COMMERZBANK

Interim financial information as at 30 September

2022

The bank at your side

Key figures

Income statement	1.1.–30.9.2022	1.1.–30.9.2021[1]
Operating profit (€m)	1,571	1,042
Operating profit per share (€)	1.25	0.83
Consolidated profit or loss[2] (€m)	773	–131
Earnings per share (€)	0.62	–0.10
Operating return on equity based on CET1[3] (%)	8.7	5.8
Return on equity of consolidated profit or loss[3, 4] (%)	4.3	–0.7
Cost/income ratio in operating business (excl. compulsory contributions) (%)	60.4	73.2
Cost/income ratio in operating business (incl. compulsory contributions) (%)	68.7	79.6

Balance sheet	30.9.2022	31.12.2021
Total assets (€bn)	543.4	473.0
Risk-weighted assets (€bn)	174.5	175.2
Equity as shown in balance sheet (€bn)	30.5	29.8
Total capital as shown in balance sheet (€bn)	37.2	36.9

Regulatory key figures	30.9.2022	31.12.2021
Tier 1 capital ratio (%)	15.6	15.5
Common Equity Tier 1 ratio[5] (%)	13.8	13.6
Total capital ratio (%)	18.3	18.4
Leverage ratio (%)	4.5	5.2

Full-time personnel	30.9.2022	31.12.2021
Germany	26,055	28,734
Abroad	12,112	11,446
Total	38,167	40,181

Ratings[6]	30.9.2022	31.12.2021
Moody's Investors Service, New York[7]	A1/A2/P–1	A1/A1/P–1
S&P Global, New York[8]	A–/BBB+/A–2	A–/BBB+/A–2

[1] Prior-year figures adjusted due to restatements (see Adjustments).
[2] Insofar as attributable to Commerzbank shareholders after deduction of the potential (completely discretionary) AT-1-Coupon.
[3] Annualised.
[4] 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.
[5] 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.
[6] Further information can be found online at www.commerzbank.com.
[7] Counterparty rating and deposit rating/issuer credit rating/short-term liabilities.
[8] Counterparty rating/deposit rating and issuer credit rating/short-term liabilities.

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

Contents

Performance highlights
1 January to 30 September 2022

Key statements

Commerzbank has already earned a consolidated profit of €963m in the first nine months of 2022 and thus had almost achieved its target consolidated profit of more than €1bn for the 2022 financial year. As a result, Commerzbank continues to confirm its intent to pay a dividend. Over the course of the third quarter 2022, revenue momentum continued to increase driven by strong customer business and rising interest rates. This enabled the Bank to compensate for the high burdens in Poland that have previously been announced. The key figures for the Bank’s business performance in the first nine months of 2022 are shown below:

- Overall, Commerzbank posted an operating profit of €1,571m in the period under review, compared with €1,042m in the prior-year period.
- The Group risk result was €–654m, compared with €–257m in the prior-year period. The significant increase compared with the first nine months of 2021 was related in particular to the Russia-Ukraine war and secondary effects of the coronavirus pandemic. The non-performing exposure (NPE) ratio was 0.9%.
- Operating expenses were reduced by a further 7.8% to €4,291m compared with the prior-year period. Compulsory contributions, which are reported separately, were 44.8% higher than in the previous year at €583m.
- The consolidated profit attributable to Commerzbank shareholders and investors in additional equity components was €963m, compared with €9m in the prior-year period.
- The Common Equity Tier 1 (CET1) ratio was slightly above the level as at the end of 2021 at 13.8%, while the leverage ratio was 4.5%.
- The operating return on equity was 8.7%, compared with 5.8% in the prior-year period. The return on equity based on consolidated profit or loss (less minorities, intangible assets and AT-1-related items) was 4.3%, compared with –0.7% in the previous year. The cost/income ratio was 60.4% with compulsory contributions excluded and 68.7% including compulsory contributions. The corresponding figures for the previous year were 73.2% and 79.6% respectively.

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

Further progress made with the “Strategy 2024” programme

In the transformation of the Bank, additional important milestones have been achieved in the restructuring and reorganisation. In line with the planned gross reduction of around 10,000 full-time equivalents defined in the “Strategy 2024”, a reduction of around 8,350 positions has largely already been contracted, most of them in Germany. A further 1,100 full-time equivalents related to optimisation of locations outside of Germany shall be realised in the coming quarters. All 12 locations of the advisory centre for the German retail banking business have started operating. Furthermore, the original target for rationalising the branch network has been achieved ahead of schedule. The establishment of “Mittelstandsbank Direkt” in the Corporate Clients segment has been successfully completed. By the end of November, the first 6,000 customers will have been transferred to the first direct bank offering for Mittelstand customers in the German market. The Environmental, Social and Governance (ESG) strategy has also been firmly anchored within the Group. One example of this is the achievement of €185bn in sustainable business volume generated during the first nine months of the reporting year. Thus, Commerzbank is well on track to reach the target of €207bn by the end of the year 2022.

For the next phase of the implementation of the “Strategy 2024”, the Bank has defined new priorities to continue developing revenue potential while continuing to focus on further efficiency increases in both customer segments. The successful launch of “Mittelstandsbank Direkt” in the Corporate Clients segment will be opened up for new customers in the coming year. Furthermore, the international network will be optimised in line with the changing trade corridors. As a result, Commerzbank will continue to be represented in all locations where its customers require it. The Bank thereby strengthens its position as the leading trade finance bank for Germany.

Positioning the Bank as a digital advisory bank is at the centre of the private customer strategy, benefitting from a needs-based product portfolio and full utilisation of the growth potential of its two-brand model. comdirect is the bank for digitally savvy customers who require no advisory service. Commerzbank stands for personal customer relationships and advisory services, both at branches and digitally. A large proportion of customer requirements will be addressed via its new advisory centre as well as via digital channels. The personal advisory service offering by Commerzbank will be tailored more to the needs of wealthy customers and clients with greater requirement for advisory service.

Commerzbank confirmed the most important financial goals of “Strategy 2024”. The Bank targets a return on tangible equity (RoTE) of more than 7.3% and a cost-income ratio of 60%. Based on the positive development of the customer business and supported by higher interest rates, the revenue forecast for the year 2024 has been raised to €10bn; the previous target was €9.1bn. The Bank is implementing the cost cutting programme as planned. As expected, costs will be above the level of €5.4bn previously targeted, in particular due to the sustained inflationary pressures. Costs of €6.0bn are now expected for 2024. Overall, Commerzbank now anticipates an operating result of around €3.2bn for 2024, against the previous forecast of €3.0bn.

Financial performance, assets, liabilities and financial position

For a description of the accounting and measurement methods applied as at 30 September 2022, see “Additional information” on page 21.

