Reverse repos	Positive fair values of derivative financial instruments	Reverse repos	Positive fair values of derivative financial instruments
Gross amount of financial instruments	69,023	156,244	52,921	159,435
Carrying amount not eligible for netting	20,861	2,516	17,071	2,764
a) Gross amount of financial instruments I and II	48,162	153,728	35,850	156,671
b) Amount netted in the balance sheet for financial instruments I ¹	30,059	135,263	25,490	131,387
c) Net amount of financial instruments I and II = a) – b)	18,103	18,466	10,360	25,284
d) Master agreements not already accounted for in b)				
Amount of financial instruments II which do not fulfil or only partially fulfil the criteria under IAS 32.42 ²	5,384	11,524	2,117	11,479
Fair value of financial collateral relating to financial instruments I and II not already accounted for in b) ³				
Non-cash collateral ⁴	9,441	1	2,376	5
Cash collateral	94	3,730	4,541	5,212
e) Net amount of financial instruments I and II = c) – d)	3,184	3,210	1,326	8,588
f) Fair value of financial collateral of central counterparties relating to financial instruments	367	–	751	21
g) Net amount of financial instruments I and II = e) – f)	2,817	3,210	575	8,567

¹ For positive fair values, additional €11,385m (previous year: €11,990m) variation margins will be paid.

² Lower amount of assets and liabilities.

³ Excluding rights or obligations to return arising from the transfer of securities.

⁴ Including financial instruments not reported on the balance sheet (e.g. securities provided as collateral in repo transactions).

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Liabilities €m	30.6.2023		31.12.2022	
	Repos	Negative fair values of derivative financial instruments	Repos	Negative fair values of derivative financial instruments
Gross amount of financial instruments	64,284	153,908	45,875	157,678
Carrying amount not eligible for netting	15,578	2,029	12,601	2,024
a) Gross amount of financial instruments I and II	48,706	151,879	33,274	155,655
b) Amount netted in the balance sheet for financial instruments I ¹	30,059	134,242	25,490	131,250
c) Net amount of financial instruments I and II = a) – b)	18,647	17,637	7,784	24,405
d) Master agreements not already accounted for in b)				
Amount of financial instruments II which do not fulfil or only partially fulfil the criteria under IAS 32.42 ²	5,384	11,524	2,117	11,479
Fair value of financial collateral relating to financial instruments I and II not already accounted for in b) ³				
Non-cash collateral ⁴	4,436	–	634	–
Cash collateral	296	3,954	2,591	4,873
e) Net amount of financial instruments I and II = c) – d)	8,531	2,158	2,442	8,053
f) Fair value of financial collateral of central counterparties relating to financial instruments I	6,978	10	1,868	131
g) Net amount of financial instruments I and II = e) – f)	1,553	2,149	574	7,922

¹ For negative fair values, additional €12,406m (previous year: €12,127m) variation margins will be paid.

² Lower amount of assets and liabilities.

³ Excluding rights or obligations to return arising from the transfer of securities.

⁴ Including financial instruments not reported on the balance sheet (e.g. securities provided as collateral in repo transactions).

(30) Derivatives

The total effect of netting amounted to €146,648m as at 30 June 2023 (previous year: €143,376m). On the assets side, €135,263m of this was attributable to positive fair values (previous year: €131,387m) and €11,385m to claims for variation margins

(previous year: €11,990m). Netting on the liabilities side involved negative fair values of €134,242m (previous year: €131,250m) and liabilities for variation margins payable of €12,406m (previous year: €12,127m).

Notes to the balance sheet (non-financial instruments)**(31) Intangible assets**

€m	30.6.2023	31.12.2022	Change in %
Goodwill	–	–	.
Other intangible assets	1,352	1,289	4.9
Customer relationships	9	10	–7.7
In-house developed software	834	822	1.5
Purchased software and other intangible assets	508	457	11.3
Total	1,352	1,289	4.9

(32) Fixed assets

€m	30.6.2023	31.12.2022	Change in %
Land and buildings	186	197	–5.6
Right of use assets (leases)	1,388	1,422	–2.4
Office furniture and equipment	336	348	–3.6
Leased equipment	404	460	–12.0
Total	2,314	2,426	–4.6