Income statement of the Commerzbank Group

Despite enormous charges in connection with mBank, Commerzbank recorded a consolidated profit of €963m in the first nine months of 2022, compared with €9m in the prior-year period. The operating profit was €1,571m in the reporting period, compared with €1,042m in the prior-year period.

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

Net interest income increased significantly by 26.8% to €4,500m in the period under review. mBank was largely responsible for the increase in net interest income in the Private and Small-Business Customers segment. The significant rise in key interest rates in Poland since autumn 2021 had a particularly positive impact. As a result, the deposit business made a significant contribution to mBank’s net interest income, which more than doubled. Rising lending and deposit volumes also led to corresponding income growth. Interest-bearing business in Germany also recorded a positive performance. In Germany, on the one hand, the further increase in total lending resulted in income growth, particularly in connection with retail mortgage financing and individual loans. The turnaround in interest rates since the start of the year also generated additional income over and above the resulting increase in deposit income. In addition, the year-on-year increase in interest rates in the Private and Small-Business Customers segment was noticeably impacted by the income generated in the first half of the year in connection with special repayments of mortgage loans. Net interest income in the Corporate Clients segment was also higher than in the prior-year period, with the increase attributable in particular to a positive performance in SME business. The significant decrease in net interest income in the Others and Consolidation segment was attributable in particular to the fall in additional income from the fulfilment of the credit volume requirements in connection with targeted longer-term refinancing operations (TLTROs) with the European Central Bank (ECB) compared with the corresponding prior-year period. This fall was due in part to the fact that the previous year also included amounts relating to 2020, since the fulfilment of the credit volume requirement was not established until 2021, and also to internal fair value compensation payments for special repayments of mortgage loans to the Private and Small-Business Customers segment due to the rise in interest rates.

Net commission income was on a par with the figure for the first nine months of 2021 at €2,714m. In the Private and Small-Business Customers segment, domestic securities volumes declined, mainly due to weak market developments in the third quarter of 2022, which was reflected in declining commission income. This could not be fully offset by higher income from payment transactions in particular. An increase in income from payment transactions in particular led to higher commission income at mBank. Net commission income in the Corporate Clients segment was around 7.0% higher than in the prior-year period, mainly due to an increase in foreign currency business and trade finance.

The net income from financial assets and liabilities measured at fair value through profit or loss was €594m in the period under review, after €645m in the prior-year period. The decline of 8.0% was primarily attributable to considerably higher positive remeasurement effects in the comparable prior-year period, for example in relation to investments.

Other net income from financial instruments of €–282m includes charges against income of €270m relating to interest and repayment deferrals for private real estate financing at mBank.

Other net income of €–377m chiefly reflects provisions of €559m in connection with mortgage loans issued in Swiss francs at mBank, which were only partially offset by reversals of provisions and income from exchange rate changes.

The risk result of €–654m was significantly higher than the prior-year figure of €–257m, with the increase primarily attributable to effects in connection with the Russia-Ukraine war and secondary effects of the coronavirus pandemic. The loan loss provisions required in the Private and Small-Business Customers segment for the first nine months of 2022 increased – particularly in Germany – by €–125m compared with the prior-year period, while the risk result in the Corporate Clients segment rose sharply by €–257m due in particular to the Russia-Ukraine war.

Operating expenses were reduced by 7.8% compared with the prior-year period to €4,291m. Personnel expenses were down around 3% on the prior-year level at €2,535m, with the elimination of full-time positions more than offsetting cost-generating effects including higher accruals for variable remuneration. Administrative expenses, including depreciation on fixed assets and amortisation of other intangible assets, were reduced by 14.3% to €1,756m. The decrease was primarily attributable to a fall in IT expenses and lower costs in connection with the streamlining of the branch network. In addition, the corresponding prior-year figure included a charge arising from the derecognition of an intangible asset in connection with the termination of the project to outsource securities settlement to HSBC Transaction Services GmbH, resulting in a significant decline in amortisation expense.

Compulsory contributions, which are reported separately, rose sharply by €180m compared with the prior-year period to €583m. The significant increase of 44.8% resulted in particular from a new mBank levy for an enhancement to Poland's deposit insurance scheme and the rise in the European banking levy due to higher contributions to the Single Resolution Fund of the Banking Union. In the period under review, Commerzbank made use of the opportunity to meet part of its annual contribution to the European banking levy and the statutory deposit insurance scheme in the form of irrevocable payment commitments.

Restructuring expenses in connection with the implementation of the "Strategy 2024" programme were €54m in the period under review, compared with €1,052m in the prior-year period.

The pre-tax profit was €1,517m, compared with a loss of €–10m in the prior-year period. Tax expenses of €653m were reported for the period under review. These resulted primarily from deferred tax expenses arising from the change in temporary differences and current tax expenses of the mBank subgroup for the period under review, offset by tax income from the recognition of deferred tax assets on tax loss carryforwards. The consolidated profit after tax was €864m, compared with €39m in the prior-year period.

Net of non-controlling interests, a consolidated profit of €963m was attributable to Commerzbank shareholders and investors in additional equity components for the 2022 reporting period, compared with €9m in the previous year.

Operating profit per share was €1.25 and earnings per share €0.62. The comparable figures in the prior-year period were €0.83 and €–0.10 respectively.

Balance sheet of the Commerzbank Group

Total assets of the Commerzbank Group as at 30 September 2022 were €543.4bn. This represented an increase of €70.3bn compared with the end of 2021. The growth of 14.9% was attributable in particular to the increase in central bank balances in connection with inflows of liquidity, an increase in secured money market transactions and the rise in customer lending.

Equity

The equity capital attributable to Commerzbank shareholders reported in the balance sheet on 30 September 2022 was €26.6bn, up 3.4% compared with year-end 2021. Further information on the change in equity can be found on page 19 f.

Risk-weighted assets were €174.5bn as at 30 September 2022 and thus €0.7bn lower than at year-end 2021. This change is the result of a slight reduction in risk-weighted assets (RWA) related to market and credit risks. RWA from operational risk remained almost unchanged compared with year-end 2021. Overall, there were offsetting developments in credit risk: Reductions primarily in securities positions and due to effects from a new securitisation transaction at mBank were largely offset by increases, mainly attributable to exchange rate, volume and parameter effects (including Russia-related rating changes) as well as anticipation of the initial expected effects of model changes in connection with the IRB Repair programme set up by banking regulators.

As at the reporting date, Common Equity Tier 1 (CET1) capital was €24.1bn, compared to €23.8bn at the end of 2021. The CET1 ratio was 13.8%, compared with 13.6% as at 31 December 2021. The positive impact of the attributable consolidated profit, the higher foreign currency reserve and actuarial gains on Common Equity Tier 1 capital was partly offset by a negative development of the revaluation reserve and higher regulatory capital deductions. The Tier 1 ratio was 15.6% as at the reporting date, compared with 15.5% as at the end of 2021. The changes in Tier 1 capital were mainly due to the fact that AT1 instruments could no longer be taken into account under the CRR transitional provisions. Tier 2 capital was reduced due to the cancellation of a Tier 2 bond, the elimination of Tier 2 instruments from temporary grandfathering and amortisation effects (eligibility based on residual maturity). The new issue of a Tier 2 bond in September increased supplementary capital by around €0.5bn. The total capital ratio was 18.3% as at the reporting date, compared with 18.4% as at the end of 2021 (with transitional provisions). Own funds decreased by €0.2bn year on year to €32.0bn as at 30 September 2022.

The leverage ratio, which is equal to Tier 1 capital divided by leverage ratio exposure, was 4.5%.

Funding and liquidity

The money and capital markets continue to be very volatile and are driven by major uncertainties. The main reasons for this are the Russia-Ukraine war, further increases in energy and raw material prices coupled with bottlenecks in these areas, persistently high inflation and uncertainty about further interest rate hikes by the ECB. Commerzbank's liquidity and solvency were assured at all times. Furthermore, the Bank's liquidity management is always able to respond promptly to new market circumstances.

The Commerzbank Group raised a total of €5.9bn in long-term funding on the capital market. After issuing two mortgage Pfandbriefe in the first half of the year for a total of €2.5bn, Commerzbank Aktiengesellschaft issued a further ten-year mortgage Pfandbrief with a volume of €1bn in August. The re-offer spread was nine basis points above the swap midpoint. After issuing its third own green bond with a volume of €500m in June, Commerzbank issued a non-preferred senior bond with a volume of €600m and a term of five and a half years in September. The bond is callable after four and a half years, and the re-offer spread was 220 basis points above the swap midpoint. Another bond was issued with a volume of 120m Swiss francs with a term of four years. The non-preferred senior bond was purchased almost exclusively by investors in Switzerland. In addition, €500m were placed on the capital market through a subordinated Tier 2 bond. The bond has a term of 10.25 years and a call option between September 2027 and December 2027. The re-offer spread was 430 basis points above the swap midpoint. Secured and unsecured private placements with a combined volume of around €600m were also issued.

Commerzbank continues to be involved in the ECB's Targeted Longer-Term Refinancing Operations III (TLTRO III) programme with a current volume of €35.9bn.

As at the reporting date, the Bank had a liquidity reserve of €127.2bn 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 always ensure solvency.

The Bank also holds an intraday liquidity reserve portfolio. As at the reporting date, the total value of this portfolio was €7.1bn.

At 138.0% (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 limits and applicable regulatory requirements.

Segment performance

The comments on the segments' results for the first nine months of 2022 are based on the segment structure described on pages 67 and 264 ff. of the Annual Report 2021.

Overviews of the segments' results can be found under "Additional information" on page 23 f.

Private and Small-Business Customers

Despite the challenging operating environment, the Private and Small-Business Customers segment made further improvements to its cost efficiency in the first nine months of 2022 compared with the prior-year period. Despite enormous special charges from mBank and higher expenses in the risk result, the operating profit of €677m was only slightly below the comparable period in 2021 thanks to a significant increase in operating income and a decline in operating costs.

Total segment income before risk result increased by 4.7% to €3,800m in the period under review. The 49.3% increase in net interest income to €2,817m was largely driven by mBank. The significant rise in key interest rates in Poland since autumn 2021 had a particularly positive impact. As a result, the deposit business made a significant contribution to mBank's net interest income, which more than doubled. Rising lending and deposit volumes also led to corresponding income growth. Interest-bearing business in Germany also recorded a positive performance. In Germany, on the one hand, the further increase in total lending resulted in income growth, particularly in connection with retail mortgage financing and individual loans. The turnaround in interest rates since the start of the year also generated additional income over and above the resulting increase in deposit income. In addition, the year-on-year increase in interest rates in the Private and Small-Business Customers segment was noticeably impacted by the income generated in the first half of the year in connection with special repayments of mortgage loans.

Net commission income was slightly lower than the prior-year figure at €1,761m. In Germany securities volumes declined, mainly due to weak market developments in the third quarter of 2022, which was reflected in declining commission income. This could not be fully offset by higher income from payment transactions in particular. An increase in income from payment transactions in particular led to higher commission income at mBank.

Other income items totalled €–777m, compared with €–61m in the prior-year period. The significantly negative result reported in the period under review was primarily attributable to three factors: a considerable increase in provisions for legal risks in connection with mortgage financing in Swiss francs at mBank, charges against earnings due to deferrals of interest and repayment of private real estate financing at mBank, and lower fair value results.

The risk result was €–251m in the first nine months of 2022, compared with €–125m a year earlier. The increase was largely attributable to higher charges in Germany resulting in particular from allocations for individual cases.

Operating expenses were reduced by a total of €90m in the period under review to €2,471m. Significant cost reductions in Germany, reflecting the progress made with the transformation process, were offset by slightly higher expenses at mBank, which resulted in particular from an increase in the number of employees and salary increases. The increase of €147m in compulsory contributions to €401m was largely due to a new mBank levy for an enhancement to Poland’s deposit insurance scheme.

Overall, the Private and Small-Business Customers segment posted a pre-tax profit of €677m in the period under review, compared with €688m in the previous year.

Corporate Clients

The performance of the Corporate Clients segment in the first nine months of 2022 was characterised by a high level of uncertainty and a persistently challenging operating environment. These challenges include, in particular, significant increases in raw material, energy and producer prices as well as ongoing supply chain problems. Despite a significant increase in the risk result compared with the previous year, due mainly to the Russia-Ukraine war, considerably higher income resulted in particular in an increase in operating profit to €853m, compared with €558m in the prior-year period.

Here, the Mittelstand division recorded positive income growth compared with the prior-year period. Cash Management in particular benefited from an increase in payment transaction income and higher deposit fees. In addition, the division generated higher income from currency and commodity trading in the capital market business, while the lending business posted a stable performance. In the International Corporates division, higher income from transaction banking and the capital markets business in particular contributed to a greater profit.

The Institutionals division also posted an extremely positive performance. Higher income from trade finance and cash management in particular was offset by somewhat lower income from primary market activities. The Others division, which chiefly includes hedging and remeasurement effects, recorded a significant year-on-year rise in income that was primarily attributable to strong currency trading.

Income before risk result was €2,829m in the first nine months of the year, €455m higher than in the prior-year period. At €1,434m, net interest income was up €193m on the prior-year level, while net commission income of €990m exceeded the prior-year level by €65m, mainly due to an increase in foreign currency business and trade finance. Net income from financial assets and liabilities measured at fair value through profit or loss rose by €168m to €386m as a result of remeasurement effects.