(33) Other assets

€m	30.6.2023	31.12.2022	Change in %
Precious metals	100	87	15.2
Accrued and deferred items	328	256	28.2
Defined benefit assets recognised	590	625	–5.5
Other assets	1,521	1,469	3.6
Total	2,539	2,436	4.3

(34) Other liabilities

€m	30.6.2023	31.12.2022	Change in %
Liabilities attributable to film funds	80	80	–
Liabilities attributable to non-controlling interests	70	81	–13.4
Accrued and deferred items	395	360	9.7
Lease liabilities	1,663	1,708	–2.6
Other liabilities	2,175	1,520	43.1
Total	4,383	3,749	16.9

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(35) Provisions

m€	30.6.2023	31.12.2022 ¹	Change in %
Provisions for pensions and similar commitments	593	520	14.0
Other provisions	2,765	2,959	-6.5
Total	3,358	3,479	-3.5

¹ Prior-year figures adjusted due to restatements (see Note 5).

The provisions for pensions and similar commitments relate primarily to direct pension commitments in Germany (see page 247 ff. of the Annual Report 2022). The actuarial assumptions underlying these obligations at 30 June 2023 were: a discount rate of 3.9% (previous year: 4.0%) and an expected adjustment to pensions of 2.4% (previous year: 2.4%).

Other provisions consisted primarily of restructuring provisions provisions for contingent liabilities as well as and provisions for personnel-related matters.

Legal disputes

In case of legal proceedings or possible third-party recourse claims for which provisions need to be recognised, and which are contained in “Other provisions”, neither the duration of the proceedings nor the level of utilisation of the provision can be predicted with certainty at the date the provision is recognised. The provisions cover the costs expected according to our judgement as at the reporting date. We have not set out the provision amounts and sensitivities individually to avoid influencing the outcome of the various proceedings.

- Commerzbank and its subsidiaries operate in a large number of jurisdictions subject to different legal and regulatory requirements. In isolated cases in the past, infringements of legal and regulatory provisions have come to light and have been prosecuted by government agencies and institutions. Some companies within Commerzbank Group are currently still involved in a number of such cases.
- Commerzbank and its subsidiaries are especially active in the area of investment advisory within the Private and Small-Business Customers segment. The legal requirements for investor- and investment-oriented advisory services have been made more rigorous, especially in recent years. Commerzbank and its subsidiaries have consequently been involved in a number of legal disputes, some of which are still pending, with investors who claim to have received poor or inadequate investment advice and who demand compensation for damages or the reversal of investment transactions where information regarding commission fees was lacking (e.g. for closed-end funds).
- Commerzbank is exposed to claims from customers owing to “cancellation joker” (“Widerrufsjoker”) issues. Following a change in the law, according to which any right to cancel loan agreements concluded between 2002 and 2010 could lapse no later than on 21 June 2016, many borrowers cancelled their

agreements and asserted that the information given to them about cancellation when they concluded the agreement had been deficient. Some of them took legal action against the Bank when it refused to accept their cancellation, intending to immediately pay back the loan prior to the expiry of the fixed interest term without having to compensate the Bank for the loss incurred as a consequence of the early repayment. For agreements concluded after 2010, an attempt is also being made to use the cancellation joker to withdraw from the agreements prematurely. The Bank has contested these claims. We have not set out the provision amounts to avoid influencing the outcome of the proceeding.

In its judgement of 26 March 2020, the European Court of Justice (ECJ) decided that a reference to other legal provisions contained in the (statutory) boilerplate information on cancellation for customer loan agreements was unclear to the consumer and regarded this as a breach of the requirements of the European Consumer Credit Directive. In its consumer loan agreements the Bank has used the legal model which the German Federal Court of Justice has already deemed to be in order in several decisions. The Federal Court of Justice has convincingly justified this by arguing that the German courts cannot disregard a national standard which is clear in its wording and meaning. The Federal Court of Justice most recently confirmed its stance in a decision on 31 March 2020. For this reason the Bank does not consider itself to be exposed to any increased risks as a result of the ECJ ruling for the current portfolio of consumer loans.