The risk result was €–325m in the first nine months of 2022, compared with €–68m a year earlier. The marked increase was primarily attributable to the Russia-Ukraine war.

Operating expenses were reduced by €119m compared with the prior-year period to €1,533m. The decline resulted from lower personnel and administrative expenses achieved through strict cost management. The reported compulsory contributions of €118m relate primarily to the European banking levy. Compulsory contributions of €95m were recorded in the previous year.

Overall, the segment posted a pre-tax profit of €853m, compared with €558m in the prior-year period.

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 €41m for the first nine months of 2022, compared with a loss of €–205m in the prior-year period. The positive change was primarily attributable to the elimination of the negative impact on earnings in the previous year resulting from the termination of the project to outsource securities settlement to HSBC Transaction Services GmbH, a net positive effect from the recognition and reversal of provisions, and lower net loan loss provisions for a residual portfolio in the dissolved Asset & Capital Recovery segment. These were offset by a reduction of €54m to €65m in additional income from the fulfilment of the conditions in connection with targeted longer-term refinancing operations (TLTROs) with the ECB (in part because the previous year also included amounts relating to 2020, since the fulfilment of the credit volume requirement was not established until 2021), lower positive net remeasurement effects and a lower positive Group Treasury result. The fall in the Group Treasury result was primarily attributable to internal fair value compensation payments for special repayments of mortgage loans to the Private and Small-Business Customers segment due to the rise in interest rates and was partially offset by higher income from the measurement of interest rate hedges in the commercial banking book compared with the previous year. Others and Consolidation recorded a pre-tax loss of €–13m for the first nine months of 2022. This figure included restructuring expenses of €54m relating primarily to property matters in connection with the implementation of the "Strategy 2024" programme.

Outlook and opportunities report

Future economic situation

The risks for the economy going forward have increased again. The huge rise in energy prices is having a noticeable impact on both private households and companies. In addition, the production of some goods is becoming unprofitable because the manufacturers can only pass on higher energy costs to a limited extent. In this context we are now forecasting a recession in Germany and the eurozone for the winter months of 2022–2023.

In view of high inflation, the US Federal Reserve and the ECB are likely to raise interest rates even more than previously forecast. By spring 2023, we expect the US key interest rate to be at 5% and the ECB deposit rate at 3%. The marked tightening of fiscal policies will prevent the economy from recovering rapidly.

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 Eurosystem and its securities lending programme for holdings under the asset purchase programme (APP) and pandemic emergency purchase programme (PEPP) are important methods for meeting collateral requirements in trading activities, particularly with respect to German government bonds. Under these programmes, maturing securities continue to be reinvested in order to ensure that there is ample liquidity in the markets while also preventing any negative impact on the appropriate monetary policy stance. Taking into account the outstanding TLTRO volume as well as the large ECB securities holdings under the APP and the PEPP, central bank collateral remains sought. We expect that repos in HQLA will continue to trade under the deposit facility for the foreseeable future, as this will continue to generate high demand. This will also be supported by the reinvestment of maturing securities from the ECB's programmes. Investors are generally less willing to make their collateral available over the medium term (longer than three months), meaning that the market for term repos still offers only limited liquidity, especially across important reporting dates.

The situation on the bond markets is being influenced by high inflation, the ECB's increasingly restrictive monetary policy in this context, supply bottlenecks, high energy costs as well as weak economic data and expectations. 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, due mainly to necessary reinvestments by the ECB. Uncertainty about interest rate trends going forward and the current interest rate volatility are making investors rather cautious at the moment. However, we expect demand from financial investors for safe investments to remain very strong, with credit spreads remaining stable as a result. Overall, Commerzbank still has unrestricted access to both the repo and the bond spot markets despite current monetary and economic policy developments and the ongoing Russia-Ukraine war.

The funding plan for 2022 envisages a volume of around €7.5bn, most of which has already been refinanced. Commerzbank's borrowing on the capital market is influenced by its business performance and planning as well as its optimisation of risk-weighted assets as part of the new business strategy.

Anticipated performance of the Commerzbank Group

We essentially stand by the guidance we gave in the interim report as at 30 June 2022 regarding the Commerzbank Group's anticipated earnings performance in 2022.

For 2022, Commerzbank anticipates an increase in interest income to more than €6bn, while net commission income is likely to be slightly lower than in 2021. The Bank continues to target total costs at €6.4bn, although pressure from inflation continues to increase. Based on the assumption of top-level adjustments usage, the Bank still expects a risk result of around €–700m. Overall, the Bank confirms its target of a consolidated profit of more than €1bn this year. The CET1 ratio is expected to be more than 13.5%. The Bank intends to propose a pay-out ratio of 30% of the net result for the 2022 financial year after deduction of the AT1 coupon payments. The outlook is based on the assumptions that there will not be a significant deterioration in the economic situation, especially due to potential rationing of natural gas.

Risk situation

Risk-bearing capacity (RBC) is monitored and managed monthly at Group level. Risk-bearing capacity is deemed to be assured as long as the RBC ratio is higher than 100%. In the first nine months of 2022, the RBC ratio was consistently above 100% and stood at 177% as at 30 September 2022. The decrease in economically required capital for default risk compared with December 2021 was mainly attributable to the annual update of the credit risk model parameters. The increase in market risk reflects the heightened market volatility resulting from the war between Russia and Ukraine. The main drivers for the increase in economically required capital for operational risk are the annual update of the risk scenarios as well as the quarterly update of the model component business environment & control system. The RBC ratio is still well above the minimum requirement.

Risk-bearing capacity Group | €bn	30.9.2022	31.12.2021
Economic risk coverage potential	**22**	**22**
Economically required capital[1]	**12**	**12**
thereof for default risk[2]	8	9
thereof for market risk[3]	4	3
thereof for operational risk	2	1
thereof diversification effects	– 2	– 2
RBC ratio (%)[4]	**177**	**176**

[1] Including physical asset risk, risk of unlisted investments and the risk buffer for reserve risk, for the quantification of potential fluctuations in value of intangibles, and for climate and environmental risks.
[2] Including buffer for effects from the coronavirus pandemic and the Russia-Ukraine war.
[3] Including deposit model risk.
[4] RBC ratio = economic risk coverage potential/economically required capital (including risk buffer).

The risks for the performance of the economy going forward have increased even further. The huge rise in energy prices is having a noticeable impact on both private households and companies. In addition, the production of some goods is becoming unprofitable because the manufacturers can only pass on higher energy costs to a limited extent. In this context we are now forecasting a recession in Germany and the eurozone for the winter months of 2022–2023.