- A subsidiary of Commerzbank was involved in a South American bank which in the meantime has gone into liquidation. A number of investors and creditors of this bank have launched various legal actions in Uruguay and Argentina against the subsidiary, and, in some cases, Commerzbank as well, alleging liability as shareholders of the bankrupt companies as well as breaches of duty by the persons nominated by the subsidiary for the banks’ supervisory boards. In addition, the subsidiary was involved in two funds which raised money from investors and were managed by third parties. The liquidators of these funds have launched court proceedings in the USA demanding the repayment of amounts received by the subsidiary from the funds. We have not set out the provision amounts to avoid influencing the outcome of the proceeding.

- In May 2017, a Polish court admitted a class action lawsuit against mBank alleging the ineffectiveness of index clauses in loan agreements denominated in Swiss francs. A total of 1,731 plaintiffs have joined the class action. The plaintiffs have lodged an appeal against the ruling of the court of first instance rejecting their claims.

Independently of this, numerous borrowers have also filed individual lawsuits for the same reasons. In addition to the class action, 20,002 other individual proceedings were pending as at 30 June 2023 (previous year: 17,627). The subsidiary has contested these claims.

As at 30 June 2023, there were 3,173 final rulings in individual proceedings against the subsidiary, of which 108 were decided in favour of the subsidiary and 3,065 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 remains to be seen.

In the requests for preliminary rulings sent to the ECJ by Polish courts in proceedings concerning the subsidiary raise key issues about how to deal with indexed loans, such as the declaration of such loan agreements as null and void, the statute of limitations for repayment claims and the compensation for use owed to the banks (C139/22, C140/22). A date for the hearing or pronouncement of a decision has not yet been set.

In another bank's reference for a preliminary ruling (C-520/21), the ECJ ruled on 15 June 2023 that it is not contrary to EU law for a consumer to be able, in principle, to claim compensation under national law going beyond reimbursement of the monthly instalments paid. Since EU law precludes banks from claiming from consumers in excess of the capital paid, banks have no further claim to compensation for use of the capital. Specifically, the ECJ ruled that Directive 93/13/EEC on unfair terms in consumer contracts (the "Unfair Contract Terms Directive") does not expressly govern the consequences resulting from the invalidity of a loan agreement concluded between a bank and a consumer after an unfair indexation clause has been annulled. This is left to national law. The legal consequences must be compatible with EU law and the objectives pursued by the Unfair Contract Terms Directive. The consumer's factual and legal position must be restored to the one in which he or she would have been in if the invalid loan agreement had not been concluded and the deterrence of banks from using an unfair term must not be jeopardised. The consumer's ability to make claims

against the bank that go beyond the reimbursement of the monthly instalments paid does not jeopardise these objectives. Banks are discouraged from using unfair terms. However, this is for the national courts to judge. In doing so, they must observe the principle of proportionality.

The Unfair Contract Terms Directive precludes the bank from demanding compensation from the consumer beyond the reimbursement of the principal paid and the payment of default interest at the statutory rate. Such compensation would remove the deterrent effect for banks and endanger consumer protection. Banks must not derive any economic advantages from their unlawful conduct or be compensated for the disadvantages caused by such conduct.

The subsidiary established a settlement programme beginning in the fourth quarter of 2022 that is aimed at all customers with active loans, including those who already have lawsuits against the bank. Customers will be offered the option of having their loans converted into zloty loans with a fixed or variable interest rate as well as the cancellation of an individually negotiated part of the outstanding loan value. As at the reporting date, the subsidiary had accounted for risks in connection with future settlement payments in the amount of €78.7m.

The subsidiary has looked into the implications of the ruling and has examined and partly adjusted the parameters of the model, such as the expected number of borrowers who will still sue, the nature of the expected court judgements, the amount of the Bank's loss in the event of a judgement and the acceptance rate for settlements. The methodology used to calculate the provision is based on parameters that are varied, discretionary and in some cases associated with considerable uncertainty. Fluctuations in the parameters as well as their interdependencies and rulings of the Polish courts and the ECJ may mean that the amount of the provision has to be adjusted significantly in the future.

As at 30 June 2023, the portfolio of loans denominated in Swiss francs that have not been fully repaid had a carrying amount of 3.5bn Polish zloty; the portfolio that had already been repaid amounted to 8.5bn Polish zloty when it was disbursed. Overall, the Group recognised a provision of €1.7bn for the risks arising from the matter, including potential settlement payments and the class action lawsuit (previous year: €1.4bn). In the case of loans that have not yet been fully repaid, legal risks are taken into account directly in the estimation of cash flows in the gross carrying amount of the receivables and are not shown as a provision.

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- In proceedings relating to a specific retail mortgage loan agreement, a court overturned the finding of the lower court and ruled that the contractual clause concerning the calculation of prepayment penalty fees was insufficient and the prepayment penalty fee received by the Bank had to be refunded. The judgement is final. The Bank has recognised a corresponding provision for the possibility that a refund must be made in similar cases. We have not stated the provision amounts to avoid influencing the outcome of these cases.
- In April 2021, the German Federal Court of Justice ruled on the mechanism for changes to banks' general terms and conditions (AGB Banken) in a case against another bank and declared the relevant clauses of the general terms and conditions to be void. This mechanism stipulated that the customer's consent to certain changes in the contract was given after a certain period of time if the customer had not objected. The Bank has examined the impact of this case law on its business units and products, as the charges introduced or increased for consumers as a result of the mechanism for changes to banks' general terms and conditions may be void. We have not stated the provision amounts to avoid influencing the outcome of the proceedings.
- Based on the circular on cum/cum transactions published by the Federal Ministry of Finance (BMF) in 2017, the tax auditors commented on the treatment of these transactions in the form of audit notes. The tax office reduced the credit for capital gains taxes accordingly. In response, Commerzbank AG made value adjustments to tax credits shown in the balance sheet and set up additional provisions for possible repayment claims in order to reflect the changed risk situation fully and appropriately. The BMF published a revised version of its circular on cum/cum transactions on 9 July 2021. In view of the potential impact of the BMF circular, the provision was adjusted in the second quarter of 2021. Based on current knowledge, the tax risks arising from this issue have thereby been adequately covered. The possibility of further charges over and above the provisions recognised by the Bank cannot be completely ruled out.
- With respect to securities lending transactions, Commerzbank is exposed to compensation claims (including in court) from third parties for crediting entitlements that have been denied. In the context of these securities lending transactions, the contracting parties were obliged to reimburse Commerzbank for dividends and withholding tax. However, the tax offices of various contracting parties partially refused or subsequently disallowed subsequent crediting against corporate income tax. We have not stated the provision amounts to avoid influencing the outcome of the proceedings.
- In a lawsuit filed in May 2019, a Commerzbank customer sought a ruling that the Bank must compensate the claimant for material damages caused by alleged false advice in connection with derivatives in the form of swap contracts. The parties ended the legal dispute by means of a settlement.

(36) Contingent liabilities and lending commitments

€m	30.6.2023	31.12.2022	Change in %
Contingent liabilities	46,897	46,796	0.2
Lending commitments	80,300	80,228	0.1
Total	127,196	127,023	0.1

As at 30 June 2023, the contingent liabilities for legal risks amounted to €738m (previous year: €563m) and related to the following material issues:

- A customer sued Commerzbank for recovery of monies in April 2016. The claimant is demanding the repayment of interest which in its view was wrongly paid to Commerzbank and is also demanding the release of collateral which is being held as security for a claim by Commerzbank against the claimant. The claimant appealed against the first instance judgment. Commerzbank is defending itself against the action.
- A Commerzbank subsidiary together with another bank was sued for damages in February 2020 due to alleged unfair price collusion in connection with the levying of settlement fees. The subsidiary is defending itself against the action.
- In February 2022, Commerzbank was sued in Hungary for damages in connection with a failed project. The claimant appealed against the first instance judgment. The Bank is continuing to defend itself against the action.
- A subsidiary of Commerzbank was sued by a customer in May 2014 for compensation due to alleged fraudulent mis-selling of derivative transactions. The subsidiary has defended itself against the claim.
- A Commerzbank subsidiary, together with another bank, was sued for damages in May 2018 due to alleged unfair price collusion in connection with the levying of settlement fees. An appeal against the first instance judgment in favour of the banks is still possible.
- A subsidiary of Commerzbank was sued by a customer for compensation due to alleged unlawful selling of collateral. The subsidiary is defending itself against the claim.