Further information on the risks for the performance of the economy going forward can be found in the outlook and opportunities report.

Default risk

In 2022 Commerzbank recognised a new top-level adjustment (TLA) for the direct effects of the Russia-Ukraine war (“Russia TLA”). In addition, Commerzbank booked a further TLA for the secondary effects resulting from the coronavirus pandemic and the Russia-Ukraine war (“secondary effects TLA”).

In the remaining risk figures, the expected uncertain development is currently primarily perceptible in the figures for Central and Eastern Europe, where the current situation is reflected in an increased expected loss and thus a higher risk density.

The credit risk parameters in the rating classes 1.0 to 5.8 were as follows as at 30 September 2022:

	30.9.2022				31.12.2021			
Credit risk parameters	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**CVaR** €m	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**CVaR** €m
Private and Small-Business Customers	204	415	20	1,879	203	408	20	2,180
Corporate Clients	185	411	22	4,601	174	347	20	4,197
Others and Consolidation[1]	183	86	5	1,154	93[2]	114	12	2,141
Group	**572**	**912**	**16**	**7,634**	**470**[2]	**869**	**18**	**8,518**

[1] Mainly liquidity portfolios of Treasury.
[2] Excluding deposits with the Deutsche Bundesbank amounting to €28bn.

When broken down on the basis of PD ratings, 88% of the Group’s portfolio is in the internal rating classes 1 and 2, which comprise investment grade.

	30.9.2022					31.12.2021				
Rating breakdown EaD | %	**1,0-1,8**	**2,0-2,8**	**3,0-3,8**	**4,0-4,8**	**5,0-5,8**	**1,0-1,8**	**2,0-2,8**	**3,0-3,8**	**4,0-4,8**	**5,0-5,8**
Private and Small-Business Customers	31	54	12	2	1	30	55	12	2	1
Corporate Clients	19	61	15	4	2	18	62	15	3	2
Others and Consolidation	84	14	1	0	0	49	47	3	0	0
Group	**44**	**44**	**9**	**2**	**1**	**29**	**56**	**11**	**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.

	30.9.2022			31.12.2021		
Group portfolio by region	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Germany	353	381	11	257	363	14
Western Europe	91	141	15	96	198	21
Central and Eastern Europe	48	288	59	55	222	40
North America	50	42	8	37	35	9
Asia	15	24	16	15	23	16
Other	13	35	27	11	28	27
Group	**572**	**912**	**16**	**470**	**869**	**18**

Risk result The risk result relating to the Group's lending business as at 30 September 2022 was €–654m (prior-year period: €–257m) and continued to be adversely affected by the Russia-Ukraine war. The €105m decrease in the Russia TLA compared with the previous quarter was largely due to risk reduction. Based on current portfolio data, the secondary effects TLA increased by €40m in the third quarter of 2022. The methodology for calculating the amounts of the TLAs did not change compared with the previous quarter. As at 30 September 2022 the Russia TLA was €–74m and the secondary effects TLA was €–426m.

The risk-provisioning effects determined in the second quarter of 2022 from the simulation of the scenario, which estimates possible credit rating downgrades that could follow from a rationing of gas supplies in Germany, were also reviewed for the third quarter of 2022. The analysis shows an additional negative effect of €0.5bn to €0.6bn for this scenario. This effect, established using the methodology applied to the secondary effects TLA, is calculated as the additional TLA requirement to the TLAs included in the interim financial statements as at 30 September 2022, if such a scenario were to be assumed in the future.

Despite the continued uncertainties regarding the impact of the Russia-Ukraine war and the coronavirus pandemic, the aim is for a risk result of around €–700m at year-end 2022 based on the TLAs already recognised.

	1.1.-30.9.2022				1.1.-30.9.2021			
Risk result | €m	**Stage 1**	**Stage 2**[1]	**Stage 3**[1]	**Total**	**Stage 1**	**Stage 2**[1]	**Stage 3**[1]	**Total**
Private and Small-Business Customers	– 4	– 48	– 199	– 251	– 29	60	– 156	– 125
Corporate Clients	6	– 48	– 284	– 325	25	– 11	– 83	– 68
Others and Consolidation	2	43	– 124	– 78	8	– 2	– 69	– 63
Group	**5**	**– 53**	**– 606**	**– 654**	**3**	**47**	**– 307**	**– 257**

[1] Including allocated risk result from POCI (POCI – purchased or originated credit-impaired).

Default portfolio The Group's default portfolio increased by €1,480m in the first nine months of 2022 and stood at €5,636m as at 30 September 2022.

Market risk

VaR in the trading book remained little changed at €8m in the first nine months of 2022.

Stressed VaR fell from €39m as at the end of 2021 to €24m as at the end of the third quarter of 2022. This was due to changes in positions in the Business Segment Corporate Clients.

The impact of an interest rate shock on the economic value of the Group's banking book is simulated monthly in compliance with regulatory requirements. As a result of the scenario +200 basis points, a potential economic loss of €2,008m as at 30 September 2022 (31 December 2021: €2,523m potential economic loss) was determined, and in the scenario −200 basis points a potential economic profit of €1,042m (31 December 2021: €746m potential economic profit).

The interest rate sensitivity of the overall banking book (excluding pension funds) amounted to €1.4m as at 30 September 2022 (31 December 2021: €7.3m) per basis point of interest rate decline. The decrease over the last nine months was mainly the result of a reduced interest position in Treasury.

Liquidity risk

The stress scenarios within the Bank that underlie the liquidity risk model and are relevant for management purposes allow for the impact of both a bank-specific stress event and a broader market crisis. As at the end of September 2022, at the one-month and three-month points, the combined stress scenario leaves net liquidity of €23.1bn and €22.7bn respectively. As at the end of the third quarter of 2022, the Bank had a liquidity reserve of €127.2bn in the form of highly liquid assets.

The Bank also holds an intraday liquidity reserve portfolio. As at the end of the third quarter of 2022, the total value of this portfolio was €7.1bn.

In the third quarter of 2022, Commerzbank significantly exceeded the minimum ratio of 100% on every reporting date. As at the end of the third quarter of 2022, the average month-end value of the LCR over the last twelve months was 138.0%.

Operational risk

Since the fourth quarter of 2021 Commerzbank has measured regulatory capital using the standardised approach (SA), while economic capital for operational risks continues to be measured using a dedicated internal model. Risk-weighted assets for operational risks on this basis came to €19.9bn at the end of the third quarter of 2022 (31 December 2021: €19.8bn). The economically required capital was €1.9bn (31 December 2021: €1.5bn). The internal model used for this is based on the advanced measurement approach previously in use.