- A subsidiary of the Bank was sued for damages in May 2023. The claimant is a shareholder of an insolvent company that had granted third-party collateral in favour of the subsidiary's borrower. The subsidiary is defending itself against the action.

The contingent liabilities for tax risks relate to the following material issues:

- The public prosecutor's office in Frankfurt is investigating equity transactions conducted by Commerzbank and the former Dresdner Bank around the dividend record date (cum-ex transactions). Commerzbank had already initiated a forensic analysis of cum-ex transactions at the end of 2015, which was concluded at the start of 2018 in respect of Commerzbank's equity transactions and in September 2019 in respect of the equity transactions of the former Dresdner Bank. All back taxes demanded by the tax authorities have been paid. The public prosecutor's office in Cologne has been conducting investigations at Commerzbank since September 2019 in connection with a separate case concerning cum-ex transactions. It is investigating on suspicion that the Bank (including Dresdner Bank) was involved in cum-ex transactions in various roles, including by supplying shares to third parties who were allegedly acting as short sellers. According to the current understanding, these proceedings do not involve Commerzbank's own tax credit claims with regard to capital gains tax and the solidarity surcharge on dividends. The Bank is cooperating fully with authorities conducting investigations into cum-ex transactions. It is currently not possible to predict whether this will result in a burden, whether it will occur, or the amount of any resulting burden.

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Segment reporting

(37) Segment reporting

Segment reporting reflects the results of the operating segments within the Commerzbank Group.

There were no changes to the structure of the internal organization that changed the composition of the reportable segments in 2023.

The operating segments' capital requirement for risk-weighted assets was increased at the start of the 2023 financial year to 12.7% (prior year: 12.5%).

Further information on the segments is provided in the interim management report section of this Interim Report.

1.1.-30.6.2023 €m	Private and Small Business Customers	Corporate Clients	Others and Consolidation	Group
Net interest income	2,212	1,319	546	4,076
Dividend income	1	3	- 0	3
Risk result	- 177	- 115	15	- 276
Net commission income	1,122	655	- 21	1,756
Net income from financial assets and liabilities measured at fair value through profit or loss	- 80	260	- 270	- 90
Net income from hedge accounting	- 3	- 1	10	7
Other net income from financial instruments	- 17	- 3	37	18
Current net income from companies accounted for using the equity method	- 1	4	-	3
Other net income	- 456	- 35	13	- 477
<i>Income before risk result</i>	2,780	2,202	315	5,297
<i>Income after risk result</i>	2,603	2,087	330	5,021
Operating expenses	1,729	1,029	188	2,945
Compulsory contributions	201	72	39	312
Operating profit or loss	673	986	104	1,764
Restructuring expenses	-	-	8	8
Pre-tax profit or loss	673	986	97	1,756
Assets	173,962	135,282	192,359	501,603
Liabilities	211,619	163,773	126,211	501,603
Carrying amount of companies accounted for using the equity method	30	133	-	163
Average capital employed (from continuing operations) (based on CET1)¹	6,808	10,458	7,124	24,391
Operating return on equity (%)²	19.8	18.9		14.5
Cost/income ratio in operating business (excl. compulsory contributions) (%)	62.2	46.7		55.6
Cost/income ratio in operating business (incl. compulsory contributions) (%)	69.4	50.0		61.5

¹ Average CET1 capital fully loaded. Reconciliation carried out in Others and Consolidation.

² Annualised.