The total charge for OpRisk events as at the end of the third quarter of 2022 was approximately €839m (full-year 2021: €1,136m). The events mainly related to losses in the "Products and business practices" category.

Other risks

As regards all other risks, there were no significant changes in the third quarter of 2022 compared with the position reported in the Group Risk Report 2021 and Interim Risk Report as at 30 June 2022, with the exception of the details set out below on current developments in respect of legal risks:

In the class action lawsuit pending against a subsidiary of Commerzbank in Poland relating to the alleged ineffectiveness of index clauses in loan agreements in Swiss francs (CHF), the court dismissed the claim in the first quarter of 2022; the plaintiffs lodged an appeal.

Independently of this, numerous borrowers have also filed individual lawsuits for the same reasons. In addition to the class action, 16,861 individual proceedings were pending as at 30 September 2022 (31 December 2021: 13,036). The subsidiary is defending itself against all of the claims.

As at 30 September 2022, there were 1,338 final rulings in individual proceedings against the subsidiary, of which 95 were decided in favour of the subsidiary and 1,243 were decided against the subsidiary. A total of 39 proceedings before courts of second instance are suspended because of legal issues that are being considered by the Polish Supreme Court and the European Court of Justice (ECJ).

The questions submitted to the 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 further preliminary ruling proceedings regarding loans with index clauses, two of which relate to proceedings against the subsidiary, the ECJ ruled in September 2022 and set requirements regarding the consequences of void clauses. The ECJ also provided information on the start of the limitation period for repayment claims of borrowers from void loan agreements (C-80/21, C-81/21, C-82/21). The decision had no substantial negative impact on the provision of the subsidiary in Poland.

A hearing took place at the ECJ in October 2022 (C-520/21) within the scope of the referral proceedings of another bank. These proceedings mainly address issues regarding compensation for use and other benefits for funds that are to be returned under a void loan agreement. Representatives of the plaintiffs, the defendant, the supervisory authorities and the EU Commission presented their positions. The court did not comment specifically on the matter. Once implemented by the Polish courts, a decision in favour of the plaintiffs could result in considerable economic burdens for the subsidiary of the bank in Poland. The publication of the statement from the Advocate General is scheduled for February 2023; a ruling is expected in mid-2023.

New 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 (C-138/22, C- 139/22 and C-140/22). A date for the hearing or pronouncement of a decision has not yet been set.

The subsidiary has evaluated the results of the pilot programme for settlement agreements, which was completed in April 2022, and will launch a programme in the fourth quarter of 2022 that reflects customer requirements and the experience gained through the pilot programme. The offer will target all customers with active loans, including those who are already suing 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.

In the third quarter of 2022, the Group changed the methodology used to calculate the risk provisions for loan agreements indexed to Swiss francs. The methodology is now based on historical data, supplemented by expert assessments. The main assumptions are: The expected number of borrowers who will still sue, the nature of the expected court judgments, the amount of the bank's loss in the event of a judgment, and the acceptance rate for settlements.

As at 30 September 2022, the portfolio of loans denominated in Swiss francs that have not been fully repaid had a carrying amount of 7.0bn Polish zlotys; the portfolio that had already been repaid amounted to 7.1bn Polish zlotys when it was disbursed.

Overall, as at 30 September 2022, the Group recognised a provision of €1.4bn for the risks arising from the matter, including potential settlement payments and the class action lawsuit (31 December 2021: €899m). The methodology used to calculate the provision is based on parameters that are varied, discretionary and in some cases associated with considerable uncertainty. Rulings of the Polish courts and the EJC in particular may mean that the amount of the provision has to be adjusted significantly in the future.

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

Income statement

€m	1.1.-30.9.2022	1.1.-30.9.2021[1]	Change in %
Interest income accounted for using the effective interest method	5,652	4,447	27.1
Interest income accounted for not using the effective interest method	1,060	907	16.8
Interest income	6,712	5,354	25.4
Interest expenses	2,211	1,805	22.5
Net interest income	4,500	3,549	26.8
Dividend income	21	10	.
Risk result	–654	–257	.
Commission income	3,204	3,157	1.5
Commission expenses	490	471	4.0
Net commission income	2,714	2,685	1.0
Net income from financial assets and liabilities measured at fair value through profit or loss	594	645	–8.0
Net income from hedge accounting	–80	–84	–4.5
Other sundry realised profit or loss from financial instruments	–302	44	.
Gain or loss on disposal of financial assets – Amortised cost	21	–23	.
Other net income from financial instruments	–282	21	.
Current net income from companies accounted for using the equity method	9	4	.
Other net income	–377	–478	–21.2
Operating expenses	4,291	4,652	–7.8
Compulsory contributions	583	402	44.8
Restructuring expenses	54	1,052	–94.9
Pre-tax profit or loss	**1,517**	**–10**	**.**
Taxes on income	653	– 49	.
Consolidated profit or loss	**864**	**39**	**.**
Consolidated profit or loss attributable to non-controlling interests	–98	30	.
Consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components	963	9	.

[1] Prior-year figures adjusted due to restatements (see Adjustments).

€	1.1.-30.9.2022	1.1.-30.9.2021	Change in %
Earnings per share	0.62	– 0.10	.

The earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit or loss attributable to Commerzbank shareholders deducted by the (completely discretionary) AT-1-coupons. 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.-30.9.2022	1.1.-30.9.2021	Change in %
Consolidated profit or loss	864	39	.
Change from remeasurement of defined benefit plans not recognised in income statement	133	823	–83.9
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	216	–23	.
Change in revaluation of land and buildings not recognised in income statement	–	2	.
Items not recyclable through profit or loss	**348**	**803**	**– 56.6**
Change in revaluation of debt securities (FVOCImR)			
Reclassified to income statement	40	–55	.
Change in value not recognised in income statement	–515	–30	.
Change in cash flow hedge reserve			
Reclassified to income statement	1	2	–18.7
Change in value not recognised in income statement	–73	–77	–4.7
Change in currency translation reserve			
Reclassified to income statement	–0	–	.
Change in value not recognised in income statement	217	123	76.6
Valuation effect from net investment hedge			
Reclassified to income statement	–	–	
Change in value not recognised in income statement	–18	–4	
Change from non-current assets held for sale and disposal groups			
Reclassified to income statement	–	–	.
Change in value not recognised in income statement	–	–	.
Change in companies accounted for using the equity method	–3	–1	.
Items recyclable through profit or loss	**– 350**	**– 42**	**.**
Other comprehensive income	–2	760	.
Total comprehensive income	**862**	**800**	**7.9**
Comprehensive income attributable to non-controlling interests	–193	–28	.
Comprehensive income attributable to Commerzbank shareholders and investors in additional equity components	1,056	827	27.6