1.1.-30.6.2022 €m ¹	Private and Small Business Customers	Corporate Clients	Others and Consolidation	Group
Net interest income	1,794	913	173	2,879
Dividend income	5	3	- 0	7
Risk result	- 160	- 338	- 72	- 570
Net commission income	1,226	658	- 20	1,864
Net income from financial assets and liabilities measured at fair value through profit or loss	8	218	196	422
Net income from hedge accounting	0	- 16	- 26	- 41
Other net income from financial instruments	- 10	- 4	16	2
Current net income from companies accounted for using the equity method	- 1	6	- 0	4
Other net income	- 14	30	59	75
<i>Income before risk result</i>	3,008	1,808	398	5,213
<i>Income after risk result</i>	2,847	1,469	326	4,642
Operating expenses	1,649	1,036	176	2,861
Compulsory contributions	314	116	62	491
Operating profit or loss	885	317	87	1,289
Restructuring expenses	-	-	39	39
Pre-tax profit or loss	885	317	48	1,250
Assets²	168,145	144,368	216,390	528,903
Liabilities²	204,423	172,218	152,263	528,903
Carrying amount of companies accounted for using the equity method	24	153	-	177
Average capital employed (from continuing operations) (based on CET1)³	6,744	9,991	7,159	23,894
Operating return on equity (%)⁴	26.2	6.4		10.8
Cost/income ratio in operating business (excl. compulsory contributions) (%)	54.8	57.3		54.9
Cost/income ratio in operating business (incl. compulsory contributions) (%)	65.3	63.7		64.3

¹ Prior-year figures adjusted due to restatements (see Note 5). Adjustment due to IFRS 8.29.

² Prior-year figures adjusted due to restatements (see Annual report 2022 Note 4).

As at June 2022 there was a correction of €6.1bn in netting of financial instruments.

³ Average CET1 capital fully loaded. Reconciliation carried out in Others and Consolidation.

⁴ Annualised.

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Other notes

(38) 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.

	30.6.2023	31.12.2022	Change in %
Common Equity Tier ¹ (€bn)	25.1	23.9	5.3
Tier 1 capital ¹ (€bn)	28.3	27.1	4.7
Equity ¹ (€bn)	33.1	31.9	3.6
Risk-weighted assets (€bn)	174.0	168.7	3.1
of which: credit risk ²	144.8	140.5	3.1
of which: market risk ³	8.3	7.1	17.9
of which: operational risk	20.8	21.2	-1.6
Common Equity Tier 1 ratio (%)	14.4	14.1	2.1
Equity Tier 1 ratio (%)	16.3	16.0	1.5
Total capital ratio (%)	19.0	18.9	0.5

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

	30.6.2023	31.12.2022	Change in %
Leverage Ratio Exposure (€bn)	580	548	6.0
Leverage Ratio (%)	4.9	4.9	-1.2

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

	30.6.2023	31.12.2022	Change in %
NPE-ratio (%)	1.1	1.1	-3.6

(39) Related party transactions

As part of its normal business, Commerzbank Aktiengesellschaft and/or its consolidated companies engage in transactions with related entities and persons (for further information, see Annual Report 2022, p. 271 f.).

Significant changes

Income from dealing with entities controlled by the German federal government amounted to €1,068m as at 30 June 2023 (prior-year period: €19m). The strong increase is mainly due to the higher level of interest rates compared with the prior-year period

There were no other significant transactions or changes in transactions with related parties or companies during the period under review.

Boards of Commerzbank Aktiengesellschaft

Supervisory Board

Dr. Jens Weidmann

Chairman
Former President of the Deutsche Bundesbank and former member of the Governing Council of the ECB (since 31.5.2023)

Helmut Gottschalk

Chairman
(until 31.5.2023)

Uwe Tschäge¹

Deputy Chairman
Banking professional
Commerzbank Aktiengesellschaft

Heike Anscheit¹

Banking professional
Commerzbank Aktiengesellschaft

Alexander Boursanoff¹

Banking professional
Commerzbank Aktiengesellschaft
(until 31.5.2023)

Gunnar de Buhr¹

Banking professional
Commerzbank Aktiengesellschaft

Stefan Burghardt¹

Banking professional
Commerzbank Aktiengesellschaft
(until 31.5.2023)

Harald Christ

Managing Partner
Christ & Company Consulting GmbH and
Christ & Company Management GmbH
(since 31.5.2023)

Dr. Frank Czichowski

Former Senior Vice President / Treasurer
KfW Bankengruppe

Sabine U. Dietrich

Former member of the Board of Managing Directors
BP Europa SE

Dr. Jutta A. Dönges

Chief Financial Officer
Uniper SE

Monika Fink¹

Banking professional
Commerzbank Aktiengesellschaft
(until 31.5.2023)

Stefan Jennes¹

Banking professional
Commerzbank Aktiengesellschaft
(until 31.5.2023)

Kerstin Jerchel¹

Managing Director
Verkehrsgesellschaft Frankfurt am Main GmbH

Burkhard Keese

Chief Operating and Financial Officer
Lloyd's of London

Maxi Leuchters¹

Head of Department for Corporate Law and Management
Hans Böckler Foundation
(since 31.5.2023)

Alexandra Krieger¹

Head Business Administration/
Corporate Strategy
Industrial Union Mining, Chemical and Energy
(until 31.5.2023)

Daniela Mattheus

Lawyer and Management Consultant

Nina Olderdissen¹

Banking professional
Commerzbank Aktiengesellschaft
(since 31.5.2023)

Sandra Persiehl¹

Bank employee
Commerzbank Aktiengesellschaft
(since 31.5.2023)

Michel Schramm¹

Banking professional
Commerzbank Aktiengesellschaft
(since 31.5.2023)

Caroline Seifert

Management Consulting for transformation

Robin J. Stalker

Former Member of the Management Board of adidas AG
(until 31.5.2023)

Dr. Gertrude Tumpel-Gugerell

Former Member of the Executive Board of the European Central Bank

Sascha Uebel¹

Banking professional
Commerzbank Aktiengesellschaft
(since 31.5.2023)

Frank Westhoff

Former member of the Board of Managing Directors
DZ BANK AG

Stefan Wittmann¹

Trade Union Secretary
ver.di Trade Union National Administration

Klaus-Peter Müller

Honorary Chairman

¹ Elected by the Bank's employees.

Board of Managing Directors

Dr. Manfred Knof
Chairman

Dr. Bettina Orlopp
Deputy Chairwoman

Dr. Marcus Chromik

Michael Kotzbauer

Sabine Mlnarsky
(since 1.1.2023)

Dr. Jörg Oliveri del Castillo-Schulz

Thomas Schaufler

Responsibility statement by the Board of Managing Directors

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, we confirm that the consolidated interim Group financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group, and that the interim Group management

report provides a true and fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the rest of the financial year.

Frankfurt/Main, 31 July 2023
The Board of Managing Directors


Manfred Knof


Bettina Orlopp


Marcus Chromik


Michael Kotzbauer


Sabine Mlnarsky


Jörg Oliveri del Castillo-Schulz


Thomas Schaufler

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Review report

To COMMERZBANK Aktiengesellschaft, Frankfurt am Main

We have reviewed the condensed interim consolidated financial statements comprising the statement of profit or loss, condensed statement of comprehensive income, balance sheet, statement of changes in equity and statement of cash flows (condensed presentation) and the notes (selected explanatory notes) together with the interim group management report of COMMERZBANK Aktiengesellschaft, Frankfurt am Main, for the period from 1 January to 30 June 2023, that are part of the semi-annual financial report according to Section 115 of WpHG [Wertpapierhandelsgesetz: German Securities Trading Act]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim group management report in accordance with the requirements of WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in

accordance with the IAS 34 "Interim Financial Reporting", as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt/Main, 1. August 2023

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Wiechens

Wirtschaftsprüfer

[German Public Auditor]

Böth

Wirtschaftsprüfer

[German Public Auditor]

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 report contains forward-looking statements on Commerzbank's business and earnings performance, which are based upon our current plans, estimates, forecasts and expectations. The statements entail risks and uncertainties, as there are a variety of factors which influence our business and to a great extent lie beyond our sphere of influence. Above all, these include the economic situation, the state of the financial markets worldwide and possible loan losses.

Actual results and developments may, therefore, diverge considerably from our current assumptions, which, for this reason, are valid only at the time of publication. We undertake no obligation to revise our forward-looking statements in the light of either new information or unexpected events.



COMMERZBANK

2023/2024 Financial calendar

8 November 2023	Interim financial information as at 30 September 2023
15 February 2024	Annual Results Press Conference
Mid-March 2024	Annual Report 2023
30 April 2024	Annual General Meeting
15 May 2024	Interim financial information as at 31 March 2024
7 August 2024	Interim Report as at 30 June 2024
6 November 2024	Interim financial information as at 30 September 2024

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