Balance sheet

Assets | €m	30.9.2022	31.12.2021	Change in %
Cash on hand and cash on demand	117,653	49,507	.
Financial assets – Amortised cost	304,942	299,181	1.9
of which: pledged as collateral	329	873	–62.3
Financial assets – Fair value OCI	31,260	40,115	–22.1
of which: pledged as collateral	2,440	3,645	–33.1
Financial assets – Mandatorily fair value P&L	35,735	28,432	25.7
of which: pledged as collateral	7	–	.
Financial assets – Held for trading	44,903	43,790	2.5
of which: pledged as collateral	1,770	802	.
Value adjustment on portfolio fair value hedges	–4,154	508	.
Positive fair values of derivative hedging instruments	2,534	846	.
Holdings in companies accounted for using the equity method	184	175	5.0
Intangible assets	1,262	1,243	1.5
Fixed assets	2,592	2,881	–10.0
Investment properties	42	41	3.0
Non-current assets held for sale and disposal groups	823	830	–0.8
Current tax assets	197	222	–11.3
Deferred tax assets	2,713	3,130	–13.3
Other assets	2,682	2,143	25.1
Total	**543,368**	**473,044**	**14.9**

Liabilities and equity | €m	30.9.2022	31.12.2021	Change in %
Financial liabilities – Amortised cost	435,014	373,976	16.3
Financial liabilities – Fair value option	32,465	19,735	64.5
Financial liabilities – Held for trading	37,396	32,957	13.5
Value adjustment on portfolio fair value hedges	–4,861	209	.
Negative fair values of derivative hedging instruments	3,912	6,816	–42.6
Provisions	3,404	3,752	–9.3
Current tax liabilities	583	549	6.1
Deferred tax liabilities	9	13	–31.2
Liabilities of disposal groups	545	730	–25.3
Other liabilities	4,394	4,478	–1.9
Equity	30,507	29,827	2.3
Subscribed capital	1,252	1,252	–
Capital reserve	10,075	10,075	–
Retained earnings	16,110	14,979	7.5
Other reserves (with recycling)	–824	–569	44.8
Equity attributable to Commerzbank shareholders	26,614	25,738	3.4
Additional equity components	3,114	3,114	–
Non-controlling interests	779	975	–20.1
Total	**543,368**	**473,044**	**14.9**

Statement of changes in equity

€m	Subscribed capital	Capital reserve	Retained earnings	Other reserves			Equity attributable to Commerzbank shareholders	Additional equity components[1]	Non-controlling interests	Equity
				Revaluation reserve	Cash flow hedge reserve	Currency translation reserve				
Equity as at 1.1.2022	**1,252**	**10,075**	**14,979**	**–86**	**–88**	**–396**	**25,738**	**3,114**	**975**	**29,827**
Total comprehensive income			1,311	–457	–47	250	1,056		–193	862
Consolidated profit or loss			963				963		–98	864
Change in own credit spread (OCS) of liabilities FVO			216				216		–	216
Change from remeasurement of defined benefit plans			132				132		0	133
Change in revaluation of land and buildings not recognised in income statement							–		–	–
Change in measurement of equity instruments (FVOCIoR)							–		–	–
Change in revaluation of debt securities (FVOCImR)				–457			–457		–17	–475
Change in cash flow hedge reserve					–47		–47		–25	–72
Change in currency translation reserve						271	271		–54	217
Valuation effect from net investment hedge						–18	–18		–	–18
Change from non-current assets held for sale and disposal groups							–		–	–
Change in companies accounted for using the equity method						–3	–3		–	–3
Increase of capital							–		–	–
Decrease of capital							–		–	–
Dividend paid on shares							–		–5	–5
Payments to instruments of Additional Tier 1 capital			–190				–190		–	–190
Changes in ownership interests			–1				–1		2	0
Other changes			12				12		1	13
Equity as at 30.9.2022	**1,252**	**10,075**	**16,110**	**–543**	**–135**	**–146**	**26,614**	**3,114**	**779**	**30,507**

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

€m	Sub-scribed capital	Capital reserve	Retained earnings	Other reserves			Equity attributable to Commerzbank shareholders	Additional equity compo-nents[1]	Non-controlling interests	Equity
				Revalu-ation reserve	Cash flow hedge reserve	Currency translation reserve				
Equity as at 1.1.2021	**1,252**	**11,484**	**12,576**	**96**	**42**	**–614**	**24,836**	**2,619**	**1,119**	**28,574**
Total comprehensive income			811	–66	–50	133	827		–28	800
Consolidated profit or loss			9				9		30	39
Change in own credit spread (OCS) of liabilities FVO			–23				–23		–	–23
Change from remeasurement of defined benefit plans			823				823		0	823
Change in revaluation of land and buildings not recognised in income statement			2				2		1	2
Change in measurement of equity instruments (FVOCIoR)							–		–	–
Change in revaluation of debt securities (FVOCImR)				–66			–66		–19	–85
Change in cash flow hedge reserve					–50		–50		–25	–75
Change in currency translation reserve						138	138		–15	123
Valuation effect from net investment hedge						–4	–4		–	–4
Change from non-current assets held for sale and disposal groups							–		–	–
Change in companies accounted for using the equity method						–1	–1		–	–1
Dividend paid on shares							–		–1	–1
Payments to instruments of Additional Tier 1 capital			–140				–140		–	–140
Changes in ownership interests							–		–	–
Other changes			25				25	496	1	521
Equity as at 30.9.2021	**1,252**	**11,484**	**13,272**	**30**	**–8**	**–482**	**25,548**	**3,114**	**1,091**	**29,754**

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

.

Additional information

General information

The subject of this interim financial information as at 30 September 2022 is Commerzbank Aktiengesellschaft and its subsidiaries. The components income statement, statement of comprehensive income, balance sheet and statement of changes in equity were prepared in accordance with the applicable IFRS accounting, measurement and consolidation principles as published by the IASB and applicable in the EU. The interim financial information does not constitute a complete set of interim financial statements in accordance with IFRS for interim financial reporting. In interim reporting periods, income tax expenses are calculated on the basis of Commerzbank's currently expected effective tax rate for the year as a whole. The Board of Managing Directors released the interim financial information for publication on 7 November 2022.

New and amended standards

There were no new or amended standards of material significance for the Commerzbank Group in the third quarter of 2022. Please refer to page 158 ff. of our Annual Report 2021 for further information on new and amended standards.

Changes in accounting and measurement methods and estimates

As at 1 July 2022 Commerzbank Group changed the Hedge Accounting prospectively according to IFRS 9. Until 30 June 2022 the option for hedge accounting in accordance to IAS 39 was applied. Beside this, in this interim financial information we apply the same accounting and measurement methods as our Group financial statements as at 31 December 2021 and page 161 ff. of the Annual Report 2021).

Adjustments

In the income statement as at 30 September 2021, €7m from administrative expenses were reclassified into commission expenses, as these expenses relate to commissions to insurance companies for which corresponding commission income is generated from credit cards issued. This had no impact on consolidated profit, the statement of comprehensive income or the earnings per share as at 30 September 2021.

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.

	30.9.2022	31.12.2021	Change in %
Common Equity Tier[1] (€bn)	24.1	23.8	1.3
Tier 1 capital[1] (€bn)	27.3	27.2	0.3
Equity[1] (€bn)	32.0	32.2	–0.6
Risk-weighted assets (€bn)	174.5	175.2	–0.4
of which credit risk[2]	144.8	145.2	–0.3
of which market risk[3]	9.8	10.2	–3.9
of which operational risk	19.9	19.8	0.5
Common Equity Tier 1 ratio (%)	13.8	13.6	1.4
Equity Tier 1 ratio (%)	15.6	15.5	0.9
Total capital ratio (%)	18.3	18.4	–0.4

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

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

	30.9.2022	31.12.2021	Change in %
Leverage Ratio Exposure (€bn)	610	521	17.1
Leverage Ratio (%)	4.5	5.2	–13.5

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

	30.9.2022	31.12.2021	Change in %
NPE-ratio (%)	0.9	0.9	2.2

Segment reporting

1.1.-30.9.2022 | €m	Private and Small Business Customers	Corporate Clients	Others and Consolidation	Group
Net interest income	2,817	1,434	250	4,500
Dividend income	19	3	– 1	21
Risk result	– 251	– 325	– 78	– 654
Net commission income	1,761	990	– 38	2,714
Net income from financial assets and liabilities measured at fair value through profit or loss	– 30	386	237	594
Net income from hedge accounting	– 12	– 17	– 51	– 80
Other net income from financial instruments	– 280	– 7	5	– 282
Current net income from companies accounted for using the equity method	2	7	– 0	9
Other net income	– 476	32	67	– 377
Income before risk result	**3,800**	**2,829**	**469**	**7,098**
Income after risk result	**3,550**	**2,504**	**391**	**6,444**
Operating expenses	2,471	1,533	287	4,291
Compulsory contributions	401	118	63	583
Operating profit or loss	**677**	**853**	**41**	**1,571**
Restructuring expenses	–	–	54	54
Pre-tax profit or loss	**677**	**853**	**– 13**	**1,517**
Assets	**169,140**	**152,314**	**221,914**	**543,368**
of which: discontinued assets	–	–	–	–
Liabilities	**206,340**	**180,996**	**156,031**	**543,368**
of which: discontinued liabilities	–	–	–	–
Carrying amount of companies accounted for using the equity method	**28**	**156**	**–**	**184**
Average capital employed (from continuing operations) (based on CET1)[1]	**6,740**	**9,992**	**7,233**	**23,965**
Operating return on equity (%)[2]	**13.4**	**11.4**		**8.7**
Cost/income ratio in operating business (excl. compulsory contributions) (%)	**65.0**	**54.2**		**60.4**
Cost/income ratio in operating business (incl. compulsory contributions) (%)	**75.6**	**58.4**		**68.7**

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

1.1.-30.9.2021 | €m[1]	Private and Small Business Customers	Corporate Clients	Others and Consolidation	Group
Net interest income	1,887	1,241	421	3,549
Dividend income	7	2	0	10
Risk result	– 125	– 68	– 63	– 257
Net commission income	1,803	926	– 43	2,685
Net income from financial assets and liabilities measured at fair value through profit or loss	183	218	244	645
Net income from hedge accounting	– 3	– 4	– 77	– 84
Other net income from financial instruments	20	– 7	8	21
Current net income from companies accounted for using the equity method	0	4	– 0	4
Other net income	– 269	– 7	– 203	– 478
Income before risk result	**3,628**	**2,374**	**351**	**6,353**
Income after risk result	**3,503**	**2,305**	**287**	**6,096**
Operating expenses	2,561	1,652	439	4,652
Compulsory contributions	254	95	53	402
Operating profit or loss	**688**	**558**	**– 205**	**1,042**
Restructuring expenses	–	– 0	1,052	1,052
Pre-tax profit or loss	**688**	**558**	**– 1,256**	**– 10**
Assets	**165,238**	**150,067**	**225,953**	**541,258**
of which: discontinued assets	–	1,368	–	1,368
Liabilities	**201,140**	**178,185**	**161,933**	**541,258**
of which: discontinued liabilities	–	1,432	–	1,432
Carrying amount of companies accounted for using the equity method	**28**	**144**	**1**	**173**
Average capital employed (from continuing operations) (based on CET1)[2]	**6,106**	**9,980**	**7,664**	**23,751**
Operating return on equity (%)[3]	**15.0**	**7.5**		**5.8**
Cost/income ratio in operating business (excl. compulsory contributions) (%)	**70.6**	**69.6**		**73.2**
Cost/income ratio in operating business (incl. compulsory contributions) (%)	**77.6**	**73.6**		**79.6**

[1] Prior-year figures adjusted due to restatements (see Adjustments).
[2] Average CET1 capital. Reconciliation carried out in Others and Consolidation.
[3] Annualised.

Significant Group companies

Germany
Commerz Real AG, Wiesbaden

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

Operative foreign branches
Amsterdam, Beijing, Bratislava, Brno (office), Brussels, Hong Kong, 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, Minsk, Moscow (FI Desk), Mumbai, New York (FI Desk), Panama City, São Paulo (FI Desk), Seoul, Shanghai (FI Desk), Singapore (FI Desk), Taipei, Tashkent, Tokyo (FI Desk), Zagreb

Disclaimer

Reservation regarding forward-looking statements
This interim financial information contains forward-looking statements on Commerzbank's business and earnings performance, which are based upon our current plans, estimates, forecasts and expectations. The statements entail risks and uncertainties, as there are a variety of factors which influence our business and to a great extent lie beyond our sphere of influence. Above all, these include the economic situation, the state of the financial markets worldwide and possible loan losses. Actual results and developments may, therefore, diverge considerably from our current assumptions, which, for this reason, are valid only at the time of publication. We undertake no obligation to revise our forward-looking statements in the light of either new information or unexpected events.

COMMERZBANK

2022/2023 Financial calendar	
16 February 2023	Annual Results Press Conference
End March 2023	Annual Report 2022
17 May 2023	Interim financial information as at 31 March 2023
31 May 2023	Annual General Meeting
4 August 2023	Interim Report as at 30 June 2023
8 November 2023	Interim financial information as at 30 September 2023

Commerzbank AG
Head Office
Kaiserplatz
Frankfurt am Main
www.commerzbank.com

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

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